

An Anthropological Approach to understanding the ‘Social’ in Corporate Social Responsibility (CSR) of Developing Countries

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Abstract

In the current corporate scenario, Organisations are facing new community and ecological challenges to their dealing from issues about labor production to community conflict, climate change, or exhausted markets. As an answer to these issues, Corporate Social Responsibility (CSR) movement has emerged and established an authority to offer itself as a solution. Over the past decade, as Corporate Social Responsibility has entwined within the network of ethical standards and has become recognized as accepted view within the arena of both development and multinational business. These two domains are the concerns around which the discussion in this paper is restricted. As a result, this study, through the use of anthropology, have begun analysing how social and material “responsibility” is grounded in the normal functioning of organizations. Here the anthropological studies apply ethnographic lens on CSR’s functioning from two stand points; on the one hand, focusing on the CSR machinery and on the other hand, exploring CSR’s local impacts through the anthropological study of corporate social responsibility in a respective geographical area. The aim of this paper is to bring together many of the key issues involved in the functionality domain of CSR while tracking the processes and outcomes of CSR ethnographically in diverse contexts.

Keywords: CSR, Anthropology, Developing Countries, Ethnography of CSR.

Introduction

The European Commission (2006) defines CSR as ‘the responsibility of enterprises for their impacts on society’. CSR in developing countries represents ‘the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts’ (Visser *et al.*, 2007).

An analysis of the definition of CSR shows that there is no point of consensus around defining it around few defined parameters. The lack of arrival on a single definition reflects largely on the multiple influences but it also makes it convenient for individuals and institutions to interpret CSR as per the existing dynamic circumstances. Scholars like Newell & Muro, (2006) stated, “Social problems, such as poverty, social exclusion, and illiteracy, are common in these contexts, and, compounded by economic and political instability, they turn developing countries into very specific environments for companies to operate.”

Objectives

This paper aims at critically analysing the situation of CSR existence in Indian context and aims to bring together many of the key issues involved in the functionality domain of CSR while tracking the processes and outcomes of CSR ethnographically in diverse contexts.

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Research Methodology

The research paper is an endeavour of research descriptive in nature, based on content analysis of the secondary data sourced from journals, magazines, articles and media reports.

Anthropology of CSR in Developing Countries

Current literature hints at the fact that developing countries differ from developed nations and require particular attention (Blow field & Frynas, 2005). The concept and existence of CSR in developing countries is seen in a contentious manner by anthropologists who have questioned the intentions of CSR behind their functioning in developing countries. Scholars through anthropological studies have been questioning that are CSR engagements in developing countries just “an impression management strategy designed to improve [corporations’] image and enhance their market competitiveness.” (Ronen Shamir, 2004). On the other hand, scholars like James Scott (1998) in his seminal work, *Seeing Like a State*, has observed, “the multinational corporation was succeeding to perform many of the functions and powers that had previously been monopolized by nation-states.” In Indian context, Banerjee (2005) notes that debates on the role of corporations have centred on two assumptions: “that the corporation was inherently guided by self-interest or that a corporation has an enduring capacity to operate on the basis of civic virtue.”

As per Visser (2007), the rationale for focusing on CSR in developing countries, as distinct from CSR in the developed world, is fourfold:

1. Developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business (IMF, 2006);
2. Developing countries are where the social and environmental crises are usually most acutely felt in the world (WRI, 2005; UNDP, 2006);
3. Developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006); and
4. Developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world.

Reed (2002) argues that “there has been relatively little work on how corporate responsibilities may change when firms operate under the different circumstances that tend to typify developing countries.” The traditional idea of CSR in developing countries is still restricted to philanthropic works undertaken by corporate houses through investment in the areas of education, health, environment concerns or poverty alleviation through tackling of community issues. The end result of this philanthropic vision gets substantiated with creation of social impacts in terms of employment opportunities created or building of schools, hospitals and housing societies.

CSR in most of the developing countries is not fully formalised in CSR codes, standards or reports and mostly CSR guidelines revolve around few identified social issues by the corporates like HIV AIDS or mining etc. To add to this, with the liberalisation of markets in developing countries, there is emergence of global giants which has shown an evident reduction in terms of the regulatory approach of the corporate functioning. So the formal CSR practise is mostly restricted to big multinational companies or corporate houses of International market presence.

CSR as an Anthropological Problem in Developing Countries

Proponents of CSR like Williams and Aguilera (2008) argued that through their role as investors, manufacturers, employers, etc., MNCs can affect employment conditions, the environment, and media. Studies have shown that corporate have acted as catalysts by providing unemployed youth in slums of Nairobi with entrepreneurial opportunities. This is in order to help them become industrious entrepreneurial citizens who further on in turn, helps in wider good of poor in their society. Recently, CSR has undergone another paradigmatic shift as corporations seize the new terrain of “inclusive business,” “shared value,” and BoP business (Blow field and Dolan, 2014).

Ambiguities in BoP Model

The model of Bottom of the Pyramid (BoP) was conceived by late management scholar C.K. Prahalad (2005). This model stresses on creating an amalgamation of maximization of profits with the development goals towards poverty reduction. It also brings the ‘poor’ within the purview of transnational economic circulation as customers of low cost consumerables and contribute to

productivity as entrepreneurs. This perpetrates social inclusion along with democratization of accessibility to markets. BoP model is implemented by corporations like Danone when the corporate house seeks the 'micro-entrepreneurs' of Bangladesh in order to distribute food amongst the poor. For instance, Cross and Street (2009) show us how Unilever's marketing of "accessible" hygiene products (soap) in India reshapes consumer habits through the regulation of everyday consumption practices, rendering the spaces at the bottom of the pyramid primed and predictable to capital. Anthropologists suggest that Corporations using the BoP, normally aim at tapping the underutilized resources and assets of the poor by ensuring to capitalize on the untapped markets and products. This knowledge is implied as a finished capacity, resource or a commodity in new ways. Similarly, studies like Rankin (2001) emphasized that social community collective and kinship ties are being used by corporate houses for economic gains like through sources of microcredit. Hence forth, anthropologists are of the conclusion that the indigenous knowledges, cultural traditions and social ties of the marginalized are the foundations on which most of the corporate simultaneously base their twin goals, enhanced profit graphs and poverty reduction, alike.

Ethnographies of CSR

Anthropologists have been studying the social and power relations that exist between corporate houses and their stakeholders. These relations are studied through anthropological devices to understand the extent of efforts undertaken by Corporate houses in humanizing the CSR initiatives in terms of reciprocity and gifts.

Ethnographies of CSR: Reciprocity

Anthropologists have engaged in investigations regarding conducting of an analysis on constitution aspect of social relations that exist between corporate and their stakeholders. In order to 'humanize' the corporate functioning in the community, 'Reciprocity' happens through various forms of partnerships, community engagement activities and shared values. Rajak (2011) has emphasized, "Anthropologists have explored the apparent capacity of CSR to bring about a shift from combat to collaboration between the diverse constellations of actors, who are drawn into complex, multilevel processes of production and extraction, creating novel partnerships and alliances

between corporations, global NGOs, local civil society organizations, government officials, and even trade unions." Further anthropologists through ethnographic studies have questioned the intentions of the corporate and the conflicting interests that can at times be masked by them (Gardner,2012).

Ethnographies of CSR: Corporate Gift

Another aspect that draws attention while conducting ethnographic studies entails the concerns the contributions made by CSR as Corporate gifts. This Gifting pattern of the Corporate has been studied in depth by Gardner (2012), who considers how in the case of Chevron the corporation's conception of the gift clashes with a local Bangladeshi, Islamic conception of charity and gifts. This emerging issue in terms of CSR in developing countries is pertaining to the increased dependence of the communities on the CSR initiatives of the Corporate. The CSR initiatives of the Corporate are being portrayed as indispensable owing to the investment of large sums of funds and services by the corporate on various community initiatives. This is validated by Cross (2014), whose ethnographic portrayal of industrial workers in India examines the moral, economic and political logics that motivate the "corporate gift." This has led to a vicious cycle of an overrated perception in the capacity of CSR to bring about social development. The issues related to social development is the domain of the state to handle whereas these issues are being handled by CSR initiatives of Corporate through local NGOs being used as agents of change. However, the initiatives seem to be not impacting the development or sustaining it.

Critical Analysis of CSR in India

CSR as Agent for Development in India

In India, corporates have been joining hands with non governmental organizations in order to strategize and implement programs to overcome social problems. Few of the examples are cited below:

A more inclusive method of CSR expansion is followed by some corporate houses like Bharat Petroleum Corporation Limited and Maruti Suzuki India Limited. The Corporate houses have been emphasizing on the provision of improved medical and sanitation facilities, construction of educational provisions through building of schools and houses, and empowering the villagers and aiming at making

them more self-sufficient through vocational training. Many of the companies are serving other peoples by providing them good standard of living.

An Ambiguity of CSR: A Case Study in India

There have been instances in India where activities undertaken by CSR are questioned and marred with hidden agendas:

There is a case study of an Indian garment manufacturing company called Kitex who contested for local body elections and won in it. This winning led to their taking over the administration of a small village called kichakkambalam. Most of the mainstream political leaders and environmental activists were sceptical of the corporate body having some hidden agenda behind this and this could set a wrong precedent to be followed by other Corporates. The context in which this corporate house initiated their social service brings in all the more of scepticism. Environmentalists like C. R. Neelakantan feel that it was a well thought out strategy of the corporate house after their sanctity was questioned due to their involvement in number of court cases in terms of water and land pollution. The Corporate house has just not restricted themselves to managing the local administration but have been a big source of employment and livelihood to a large section of the village population. Former Indian MP Sebastian Paul says that “the company was at loggerheads with the former panchayat on issues like environmental pollution so we don’t know what their vested interest is in taking over the panchayat.

Need for Business Anthropology in CSR and Sustainable Business

Corporate houses through their CSR activities owe a lot to the society surrounding them and the natural resources around their geographical standing which are not to be exploited beyond legal agreement and the accountability of individuals.

There are few aspects of business anthropology which are inevitable for maintain the sustainability of corporate business and CSR like drivers of ongoing Commitment, Corporate Identity and Ethics, along with CSR and Accountability. There have been a number of Corporate houses who, despite having a well laid out code of ethics, went wrong in terms of their functioning and lost out on their credibility. This mainly happened due to low commitment and vigilance levels of the implementable machinery of this code of ethics in the functioning area which later on required

immense efforts on the corporate house part to win back their credentials. One of the case study is cited below in regards to this:

In the year 2003, there were several campaigns and demonstrations which were validated through the publication of a report issued by the Indian NGO Centre for Science and Environment (CSE) against Coca cola. The report cited scientific evidences of samples of Coca Cola beverages sold in India, carry exceedingly high levels of pesticides in it as Coca cola extracted large amounts of water from polluted under ground water sources. Although Coca-Cola has adopted international CSR guidelines but they were not successful in integrating these guidelines into their Code of Business. This reversely impacted the revenue generation of Coca cola in India. An immediate damage control strategy laid out by Coca cola entailed formation of a foundation titled *Anandana* which worked through participatory governance of the local communities through launching of various community water projects all across India. One of the initiative is the rainwater harvesting project where Coca-Cola’s operations aligned with the Central Ground Water Authority, the State Ground Water Boards, NGOs and communities to overcome water scarcity and diminishing groundwater levels through rainwater harvesting techniques across 17 states in India. The project aims at capturing large amount of good quality rainwater rather than allowing it to run down and get wasted. This shall ensure the company turning into a ‘net zero’ consumer of groundwater in India. As per the Water Stewardship and Replenish report (2012), Coca-Cola stated that its operations in India have ‘achieved full balance between groundwater used in beverage production and that replenished to nature and communities – ahead of the global target’

Conclusion

As stated at the advent of the paper, the aim of this paper is to bring together many of the key issues involved in the functionality domain of CSR while tracking the processes and outcomes of CSR ethnographically in diverse contexts. This has been explained descriptively through the ethnographies involving kinship, corporate gifts, BoP model and various antiquities of CSR functional in India.

The study emphasizes that the right amalgamation of CSR corporate operations and societal values is the solution for a sustainable CSR functioning in developing countries. As such, maintenance of

ethical behavior is a precondition for sound survival 'social' in CSR. For the right social impact, this study suggests that the Corporations need to connect with stakeholders to expand valuable CSR-related activities pertaining to long term goals. Stakeholders partner with corporate houses to address the challenges and threats faced by them. This descriptive research shows that Anthropologists feel that there is an urgent need to conduct research on CSR in developing countries. The research approach ought to be holistic rather than a piecemeal approach of relying on convenience based case studies. The research should aim at formulating concrete laid out local contextual concepts of CSR along with contextualised frameworks and models in developing countries. CSR through social ethical stakeholder cooperation, understanding of indigenous cultural underpinnings and local contextualisation can lend social value to the communities and issues existing in developing countries.

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