

Shashank Shah and V.E. Ramamoorthy, *Soulful Corporations—A Values Based Perspective on Corporate Social Responsibility*, 2014, New Delhi: Springer, 608 pp.

Introduction

Corporate social responsibility (CSR), as a field of study, began to garner serious scholarly attention since the 1970s. There are broadly two schools of thoughts relating to the efficacy of CSR. The first one, asserted by Milton Friedman (1970), is that the only obligation of a business is to increase profits—not to assist the welfare of developing nations. Friedman argues that to the extent companies engage in CSR they are taxing the shareholders and spending their money without their consent and thus are being irresponsible. Scholars arguing against Friedman’s framework highlight several flaws in his reasoning and view CSR as a viable strategy to increase profits, or at the very least, to mitigate the social risk inherent in any business investment. They urge companies to consider both the social and financial impacts of their decisions. While this debate on the necessity of CSR is still going on around the world, in India the question of whether companies should engage in CSR activities is a moot one now. With the Government of India making CSR mandatory, whether companies like it or not they have to engage in it. The important question now is what CSR means and what it implies for whom. This book attempts to answer these questions and provide fresh perspectives on CSR.

Overview of the Book

The book is organized into 12 chapters. For the sake of better organization, in my review, I am grouping these chapters in four parts. These relate to the (i) need for CSR, (ii) historical evolution and current status of CSR, (iii) theoretical framework and (iv) integrating individual social responsibility in a corporate framework.

Part 1 comprises chapters 1 through 4, and sets up the motivation for CSR. Chapter 1 highlights several social, environmental and economic problems, such as, economic inequalities, poverty, population explosion and global warming, faced by the world today. Chapter 2 dwells on some of the corporate malpractices, such as, collusion, money laundering, insider trading, fraudulent accounting and lack of concern for the environment. The chapter also provides details about two cases of corporate ‘irresponsibility’: Nestlé’s infant baby milk formula controversy and Union Carbide’s Bhopal gas tragedy. Chapter 3 provides perspectives on the impact of globalization. One view of globalization is that it leads to the greatest good of the greatest number of people because of gains such as better quality goods and greater choices to consumers, increase in living standards and transfer of technology. On the other hand, there is a view that globalization has led to economic colonization, unilateralism, greed and profligate tendencies, culture shocks, etc. Chapter 4 outlines efforts made worldwide to cope with globalization so that its benefits can be maximized while keeping the concerns under check. The main theme emerging from this part of the book (chapters 1–4) is that today’s world is faced with several challenges and that corporations have a key role to play in recreating a better world.

Part 2 comprises chapters 5, 7 and 10 that provide a historic account of CSR activities in India and the current scenario. Chapter 5 traces the journey of business responsibility through the ages. Authors point out that the concept of *daana* (charity) was always an Indian tradition and provide references to several ancient scriptures and texts. They note that the genuine charities are humanitarian offerings to the needy, with no expectation of reciprocal benefit. Charity, an individual act to begin with, became collective over time. In the medieval times, merchant communities undertook collective charity. These acts of benevolence also had the effect of raising their social status and gaining political and trade influence. During the nineteenth century, under the influence of Christian missionaries and Hindu renaissance leaders, the charitable activities

transitioned from purely religious, caste-/community-based initiatives to a more broad-based philanthropic initiative. Indian businesses also started setting up trusts during this period. The first half of twentieth century witnessed the influence of Mahatma Gandhi's theory of trusteeship of wealth. This philosophy, which strives for an egalitarian society engaged in service and self-sacrifice for the good of all, inspired several leading businessmen. In the post-independence era, the government assumed social welfare responsibility, but it was too big a task. Hence, business houses were expected to pitch in. The arrival of professionally managed business groups in the post-liberalization era (unlike long-established business dynasties) led to the shift from corporate philanthropy to the concept of CSR. Chapter 7 revisits the evolution of CSR in the post-independence era and provides additional details in the Indian scenario right up to the latest legislation on mandatory CSR. Chapter 10 provides case studies of nine large Indian corporations. The focus of these case studies is on the CSR activities undertaken by these organizations. Authors point out that the accessibility to the senior management was a criterion in selecting the companies because valuable insights can be gained while interacting with these senior managers. Each case study provides company introduction, stakeholder analysis that includes needs of the local community and society, constraints/challenges faced by the firm in meeting these needs, its noteworthy practices, organizational strengths with respect to the society and local community and future focus areas. Authors also provide certain observations at the end.

Part 3 comprises chapters 6, 8 and 9 and looks at the existing theories that explain the nature and role of CSR. Chapter 6 reviews existing management literature suggests four broad theories that explain CSR—instrumental, political, integrative and ethical. The motivational basis for CSR can be commercial, idealistic or altruistic. While authors do not present their theory of CSR at this stage, they bring out a key difference between corporate philanthropy and CSR. They argue that while philanthropy involves charitable activities with no compulsion to maintain a continuing relationship with the beneficiaries, CSR has a commitment to behave in an ethical and responsible manner and involves a continuing relationship with the stakeholders. Chapter 8 introduces the concept of corporate citizenship that involves developing mutually beneficial and trusting relationships between the company and its many stakeholders—employees, customers, communities, suppliers, government and investors. Chapter 9 introduces the notion of socially responsible investing and its role in promoting CSR. Authors define socially responsible investing as an approach to investment that gives due

consideration to integrating social values with investment decisions. Thus, investors can play a crucial role in promoting companies to be good corporate citizens.

Part 4 comprises chapters 11 and 12 that are the heart and 'soul' of this book. This is where authors propose a new approach that companies can take towards CSR. The SAI way of CSR, as outlined in this book, focuses on spiritual, associational and individual aspects of an organization and links CSR with individual social responsibility. This approach emphasizes that the manifestation of human values (spiritual) should be facilitated at the organizational (associational) and personal (individual) levels in the corporation to attain sustainable and inclusive progress. A corporation as an association of individuals should identify its collective soul in terms of environmentally sensitive, socially responsible and financially rewarding missions and goals. In this context, authors urge companies to evolve from purely economic entities to social entities where profits are not the end in themselves, but the means to a much nobler end.

Critique

While the book is certainly an admirable attempt providing fresh perspectives on CSR from a values-based management approach, there are certain areas where it could have been better.

I wish the authors had brought out the difference between business ethics and CSR more carefully. While unethical practices are certainly socially irresponsible, ethical business practices do not always mean that the company is socially responsible. For example, several corporate frauds would not have happened if the company had followed all its legal/ethical requirements. However, if the company just complies with legal/ethical norms, can we call it socially responsible?

Chapter 10 provides case studies on the CSR activities undertaken by nine large Indian corporations. This certainly involved a lot of effort. But I find it wanting on two fronts. First, authors had access to senior management but nothing substantial comes out in terms of what these senior managers think about CSR. Most of the analysis and observations (which of course are rigorous) are based on information contained in annual reports or other statutory reports. An important point is whether companies are the best agencies to do much of the work that goes on in the name of CSR. Supporting with funds is one thing, but being actively involved in the service projects is another. Should not the companies be left to do what they do the best, that is, generate profits, and the government

and nongovernmental organizations (NGOs) take up the mandate of using 2 per cent of those profits in a socially responsible manner? These could have been one of the focus areas of these case studies. Authors are silent in this regard. I think these are extremely important questions to ask in the current scenario.

My biggest disappointment with this book is that authors do not attempt to come up with a formal definition of CSR, which I think is a must when you are writing a book on CSR. In Chapter 11 they do outline their concept of CSR but do not define it precisely and compare it with the existing theories of CSR. I also feel that Chapter 11 could have been written in greater detail. Milton Friedman in his famous *New York Times* article poses the following question:

What does it mean to say that 'business' has responsibilities? Only people have responsibilities. A corporation is an artificial person and in this sense may have artificial responsibilities, but 'business' as a whole cannot be said to have responsibilities, even in this vague sense. The first step towards clarity in examining the doctrine of social responsibility of business is to ask what it implies for whom.

Chapters 11 and 12 attempt to answer this question by introducing the notion of integrating individual social responsibility in a corporate framework via the 'SAI' way. Authors introduce the concept of individual transformation and associational transformation leading to spiritual transformation. However, a better exposition of this idea would have helped readers to follow through this evolution. This is where I thought authors would bring in the shining examples of various social initiatives of Bhagawan Sri Satya Sai Baba such as the education, health care and drinking water projects. These are examples of how an individual's socially responsible actions (motivated not because of any legal obligation but because of compassion for mankind) grow and become a collective mission for millions. This entire discussion presented in appendix 2–4 could have been brought in the main body of the book.

The book also could have been written in a more organized manner. I would have preferred the authors to concentrate on one big common underlying theme in a chapter and build around that. Instead, the authors have tried to cover a lot of ground in one chapter thereby making it difficult for the readers to keep track of the big picture. An overview or key message of each chapter could also have been highlighted. Some chapters could have been shortened, for example, you do not need four chapters to convey a basic idea that there are several social, economic and environment problems facing the world today and corporations need to do their part to find solutions. At the

same time, chapters 11 and 12 that are the true contribution of this book should have been developed further.

Despite these limitations, this book is of profound value to those involved with CSR, be it academicians, corporations, NGOs or government bodies. This book looks at CSR from a values-based perspective wherein the fundamental values of human life can provide the much desired balance between social well-being and corporate profitability.

Reference

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J.A. Quelch and K. Jocz, *Greater Good: How Marketing Makes for Better Democracy*, 2007, Boston, MA: Harvard Business School Press, 331 pp.

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Over the years, marketing has increasingly been viewed as a major cause for many social and environmental problems. The role of marketing has been widely perceived to be prospering at the expense of society. Marketing decisions taken primarily to increase market share and profits have had a great impact on society at large and thus have significant implications. The concepts of marketing and society have become trendy and almost every organization is beginning to embrace some responsibility towards bringing business and society back together. *Greater Good: How Marketing Makes for Better Democracy* is one of the recent attempts to connect marketing and society with the argument that marketing is like democracy and that citizens should be treated more like consumers. This builds the context for understanding how marketing performs an essential societal function because marketing is more democratic than politics. It also reflects how people may benefit if the political and public realms are guided by the best of practices of marketing. With a multitude of concepts from marketing, the author goes on to explain that citizens can learn from the customers and governments can learn from marketers.

Spread over 10 chapters that reflect the essence that marketing performs an essential societal function, the authors have divided the book in two parts; part 1 'Marke-