

## **Industrial Social Work**

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### **INDUSTRIAL SOCIAL WORK TO CORPORATE SOCIAL RESPONSIBILITY: A TRANSFORMATION OF PRIORITY**

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#### **Abstract**

The transformation from industrial social work to corporate social responsibility points out a definite shift in the realm of social work vis-à-vis goal, objective and priorities of business. Over the past several decades, social workers around the world have successfully been able to integrate with the modern production and business processes, particularly in addressing the emergent needs of the industrial population like those arising out of the psychosocial impact of workforce alienation, over-specialization, competitiveness, stress and fatigue on their life. Over all these years, as there has been a major transformation in defining human being in the context of business from human resource to human capital, the corporate has also been restructuring its role in revitalizing its human resources alongside taking care of the vast external stakeholders (customers) through

its new slogan of 'Corporate Social Responsibility'. But this new configuration lends itself to the process of self-examination and the litmus test remains: Is Corporate Social Responsibility' a new area structured to delineate the corporate's idea of greater variety of social services for mankind; or just one more catchphrase used to establish the fact that business houses are doing 'lot more than mere expansion of industrial social work; or has there been a change in the principal objective and priority of the corporate at the back of starting these programmes – from curbing loss to making “just profit”?

### **Introduction**

In the elongated history of social work, the profession had expanded its focus to include a variety of new and exciting areas of practice. One such addition that has received attention as an important part of social work practice is service to business and industry. Similarly, the business community, in its efforts to improve the overall functioning of personnel, is increasingly examining and using some of the services that the field of social work has to offer (Skidmore, 1975: 135-136). Conceivably, a certain extent of revolution has taken place in the industrial workplace which is not in a concealed form. In India the trend shows an increased number of educated blue-collar workforce, emergence of an employee society, specialization, changes in the gender and age of the labour force, emphasis on intrinsic rewards

and technological advancement, the growth of low paying jobs, and the recent escalation of the outsourced jobs. These changing trends are conveyed with, not a miraculous number of performing legislations, but, with a number of amendments that are changing the content and framework of labour legislation in the pretext of structural adjustment programme in India.

These shifting trends have abundantly germinated a wide-ranging needs and desires among the workforce. The factors of workforce alienation (sense of meaninglessness and powerlessness that people experience when interacting with social institutions they consider oppressive and beyond their control) has also escalated, not generally, due to the growth of capitalistic society as professed by Marx, but specifically because of the consequences of the capitalistic form of economy like specialization, large business, growth of corporation and jobs that do not provide opportunities to learn and do not offer a sense of accomplishment to the workers. Therefore, with this changing dynamics of human needs and its presence among the workforce, the old methods of intervention like industrial social work programmes could no longer continue to be a competent managerial tool to deal with the changing human needs and the adverse consequences of rapid industrialization on workers. In the context of the ongoing change, the industries and corporate could

no longer stand by themselves with the old proclamation of industrial social work’.

Thus, they have started reaching out to the society with their new corporate catchphrase – ‘Corporate Social Responsibility’. The configuration lends itself to the process of self-examination. The litmus test remains: Is Corporate Social Responsibility (CSR) a new area, structured to delineate the corporate's idea of a greater variety of social services for mankind? Or is CSR, just one more catchphrase used to establish the fact that business houses are doing 'lot more than mere expansion of industrial social work? Or has there been a change in the principal objective and priority of the corporate at the back of initiating these programmes?

One cannot resolve all of these questions in a short paper. On the whole this paper sheds critical light on the dominant mobilization of the concept of Corporate Social Responsibility and tries to identify the common thread of corporate’s objective and priorities behind carrying out various programmes for its people (internal employees as well as external customers or consumers) at different points in time - whether it is the industrial social work programmes of the earlier days like those of industrial alcoholism programmes (IAPs) and Employee Assistance Programmes (EAPs); or the fresh epitome of the broader stance like Corporate Social Responsibility (CSR). The transformation from internal stakeholder centered programmes to others like

CSR is gradual. Such an ongoing makeover of the blueprint and hardcore policies of the corporate tempts us to compare the worth of both the programmes as avowed by its implementers.

Some may simply opt out this method of examination, which shows us none to be better off the other. Others might call it a self-defeating, pretentious exercise of a skeptic. However, the analysis made in this paper is expected to create a new dimension in the process of equating social work with economy of scale achieved by business.

### **Historical Review of Occupational Social Work**

In the past, there have been a few scattered beginnings of social work practice in business and industry (Skidmore, Balsam, and Jones, 1974: 280). The literature pertaining to this emerging field in social work practice is sparse and fundamental. The development of welfare and social work programmes in industry started with mutual aid societies and volunteer programmes established as a result of many of the progressive reform movements during the late 19th century and early 20th century in west. It is certainly accepted that greater part of the role played by social work in industry in west has been in the treatment of alcohol abuse. As these programmes progressed, it gradually became evident that alcohol was only one of the many problems affecting the lives and working ability of employees. Thus services began to be available for other areas requiring

interventions. These included individual, marital, and family counseling and extensive referral services (Skidmore, 1975: 136). This expansion, of course, necessitated the inclusion of professionals with a greater variety of social service expertise to accommodate employees who were then seeking assistance for a wider range of problems. It has been estimated that half of the problems employees need help with are alcohol related; the other half, however, are not, and there have been no programmes in industry to deal with these other problems. As a result of management's awareness of this fact, Employee Assistance Programmes (EAPs) have been developed. Through intervention in the work environment, social work could expand to new field of action in which to help people resolve their problems (Googins, 1975: 464-65).

The development of EAPs has also been a major factor in the emergence of occupational social work. Since the past several years, we have been noticing several forms of EAPs that are being employed by business and industry. Large corporations in west, such as Xerox, Kennecott Copper, and Polaroid bring services to the plant for their employees. There are four major types of EAPs (Van den Bergh, 1995: 842-49):

- Internal programs, or those provided in-house by professional staff who are employee of the organization

- External programs, those provided through referral to an outside contractor that actually provides the services, usually off the workplace site (This model has seen the most growth in recent years.)

- Consortium programs, in which several employers pool resources together to provide “group coverage” (This model is less expensive for its members, who can share the costs of operating an EAP with other consortium members, and also may work better for smaller organizations).

- Association programs, whereby an occupational association or professional organization provides EAP services (Advantages of this model are the EAP's sensitivity to the unique aspects of the profession / occupation served and possible reduced stigma because the EAP is not directly connected with the employee's workplace).

The EAPs represent a departure from the traditional medical department operated programme, although this type of programme is also being used. Not only does the makeup of the staff differ, but also do the operational practices. Although it is beyond the scope of this paper to give a full account of the advantages and disadvantages of various forms of EAPs, a brief description of several important disadvantages of EAPs still merits attention especially when these disadvantages result in the

death of industrial social work programmes and beginning of corporate social responsibility.

### **Curbing Loss: The Principal Objective of Industrial Social Work Programmes in the Beginning**

The historical review of various programmes of the former times show that industrial alcoholism programmes made their initial appearance in the 1940s in west when the industrial community recognized that alcoholic employees were costly and unproductive. Most of the early alcohol programmes were informal in nature, with the organization and operation being conducted by recovered alcoholics. By the early 1960s, in west, industrial management was slowly beginning to recognize the problems spawned in their companies by the alcoholic employee, most importantly the loss of possible income. In 1972, it was estimated that in any work force there were 3 to 4 percent of employees with alcohol problems that were costing industry from 3 to 10 billion dollars per year. In addition, the average alcoholic employee costs an employer from \$1,500 to \$4,000 per year, while operating at 50 percent efficiency. (Lotterhos, 1975: 7) The average alcoholic employee costs on following grounds, which became focal points for management:

- Cost for health care, (Expense of treatment and health care management of alcoholic/addict)
- Cost of absenteeism, (Man-days lost)



- Cost of accidents, (Loss due to accident/machine breakdown)

- Cost of impaired production, (Rejection cost) and

- Cost of interpersonal function (Interpersonal function like supervisory-subordinate relationship in shop floor, team work, etc., gets affected due to alcoholism)

At the same time, government began to recognize the personal costs of alcoholism, such as high divorce rates among alcoholic employees and finally the government brought legislation to curb the problem through fostering programmes and services in alcohol abuse, prevention, treatment, and rehabilitation in private industry (Heyman, 1971: 549) and this action increased the development of appropriate industrial alcoholism programmes.

While alcoholism was dealt through specific programme, the management shortly realized that there have been no programmes in industry to deal with other problems. Not only have management started to recognize that other employee problems like marital and family, financial, legal, and so on, are draining company capital, but many have become concerned with humanitarian savings as well. Such a change in attitude has encouraged the development of EAPs and opened door for social work's entry into the business world.

Studies have found that such programmes reduced employee absenteeism as well as health care costs, and increase employee productivity. General Motors Corporation found that it could curb its loss to make a saving of \$37,00 per year for each employee successfully enrolled in its EAP, or a total of \$37 million in a single year alone (Compucare Corporation, 1981).

Kennecott Copper Company estimated that it saved six dollars for every dollar spent on its EAP. The Insight Programme at Kennecott Copper's Salt Lake City, Utah, plant is one of the few publicized programmes that have conducted cost-effectiveness research, which has proven the monetary worth of the programme. The programme's effect on productivity and finances has been measured repeatedly since the programme was developed in 1969. The measurable elements of monetary return alike other companies' return estimations are absenteeism, weekly indemnity costs, tardiness, employee termination, and hospital, medical, and surgical costs.

Before involvement in the Insight Programme, one sample of employees averaged 5.8 working days per month absence, weekly indemnity costs averaged \$70.67 per person per month, and hospital, medical, and surgical costs averaged \$109.04 per person per month. After a twelve month involvement in the programme, the same displayed a significant change. Absenteeism decreased to an average of 2.93 working days per month, weekly indemnity

costs averaged \$25.33 per person per month, and hospital, medical and surgical costs averaged \$56.91 person per month. The general conclusions were that those involved in the programme showed percentage decreases in the following categories: absenteeism, 49.5 percent; weekly indemnity, 64.2 percent; hospital, medical, and surgical costs, 48.9 percent. Those who were not involved in the programme tended to get worse and showed the following increases: absenteeism increased by 2.9 percent; weekly indemnity, 28.5 percent; and hospital, medical, and surgical costs, 7.7 percent. (Jones, 1975: 257-58)

Equitable Life Insurance found that absenteeism of alcoholic employees was cut in half after the implementation of EAP; 3M Company data suggest that 80 percent of employees who used the EAP showed improved attendance, greater productivity, and improved family relations; and Illinois Telephone saved \$1.2 million over a nine year period as a result of its EAPs (Van den Bergh, 1995). The American Society for Personnel Administrators surveyed 409 employers that had EAPs in 1989; the society found that 98 percent of respondents said the benefits of their EAPs outweighed the costs and 46 percent said that having an EAP had improved their employees' morale (Van den Bergh, 1995: 842-849).

Back in India, the attempts to exhibit financial gain of EAPs were few. But the phenomenon of equating additional employee

welfare and assistance measures with the multiplying return seems likely to be universal. The return was mostly identified as reduction in the cost of loss and thereby an increase in savings (both monetary and resources).

### **Role of Social Work**

The role played by industrial social work has raised ethical issues for social workers around the world as well as in India in some instances, particularly when the objective of such programme is to save costs for the employer at the price of providing an appropriate service to the client. Some sections of social workers have started believing that social work practice should in some way disassociate itself from the economy of scale achieved by business. And that taking part in business and affairs of industry leads to a conflict with professional social work values. It is argued by this contingent that large industries often are monopolistic and tend to exploit people, injure their health, exploit natural resources and labour, and shirk accountability to the public they influence. Social work's invitation into the world of work by industries and its management is often viewed as industry's way of pacifying worker participation in collective action against large corporations (Jacobsen, 1974: 655-56). Other social workers argue that industrial social service programmes duplicate services that already exist in the community. At the outset, industrial social work programmes were started with the

fundamental objective to curb losses set off by higher rate of absenteeism and other factors attributing to low productivity, rather than confronting the humanitarian loss which is the first critical point of reference in this paper.

### **Indian Industry and its Corporate Social Responsibility Motives**

The change in India is of the morphing, creeping kind, not of the mega-trend, discontinuity kind. One such creeping change is the increasing private sector partnerships with development sector organizations, to create win-win solutions to alleviate the problems of the poor, in an affordable yet profitable way. However, reviews of such partnerships call attention to the philanthropic activities carried out by industries with the help of NGOs and developmental organizations. This leads us to a vivid point of understanding. On one hand, albeit large industrial houses have taken some initiatives, Corporate Social Responsibility (CSR) as a distinct approach and strategy of such partnership has not well developed within Indian industries in former times. Most of such initiatives adhered to a minimum structured approach, followed by some random attempts made by small businesses swathed in the mist of religious salvation. On the other hand, it is unclear whether such corporate's efforts could be understood as an attempt to earn goodwill and customer loyalty because it is commonly believed that business has detrimental

effects on environs. Despite that a few could earn respect for their activities to protect the environment, but just being entirely benevolent outwardly is not enough. As we understand an external programme of good deeds will not protect a firm whose actual operations harm its surroundings society (UNCTAD Report, 1999). At the same time, India is not short of successful businessmen who have built sustainable organizations and businesses without breaking the law of the land and there are companies that have chosen to tread the straight and the narrow, despite temptations to manage the environment or bend the rules. And their rewards remain the higher valuations from global institutional investors and private equity funds. However, does the industries' act of acquiescing to the State statutory norms bring it above the level of society's expectation? If so, then one should rename it as 'Corporate Responsibility towards the State' instead of 'Corporate Social Responsibility'. It implies that the correct meaning of the expression "Social" in the acronym 'CSR' could be upheld if corporate meet the expectations of society.

#### Globalization, Corporate India and its Social Responsibility

Indian industries in the verge of an entry into globalization and liberalization need the potential of its employees to take an organization past its competitors. However, the organizations are becoming increasingly apprehensive of the growing competition and choose to keep themselves ahead. In such situation the

business managers are obligated to create an icon for their organization, which is emblematical among consumers to whom they owe their wealth. Firm's performance is frequently described as a joint function of product and market.

While product remains largely fundamental, market is influenced by a wide spectrum of business strategies and hence less predictable. Changes in business has stressed upon application of a wide range of approaches. These approaches are characterized by harnessing the product with increased level of satisfaction among the consumers. Corporate Social Responsibility (CSR) is one such approach that has evolved in the past.

Contemporary roles of corporate in building the civil society has increasingly become a global paradigm due to the emergence of new business models and evolving norms of corporate governance. A rising awareness of the need for ecological sustainability has paved the way for a new generation of business leaders who are concerned about the community responses and the sustainability of environment. It is in this context that we need to understand the new trends in Corporate Social Responsibility. (Irani, 2002)

### **State's declaration on social responsibility of business**

In 1965, the then Prime Minister of India presided over a national meeting that issued the following declaration on the

'Social Responsibility of Business': "..... [Business has] responsibility to itself, to its customers, workers, shareholders and the community ..... every enterprise, no matter how large or small, must, if it is to enjoy confidence and respect, seek actively to discharge its responsibilities in all directions... and not to one or two groups, such as shareholders or workers, at the expense of community and consumer. Business must be just and humane, as well as efficient and dynamic."

Even this briefest of brief accounts enunciates the State's acknowledgement of the corporate role in nation building exercise. In the light of government's stand for the much lesser predicament, an attempt to reposition the industrial social work programmes into CSR activities was much obvious. Corporate was convinced to expect wider areas for implementing its social responsibility initiative. But the extent to which the new role of corporates in implementing their CSR initiatives is different from the traditional industrial social work practices is a valid point to examine. Professional social workers have asserted that except the change in tangible returns from such programmes the basic operating principles of these two programmes are same. It is often felt by this group of professionals that the old industrial social work programmes were buffed up into the new CSR activities so as to deliver to the external community besides services for the internal employees. Throughout this transformation, the returns



on investment from the new initiatives and programs were adequately ensured. Besides the change in means and methods of implementation of the programme, the purpose and priority of such initiatives has also got considerably refined, from curbing loss through the industrial social work practices to earning profit from the CSR.

### **Argument - Profit Making is the Principal Objective of Corporate Social Responsibility**

The purpose of this paper is to assess the merits of the main arguments used to justify the fact that reason behind the organizations to engage in CSR is another extension of corporate self interest - to earning profit from curbing loss. The argument posed in this paper moves around the objectives behind carrying out the two 'distinct corporate initiatives - industrial social work and corporate social responsibility. The issue raised here is that if the fundamental purpose behind carrying industrial social work programme was to curb loss (See Heyman, 1971; Lotterhos, 1975; Jones, 1975; Van den Bergh, 1995), then does making “just profit” become the main purpose of CSR activity? Some of the recent studies have revealed the reasons behind organizations engaging in Corporate Social Responsibility as of the following types (Srivastava and Venkateswaran, 2000):

1. Purely philanthropic reasons,

2. Internal reasons like employee morale and customer and shareholder satisfaction,

3. External reasons like satisfying local communities, publicity and tax benefits, and

4. Enlightened self-interest, wherein a stable social environment and increasing prosperity mean a larger market and hence more profits in the long term.

There are two ways in which companies see to Corporate Social Responsibility - one which avows an ethical business practice of corporation and the other that is purely driven by inspired philanthropy of organizations. As recently as a decade ago, many companies viewed business ethics only in terms of compliance with legal standards and adherence to internal rules and regulations. Today the situation is different. Attention to business ethics is rising across the globe and many companies realize that in order to succeed, they must earn the respect and confidence of their customers. Like never before, corporations are being asked, encouraged and prodded to improve their business practices to emphasize legal and ethical behaviour as they are held increasingly accountable for their actions. While corporate philanthropy is generally defined as an engagement with the community at any level and usually means giving back to the community in some sense (whether it is through funding, volunteering or any kind of donation or personal involvement),

CSR is involved in more internally focused activities in terms of Human Resources policy, Ethical Business Practices, environmental regulatory compliance, etc.

It has often been stated that CSR in the Indian context is neither of social work or social service, corporate charity or corporate philanthropy, nor community development or social development. Corporate social responsibility is different; it identifies what is the gain for the corporate sector and the mutuality factor. It brings the stakeholder responsibility and shareholder responsibility in concert as an option for business strategy. CSR has gained prevalence in the last few decades in India especially due to pressures within the country as well as from the international market. These pressures as often expressed in terms of the concerns of interest groups who are significant for the profit bottom line of corporation. Furthermore, arguments rise on the notion of a group of advocates of CSR who says that it is an elementary point that greater equity does not guarantee less poverty even holding the total national income constant. Virtually all anti-growth and anti-poor policies India has been dismantling for the last two decades have their origins in the pursuit of equity. They say that by redistributing the wealth of the capitalist among few existing small entrepreneurs, one will get greater equity but not less poverty. Indeed, given the prospect that as wealthy capitalist is likely to engage in greater philanthropy than the few

entrepreneurs, the redistribution may reduce the potential for future poverty reduction. Hence the best way to reduce poverty is by enforcing the policies that sustain high rates of growth of income which would adopt an active instrument of poverty reduction through greater philanthropy by the benefactors of growth. Members of growing CSR alliances like the UN Global Compact crave to emerge as a steadfast organization committed to a socially responsible body.

Therefore any examination of the effect of an action to review its worth taken as a whole makes no difference whether egotism or charity drives a business to implement CSR activities because we get a similar end result in both – an improved and enhanced corporate-community partnership with a holistic approach. Likewise, other interprets that while the business is benefited overtly in terms of improved sales, enhanced brand image followed by implicit gain in the form of greater customer loyalty and larger employee retention; it apparently makes a positive impact on the society at large with corporate participating in reconstructing the community through a range of services and innovative interventions.

Even if one becomes immune to questioning the consequences of this change in organization's approach to society, the pledge made by business to contend with the social, economic, cultural and environmental concerns of the society

definitely raise few issues. The unusual mellowness of the corporates with a sudden increase of social conscience overnight is flabbergasting and the questions that remain relevant with changing time are:

- What enables the thriving business to get more and more enthusiastic in bowing out from the corporate commercial podium?

- Have the corporates suddenly sought salvation through CSR, or is the big business still a colossal machine fuelled by self-interest, greed and profit? (Hing, 2004)

If we happen to come across labels like “Starbucks: More than Our Logo is Green”, “Nike: Giving Workers a Voice”, etc., some of us would rather more easily contemplate the truths of Corporate Social Responsibility. In the past decades these labels which are floating across the boundary-less global commodity market could impact the consumers quite well. Besides, CSR to the financial community involves the concept of Social Conscious Investing i.e., choosing to invest in companies that operate ethically, provide social benefits, and are sensitive to the environment. This is followed by other two common exhortations that are frequently used in the world of finance and accounting - Green Investing (Environmentally correct investing) and Environmental Fund (A mutual fund which invests exclusively or predominantly in companies which are actively working to

improve environment or have otherwise environmentally friendly business operations).

The analysis of the contemporary roles of corporate social responsibility in the global view of competitiveness of business set forth a number of important issues that could be applied to uphold the merits of the argument; the argument, which was posed to rationalize the fact that corporate social responsibility is an extension of the corporate self-interest from cutting deficit to earning “just profit”. The paper attempts to highlight the entrenched web of corporate interests that continues to spawn conflicting corporate social responsibility. Aside from the above mentioned general information about corporate social responsibility and its beginning in India, five specific issues merited special attention. These five issues that could be applied to uphold the merits of the main argument of this paper are described in detail in the following paragraphs.

### **The issues that uphold the merits of the argument**

#### **1. Corporate Social Responsibility as a Competitive Business Strategy**

The first line of reasoning that endorses the merit of the argument of this paper emerges out of the analysis of the way organizations are increasingly using their corporate social responsibility as a competitive business strategy. Business is facing challenging times worldwide. Increased competition and

commercial pressure are getting combined with rising Industrial Social Work to CSR 18 regulatory standards and consumer demand to create a new combat zone for business. Traditional expectations from business are also fast-changing. We no longer can celebrate the life of an extraordinary entrepreneur with an unlimited supply of ambition while hugely failing short on scruples and ethics. It is no longer enough to simply employ people, earn profit and pay taxes. Companies are now expected to act responsibly, be accountable and benefit society as a whole.

People expect sound ethical standards, sustainable management of resources and community participation besides supply of quality products and services. This has formed a vital agenda for corporate social responsibility (CSR). From a trickle, it has become a wave sweeping boardrooms across the world. The proclamation that tells that it is not as much as necessary for company to make money and pay taxes, is not just an article of faith held by the social activists, but most of the corporate connoisseurs have started worshipping the decree. In a world where the corporate sector is fast adopting eco-friendly and socially responsible strategies as a sustainable way of doing business, the no-holds-barred business strategy of the yesteryears leaves a peculiar taste in the mouth. The strategy that eulogizes the breaking of rules, or exalts the practice of earning profits at any cost might have been justifiable in another era or in another

economic regime. Promoting it in today's milieu – where issues of corporate governance and CSR are no longer “soft” issues – seems terribly out of step with reality. Increasingly, shareholders are rewarding ethical manufacturing and business practices through higher valuations.

Look around the world and you will see that a large number of organizations – vilified in another era for their cutthroat approach to doing business (including tweaking the regulatory eco system in developing economies) – are today fast implementing business processes and practices that can no longer afford to ignore the impact that these measures will have on the community and the environment. Part of the reason is the global tightening of environment and other similar kinds of regulations. The other - and probably more important – reason is that done properly, with strong linkages to a company's existing business lines, it makes good business sense.

However, the government's mandate for the corporates to undertake 'compulsory' CSR activities has provoked understandable qualms among major corporate players. They believe that rules and regulations may stifle creativity and such force would weaken the competitive strength of the CSR activities. Compliance with the law is a minimum performance standard to legitimately continue in regulated markets condition and less to act upon society's diverse expectations. The section on



corporate reputation in World Economic Forum (WEF) Report are but the distillation of trunk-loads of scrupulous notes taken down from more than 2000 participants and even this accounts speaks of regulators' as ranked sixth among eight influences on corporate reputation or integrity by the "Voice of Leaders Survey" (World Economic Forum, 2004). The survey-report also reveals that on the list of threats to the security and integrity of the Corporate Brand, the types of risk or threats that are less likely to be ranked high are threat of 'litigation and 'geopolitical factors'.

Corporate social responsibility paybacks to both internal stakeholders and external shareholders of a company over and above the needy all at once, and it is preferred to call it as 'compassionate capitalismo (Benioff, 2004). Benioff argues that CSR done wisely helps businesses succeed and thus compulsion should not be needed. In India the tax-codes like Sections 80G and 12A under The Income Tax Act, 1961 (Sec 80G – deduction in respect of donations to certain funds, charitable institutions, etc., and Sec 12A - income of trusts or institutions from contributions) works diminutively for organizations to do charity. Therefore, the urge for profit often trumps reason, citing compassionate capitalism' better than the government's mandate for complying with the minimum common obligations.

The increasing competition in business has crafted a few new indicators to calculate success. One such new indicator is 'World's

Most Respected Companies' (Jackson, 1998). It has well emerged out of the World Economic Forum in 2003. This factor is reminiscent of what is contemplated that 'respect' is earned through competitive strategies and thus it is a benchmark for the competitors. It suggests that respect guarantees perceptible benefits like elevated profit, prominent profile through increased loyalty of stakeholders, and creation of a matchless competitive advantage. The competence of reaching out to the community helps business to appreciate the fact that there is profit in their CSR initiatives. The advantages are twice compounded – when a community views a business as actively reaching out to its members, participating in reconstructing the community, addressing the issues and problems, minimizing environmental impact and perpetuating moral integrity, then the community's confidence in the brand as well as loyalty to it starts growing and consequently shareholders and consumers are more contented which helps in acquiring competitive advantage for the company. Today companies have turned CSR and a good corporate governance framework into a profitable corporate strategy. It is a win-win solution - what is good for the community must be good for the company's bottom line as well. The potential of corporate social responsibility lies in the 'triple bottom line' benefits: profit for the economic bottom line, social bottom line and environmental bottom line.

## 2. Corporate Reputation through Corporate Social Responsibility

In continuation of the previous point, it is increasingly felt by the market watchdog that business community count on their corporate social responsibility initiatives with the purpose of deriving higher reputations as one of the tangible outcomes of CSR activities. The trend towards building sustainable organizations and businesses without breaking the law of the land, suggest that it is good for the company's image, its products, its customers, its stakeholders and, of course, for its market cap. Seen against this backdrop, any promotion of values that raves about the breaking of rules or exalts the practice of earning profits at any cost is like swimming against the tide.

World Economic Forum in "Voice of Leaders Survey", 2003 of its 1500 participants from the 34th Annual Meeting along with 10% of the participants drawn from the world's 1000 leading global companies provided a fresh insight into the issues that concern top business leaders (World Economic Forum, 2004). According to the survey Corporate Reputation' is a more important measure of success than 'stock market performance', 'profitability' and 'return on investment. The position, like that of most of other measures in the index, has remained largely unchanged over the last year; 'corporate reputation' is a remarkably stable phenomenon. Among the nine different factors

of corporate success ranked by the participants in the survey in order of the importance, the factors less likely to be ranked high on the list are 'Corporate Social Responsibility', 'Stock market Performance", and "Market Share'. (Table 1)

The survey reveals that a majority of members believe 40 percent or more of their company's market capitalization is represented by brand or reputation (See Figure 1). The survey brings forth a description of the influences and threats on corporate reputation / integrity. It shows that it is not Corporate Social Responsibility (CSR), but senior management, customers and employees who have the maximum influence on corporate reputation/integrity. However, making use of CSR as a major public relations tool has not only helped the organizations in gaining on the competitive landscape and market condition but also has helped in building corporate reputation. Yet, the corporations are averse to acknowledge the same. It has also been noticed that there is a tendency among respondents from organizations with high-rating for corporate reputation in the survey to rate CSR low. Almost as corporations claim that their reputation is independent of their CSR activities. Whether this is cause or effect is a fascinating and probably unanswerable question but it must be relevant that these are also two important and fastest growing dimensions in the index used for the survey. The organizations feel diffident to appreciate and reveal the

financial utility of their CSR initiatives. The perceptible outcome of CSR is nonetheless optimal to size of its cost. Therefore, companies are more likely to divulge the true efficacy of their CSR programmes to the world community. Furthermore, what seems certain are that corporate reputation is a fragile one, based on a couple of prominent sectors and a handful of globally successful entrepreneurs: it risks stereotyping company as a 'single-equity brand', and any setback in these sectors could threaten the good image of the company itself. So, it is increasingly realized by the corporations to have a clear, single, visionary strategy, one that is of course, rooted in truth and not in wishful thinking of keeping CSR away from corporate reputation.

### 3. Corporate Social Responsibility on Board's Agenda

This line of reasoning that endorses the merit of the argument of this paper emerges out of the analysis of the way organizations set corporate social responsibility on their board's agenda and link it to the commercial reality of business. The growing realization among corporations that their reputation and integrity are a measure of their success has shown the way to an analogous progress of their corporate responsibility as a distinctive field of operation, but as an addendum and not well linked up to the mainstream business (Benioff, 2004). Some professionals and thinkers in West have raised their theories of linking CSR to commercial reality (Davis, 2004). Does the organizations' move

to set CSR on their board's agenda herald a new set of theories on linking CSR to commercial reality of the business world?

“Use of the term CSR reinforces the idea that this is something apart from corporate mainstream, which is both unhelpful and wrong. Although an important-sounding piece of jargon, CSR gives the impression of something not directly connected to the commercial reality of business and it means that in any conversation a CSR manager might have with his or her line-function colleagues, those operational managers assume that the conversation will be well meaning but irrelevant. When a CSR manager talks to his or her colleagues or members of the organization about the corporate responsibility, one need to be able to talk in terms other members can relate to their day-to-day problems. When a senior figure in the oil industry once put it to me: 'If you talk to a well-head engineer in Angola about the Universal Declaration of Human Rights, you have lost them as soon as you open your mouth.’” (Davis, 2004)

Therefore, the two essential components of a relevant responsibility programme are defining the key issues to be addressed, and ensuring that the management of these issues is embedded into the operations of the business. The later half of managing the issue is done by using two primary filters – first, measuring the business impact, and second, finding scope for action. If companies are not social service institutions, then

responsibility issues need to be prioritized according to those that have the greatest specific or potential business impact like the ability to obtain business, hiring and retention of key staff, relationships with key suppliers and customer loyalty (Davis, 2004). So, one of the concerns is how to incorporate CSR with organization's business plan and then put it on the board's agenda, instead of, sticking to the belief that corporate virtue is good for profits and so it may be occasionally believed that CSR pays dividends. Thus, despite been set forth as triumph of corporate altruism, corporate social responsibility in reality is business acting purely out of self-interest. Rather than any desire to actually take responsibility for the impact of their activities on society, human rights or the environment, the business is acting out of egotism.

4. Corporate Social Responsibility as a tool to pacify the mounting pressure from civil society organizations and counter other entry barriers.

As companies move into markets of developing countries they are often faced with social and environmental challenges that must be tackled effectively and strategically if the investment is to succeed. The fourth line of reasoning that holds up the merit of the argument of this paper emerges out of the analysis of the ways organizations are using their social responsibility programmes as a strategy to subdue the mounting pressure from civil society

organizations and people's movement and at the same time using it to counter other social entry barriers like xenophobia and other forms of antagonism.

"Globalization and the end of the cold war have taken companies into wider range of countries, some which have fragile social structures and limited experience of the workings of a market economy. We're an example. In 1995, our business was dominated by our interests in the oil in the North Sea and Alaska. Now our interests are global. We're one of the largest foreign investors in China, and in more than 20 other significant economies around the world, from Azerbaijan to Angola. In many places we are the vehicle for development. (In the words of BP group chief executive, Lord Browne [2001]: Holliday, Schmidheiny, and Watts, 2002)

In the past several years, globalization has laid down the foundation of competitive and open economy creating great opportunity for the business to become omnipotent while conversely, it poses a great threat to the sustainability of such business particularly in a situation characterized by intensifying fury and remonstrance against companies around the world. Social and environmental activists from several parts of the world have joined hand with the have-nots to raise their voice of protest and word of discontent against the unprecedented prevalence of large corporate entities. This results in new socio-political threat



to the business. Consequently, the corporate by its wisdom worked out a plan to help restrain the mass antipathy. What the corporations maneuvered to build a strategy to pacify the growing community resentment is reflected in their corporate social responsibility initiatives.

One of the central debates in economic growth and development concerns the importance of openness to the outside world. In this context, openness has many aspects - openness to ideas and technology, trade, and to capital flows. At the outset, one should separate socio-political issues about openness from economic issues. Primitive notions of economic growth were focused upon capital and hence the most important issue in economic development was a high savings rate and the rapid acquisition of machines. As India's experience shows, the existence of savings alone does not generate growth. In any case, with openness on the capital account, vast quantities of foreign capital can always be obtained when needed, so the shortage of capital need not be a critical constraint. But the protectionist and xenophobic ideas have gained much currency in the recent years.

On the question of openness, there is a remarkable congruence between the ideas of the traditional Left and the contemporary Right. Xenophobia in receiving country, driven by prejudice as well as fear of job losses and wage competition, poor and problematic integration constituted a major threat to every

foreign investor in the Indian economy till early 90s. The scenario is fairly characterized by the typical representation of political economy, which corresponds to xenophobic antagonism against every foreign MNC twitching to set up its business in India. Whether, it is the bluster of the Left and Right parties towards the decisions of the Planning Commission of India to constitute a consultative committee with representatives from World Bank, Asian Development Bank and McKinsey; or the prior policies and decisions of government in the pre-liberalization era, there is one thing in common among these movements of the key decision making bodies – protectionism and xenophobia. In view of that, the companies that adopt CSR approach, apart from embarking on the search for financial benefits and positive publicity may also attempt to subdue growing community resentment. The intentions, far more noble, seem to serve purely as a public relations tool. Furthermore, it provides an opportunity to create a more easily identifiable 'Indian brand' and as such reduce the propensity for its market to regard it as 'foreign'. (Hossain, 2004)

5. Corporate Social Responsibility as a body of knowledge and branch of study in management education promoted by corporate

The fifth and the last line of reasoning that supports the merit of the argument of this paper emerges out of the analysis of the ways and forms of development of corporate social responsibility

as a body of knowledge and field of specialization in (management) education in West and in few institutions in India. This step towards inclusion of CSR as a subject of specialization is particularly relevant when organizations across the globe are making a strategic move to ensure quality and proficiency in delivering their social responsibility programmes. Organizations may soon have to become more accountable to both its board and community in delivering more effective service for which they would require a professional mind and competent hands to perform the entire task. Particularly, when one has a leading management guru talking about it, it carries legitimacy in the business world. Hitherto the organizations have not located any consistent manpower sources for their corporate responsibility programmes.

Human resource professionals and recruitment consultancies wake up to the call of this skill-gap. But, once a professional is in, his or her key performance indicators vis-à-vis measuring the CSR performance becomes a more specialized area of operation. “What gets measured gets managed” and therefore measuring CSR performance is the next boom industry. There is more public reporting by companies than ever, and it is no longer restricted to the largest or contentious organizations. More than half of the Briatain's top 250 companies now produce social or environmental information. These figures have grown rapidly in

the past few years, driven largely by the requirements for inclusion in stock market indices such as FTSE4Good, and by the need to demonstrate responsible business behaviour (Financial Times, Sept 29 2003).

### **Discussion and Conclusion**

This paper tries to bring together issues related to two different activities carried out by business community for the society of which one possibly will be more recent than the other.

The industrial social work and corporate social responsibility are the two sides (past and present respectively) of the same coin with the contemporary one being more rational in focusing on market to achieve a Darwinian sustainability. The basic argument posed in this paper is whether corporate social responsibility is a new area well thought-out to delineate the corporation's notion of a larger variety of services for mankind. Or is it just one more 'catchphrase' drawn up to confirm that corporations have expanded their industrial social work programmes to corporate social responsibility to complement their reputation and image, but by contemplating a move to sustainability of the CSR programme through generating 'just profit from CSR activities.

Occupational social work or more popularly the industrial social work programme which started with mutual aid societies and volunteer programmes established as a result of the progressive reform movements during the late 19th century in

west, tried to look into a variety of problems that industrial working class had met with and. At the same time, government paying attention to these problems of industrial work force resulted in a greater growth and sustenance of such programmes. Gradually, companies had started realizing the savings made by the investment in such programmes, and return was more obvious than before. But with time, such programmes started raising ethical issues for social workers on whether the objective of such programme should be to save costs for the employer at the price of providing an appropriate service to the client and many social work practicing communities started disassociating themselves from the economy of scale of business in practicing industrial social work. But that did not beget end of the programme, rather the death of the programme arrived when the corporate realized that industrial social work despite its emotional appeal was found to be a bad idea as it was not able to sustain in a long run. Though it encourage platitudes by business leaders but it creates precious little of lasting benefit to society and precious little real value for corporations. As it has been often argued that people's concern about environment and social sustainability would be well served by the death of industrial social work programme which calls out for the needs to replace industrial social work by a far market-focused approach, a more Darwinian sustainability that sees

environmental and social trends as opportunities for growth and competitive advantage.

The failure of industrial social work programme continues with a moralizing approach ineffective in corporate culture, with companies graded for goodness for their employee assistance programme and so forth. Such industrial social work activities focus our attention on some of the important issues, but companies failed to behave responsibly out of moral guilt as it could not get them to embrace sustainability with sincerity, let alone urgency or speed. Companies understood that if sustainability is going to take hold in a big way, it will be when it generates profits and growth. It won't happen because of an optional executive commitment to an abstract concept like industrial social work. It will happen because sustainability is a great business strategy.

When the corporations understood this cause-effect relationship, it started mutating the industrial social work programme in a way that would assure more sustainability by adding value for corporations in terms of “just profit”. Therefore, companies gradually realized that they need to embrace sustainability by bringing a more market-focused approach in their CSR activities as it will help them whip their competition, having sustainability to be Darwinian. Hence, CSR programmes don't create anything more than just profit, and it is not expected

to. Rather it was propounded by the business community as a surrogate for industrial social in order to get a hold of accountability and sustainability through creating “just profit” with a better market-focused approach unlike its forerunner - industrial social work.

The facade of the new corporate mantra says that greed is out and a new corporate virtue is in. In principle it embodies another form of corporate philanthropy. The reality however, point up a series of ways and means in which CSR is largely utilized by corporations around the world as a competitive business strategy, as a tool to earn corporate reputation, as a board's agenda, as a tool to pacify the mounting pressure from civil society organizations and to counter other entry barriers into a developing world market, and as a body of knowledge and branch of study in management education which is well promoted by the corporation. Each of these was discussed in the main text of the paper. These actions in it quickly uncover the fact that CSR activities are designed to focus just on profit, so as to make it more accountable and sustainable. Therefore, it bears out the author's claim that object of the CSR programmes has in fact extended from curing loss to making profit. Corporate has fairly veiled the fact that CSR was driven by the urge to add value for corporations in terms of “just profit” and has also failed in

differentiating the contemporary CSR from those activities carried out under industrial social work.

The analysis was done in this paper by employing a broad analytical framework of independently reviewing both industrial social work and corporate social responsibility and examining the contemporary roles of CSR that highlight the entrenched web of corporate interests which spawn conflicting CSR and set forth certain significant issues which were used to uphold the merits of the argument; the argument that was posed to rationalize the fact that CSR is an extension of corporate self-interest from cutting deficit to adding value for corporations in terms of “just profit”. Against the backdrop of the analysis done and after carefully looking into the lines of reasoning that endorse the merit of the argument, it is an open secret for everyone of us that CSR is in fact a 'catchphrase' drawn up to confirm that corporations have expanded their industrial social work programmes to corporate social responsibility to complement their reputation and image, but by contemplating a move to sustainability of the new programme through generating "just profit" from CSR activities.

The advocates of CSR in recent years have argued that companies should focus on “more than just profit” – they should care about the community, the environment, poverty and so forth. There begins the failure and if one is arguing companies should focus on something “extra” than profit, then he is saying those



extra things don't essentially create profit (as it was the case in Industrial Social Work programme). And in reality, one of the main reasons of failure of industrial social work programme is lack of sustainability due to non-addition of value ("profit") for corporations.

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**Table 1: Measure of Corporate Success**

Factors that measure Corporate Success	Percentage who said No.1 (n=132)	Percentage who said No.1, No.2, or No.3 (n=132)	Average Value of Rank <sup>1</sup>
Quality of products or services	27%	59%	3.0
Corporate brand reputation/integrity	24%	49%	3.0
Profitability	17%	53%	3.5
ROI: Return on Investment	13%	35%	4.3
Sustainability	6%	28%	4.9
Corporate governance	5%	22%	5.5
CSR: Corporate social responsibility	5%	14%	6.5
Stock market performance	5%	18%	6.4
Market share	2%	13%	5.8

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<sup>1</sup>. Average rating where 1 = most important and 9 = least important. (Source: 2004 Annual Meeting Survey, A Report to: World Economic Forum by Fleishman-Hillard Knowledge Solutions)