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Enterprise perspectives on corporate social responsibility

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ABSTRACT

Corporate Social responsibility is not a new idea, the importance and needs for this ethical and social obligation is tremendously rising with its full swing. There are a number of its implications which are paying more to the institutions as well as to the communities. There is a debate that it is the core duty of firms and industrial institutions to pay their respective return to the common public and the society as a whole where they are operating. The objective of the study is threefold: i) to determine the root causes and basic needs of corporate social responsibilities; ii) to determine the effects on social and other civilizations beard without its existences, and iii) to examines the inputs and efforts which are being offered in the past. The equilibrium of demand and supply of different determinants of corporate social responsibility is discussed. Investment & expansion of Tangible/Intangible Assets, Factory Plant, Equipment, Building, Process of Manufacturing, Inventories and wastages, are also included. The main research questions is whether the contribution of industrial development having showed some positive impacts on the society? The results are not in the favour of the social society, and we have to see why firms are enhancing their activities, and who is obtaining undue benefit from these unethical business activities. This study elaborates the serious social aspects, where all participants are showing their agreement and willingness. At the end, some conclusions are provided for further development providing a spark of ideas for further studies and investigations.

Introduction

It has been observed in the past research and different methodologies about the impact and influence of corporate social responsibility regarding social and economic life. There is no buyer's/specific customer's strong and straight locus towards the firms. Large number of different studies and tests are developed to highlight and clarify the core issue of this concept. The frame work for the understanding this issue can be connected to the following parameters:

- Customer's faith and their satisfaction depending upon the equilibrium of Firm's positive market value and application of CSR.
- Corporate firm should be able to innovate in highly recommended ways of progress and able to enhance the progressive growth.
- There should be proper financial returns. Secondary data should also be used to obtain the better results, which may provide the infrastructure for the future development.

The objective of the study is multifold:

- To determine the root causes and basic needs of Corporate Social Responsibilities.
- To determine the effects on social and other civilisations beard without its existences.
- Calculations and estimations of demands and needs of the challenging time.
- To verify the importance of its implications with reference to its core values.
- To examine the inputs and efforts which are being offered in the past?
- Provision of current advancements and enhancements in this regards.
- Maintaining the results and outcomes for further observations.
- Providing sort of final thoughts, which would be the partial addition in the process of developments.

There are number of directions and dimensions for the research. Some limited and particular aspects are explored here with relevant literature.

Finally, some suggestions are provided to resolve the issue and find out the solution. Points under discussion are given below:

a. Justification of CSR, where firms Market value affects or not.
b. Customer's Satisfaction and response when CSR is in operation.
c. Product quality and Financial returns and
d. Results after implementation of CSR.

This paper will also probe the behaviour of different industrial and social sectors. This study might be helpful for future research in the area of CSR. The study is divided in to following sections: after introduction which is discussed above, Section 2 shows comprehensive literature review. Results and discussions are presented in Section 3. Final section concludes the study.

Literature Review

History of Corporate Social Responsibility (CSR)

The history of corporate social responsibility (CSR) can be traced back to joint stock Company's history. The roots of the CSR are linked to 15th century, when the first English joint stock company was established in 1553. Relating the notion of social responsibility with joint stock companies (corporations) is more important than individual business because of agency problem and self-serving behaviour of managers. Otherwise the history & relevance of CSR is as old as is the existence of trade & Business itself.

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Hanrieques (2003) noted that the concern over excessive earnings of East India Company had been shown during the 17th century. In terms of activism, during the last decade of 18th century, England witnessed first consumer boycott on the issue of slave harvested sugar (Arndt, 2003). As Hanrieques (2003) noted that "there has been a tradition of benevolent capitalism in the UK for over 150 years". By benevolent, author means the social responsibility aspect of business decision making.

The theoretical and empirical research on corporate social responsibility takes different dimensions. The empirical research mainly focused on the relationship between corporate social responsibility and dozens of firm's aspects, including firm's value, financial & operational performance, efficiency, customer satisfaction etc. Over the years, business evolved very rapidly from simple business entities to today's modern world commercial phenomena. Therefore, higher success of commercial entities during entire 20th century and failures during the last decade of 20th century and first decade of 20th century bring CSR and corporate governance as high profile strategic dimension for any business. Considering the high importance gained by these aspects, over 90% of the fortune 500 companies (Kotler and Lee, 2004) had already taken initiatives on these aspects, especially the corporate social responsibility.

There are two schools of thoughts, which are influential with reference to the debate of the ethical & social aspects of corporate social responsibility, the efficiency theory and the social responsibility theory. The efficiency theory school of thought lead by Milton Friedman, the famous economist, is focusing very narrowly on shareholder value. According to Friedman, the firm has only one social responsibility i.e. to utilize the given resource in the best possible manner and engage in those activities which will result in profits for the shareholders, without deception or fraud. On the other hand, the social responsibility school of thought focuses on a much broader vision and to vote for stakeholder value instead of only shareholder value. According to this school of thought the corporation should take care of interest of internal or external stakeholder including employees, customers, suppliers and society at large. (Cooke and He, 2010).

Defining Corporate Social Responsibility or Socially Responsible Behaviour

Authors differ in their opinions when they try to explain what corporate social responsibility is or what socially responsible corporate behaviour is. The most general definition recognized by most of the studies (see Mackey et al., 2007 and references thereafter) are "voluntary firm actions designed to improve social or environmental conditions".

Scholars, managers and stakeholders used to interpret socially responsible behaviour in their own way. Banaerjee (2007) defined that CSR included mandated environmental and health related safety practices but excludes outsider stakeholder claims on the rents of the firm. Devinney (2009) explains a wider point of view, i.e. CSR involves corporations acting on behalf of the disadvantaged and demands active claims on rents by broad section of the society.

Barnett (2007) defined corporate social responsibility as "a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders." Corporate Social Responsibility (CSR) is a citizenship function with ethical and social obligations between corporations and consumers (Maignan and Ferrell, 2001).

Another definition of Corporate Social Responsibility & Corporate Social Performance (CSP) is 'a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships'(Ruf et al., 1998).

Dahlsrud (2008) conducted a study in which he analysed 37 definitions of CSR. He found that there are five dimensions of CSR, which are common across those 37 definitions. These dimensions are; the Stakeholder dimension, societal dimension, economic dimension, voluntary CSR dimension and environmental dimensions. The author declared stakeholder and societal dimension as the most important ones, then next on the list was the economic dimension, followed by the degree of voluntarism for CSR and least important is the environmental dimension.

According to Dahlsrud (2008, p.6), The earlier definitions of CSR including Milton Friedman were not defining CSR clearly rather social, economic and environmental aspects of business are concerned with stakeholders including customers, government and owners. Rules and Patterns have been developed since long but at operational level need of the CSR management tools are at the core of implementing and developing the successful business strategy.

Stakeholders Theory and Corporate Social Responsibility (CSR)

The development of stakeholder theory by Cheit (1964) actually clears the road for CSR. Before that, only shareholders were the subject of all discussion. This new theory proposes that there are other groups, which are related to an organization directly or indirectly and a firm should think about their interest too. Among these groups were employees, customers, suppliers and society at large. These groups are obviously getting affected by the decisions of the firm either explicitly or implicitly, thus the presence of corporate social responsibility is justified. On similar grounds, Fote et al. (2010) noted the stakeholder theory that there are stakeholders of a firm other than mere stockholders. Outside an organization, there are people (communities, pressure groups representing interests of those communities) who have expectations about the actions of the corporation which is operating in their vicinity. The stakeholder theory suggested that it is in the best interest of an organization to meet or try to meet the expectations of its stakeholders (communities). The most common example of such expectations from communities and the fulfilling of that expectation from an organization are making the product and operations both environmentally friendly. The motivation behind such corporate actions to become environmental friendly is to build a positive image in the community leading these corporations to improved financial performance.

The role and influence of external stakeholders, as identified by the stakeholder theory was investigated by Christmann (2004). The study focused on the role and impact of external stakeholders (communities) on how and why a firm chooses to be environmental friendly. He analysed the determinants of globally standardized environmental policies of multinational companies. He surveyed the companies from chemical industry and on the basis of survey data; he finds that multinational in chemical industry tends to standardize their environmental policies to counter the pressure from external activist groups in the society. In addition to external pressure factor, multinationals' internal characteristics also affect the standardization of environmental policy. The multinationals' responses to pressure by stakeholders depend upon the type of stakeholder group. Multinational tends to exploit cross country differences in environmental regulations. The standardization of environmental policies has limited the multinationals' ability to exploit such environmental regulation differences across countries. The pertinent question to ask is whether this standardization puts any constraint on a firm's ability to maximize its profit by exploiting the opportunity. Given this, it can be concluded that if a company is not able to maximize its profits because of CSR initiatives, then CSR has a negative effect on the firm's financial performance. On the other hand, the explicit & implicit cost arising from not meeting stakeholders' expectations can be costly than the price of CSR initiatives.

Economic Rationale for Corporate Social Responsibility (CSR)

Given the likely benefits of adopting CSR approach, large corporations have started investing substantial amounts in CSR initiatives. Berner (2005, p. 72) cited examples from a number of corporations like Target, General Motors, General Mills, Merck, Hospital corporation of America etc. All these companies had invested substantial investments in CSR initiatives ranging from 2% to 43% of their pre-tax profits. The ever increasing financial commitment to CSR indicates that companies are realizing the strategic advantages of these initiatives. As Smith (2003) mentions about the companies that it is not only the "right thing to do" but also "smart thing to do".

Furthermore, the CSR initiatives have gained importance when business realized that these initiatives have a direct or indirect impact on customer satisfaction, which ultimately leads to fulfil the basic goal of business, i.e. to earn sustainable profits. Bhattacharya and Sen (2004) have cited that there are numbered of marketing studies who relate social responsibility initiatives to positive customer related outcomes. In a more specific manner, a number of lab experiments based studies has found that reported CSR is directly or indirectly affected the consumer product responses (See, Luo and Bhattacharya, 2006).

Investing in CSR is not without the economic rationale. The traditional economic approach suggests that the managers should take those decisions which enhance/maximize the shareholders' wealth (Friedman, 1962). The investments in CSR activities are inconsistent with the owner's wealth maximizing objectives; they should be avoided (Mackey et al., 2007). There are numbers of authors that have suggested that considering the long-run sustainability of the business, the firm's management should consider other stake holders, e.g. employees, suppliers, and society at large at the time of decision making, even it means the reduction in present firm value (see Mackey et al. 2007).

However, there are counter arguments to the economic rationale for CSR. Campbell (2007, p. 946) argued that "To some people the idea of corporations acting in socially responsible ways would seem silly. If the raison for corporations is to maximize profit and shareholder value as best they can, then it stands to reason that corporations will do whatever it takes to achieve this goal—perhaps even if that includes acting in socially *irresponsible* ways if they believe that they can get away with it".

According to Williamsons (1985) individuals and the corporation they run will act opportunistically i.e. showing self-serving behaviour and doing everything without the distinction of right or wrong to earn the profit. Further, extant literature on the comparative political economy cited the separation of ownership & control as a main reason for self-serving behaviour of the corporations, i.e. managers which are running those corporations. And under competition the situation got worst. Campbell (2007) argued that there are dozens of examples where corporations acted in socially irresponsible ways to get the profit. Even, if it means to cheat customers, society and their employees, to damage the environment, to break the law (Vogel 1992).

Peloza and Falkenberg (2009) have discussed the role of collaboration in achieving CSR objectives. The conflicting evidence about the role and relationship of corporate social responsibility in solving social and environmental problems heated the debate. They pointed out that in the absence of concrete evidence for CSR & firm performance relationship, one should look towards the collaborative role of not-for-profit organizations in explaining the corporate social responsibility.

Editorial (2009) discusses the debate about the existing models of CSR, and argued that there is a need to revisit the existing management models so that social and environmental concerns can be integrated into company's management daily agenda. The new model describes the company's ability to interact with its stakeholder on a proactive basis. Banerjee (2001) cited that companies with dedicated CSR department have developed fewer capabilities than companies that integrate the CSR issues at a strategic level. They later companies were successful because they had integrated CSR at all levels of the organizations.

The rationale for better performance of companies which deals CSR at the corporate level is very logical. If a company dedicated an entire department to CSR, then they are actually making social responsibility as additional to the core business. Thus burdening the decision making, CSR as a department has no role in main stream operations (Editorial 2009). The CSR remains a subject of interest to both organizational behaviour and human resource management research(Brammer et al., 2007). This makes employees most important stakeholders and candidates for CSR treatment.

Then there is another dimension which interest managers, i.e. the role of CSR in marketing strategy. Kotler and Keller (2008) have noted that organizations have to realize the scope of marketing extends beyond the company and its customers. Marketing literature has explained the relationship between social responsibility, strategy & marketing. Research evidence pointed out the increasing interest of corporations toward CSR and its expectations and how CSR can be incorporated into marketing strategy i.e. branding, cause-related marketing and reputation al risk management (Editorial 2009).

Barnett (2007) cited that the unique history of a company and the role of the products in daily life play the crucial role in how CSR program by the company is received at the public end. It's the reaction of stakeholders, which determine the path of CSR program. The example of McDonald's offered by the author stated that Macdonald's took a CSR initiative on healthy food and to discourage adults' obesity for junk food. Nevertheless, the reaction received was not very favourable because there is a clash in what CSR program is offering and what product line of McDonald is offering. McDonald has received a lot of criticism over its products and has been long known for its high fat food. The CSR initiative was considered by the most as a forced concession thus the chances of it to affect financial performance were very limited.

Corporate Social Responsibility & Customer Satisfaction

There is extant literature citing the positive relationship between corporate social responsibility (CSR) and customer satisfaction and firm value (Anderson et al., 2004; Fornell et al., 2006).

Most of the studies on the topic of CSR are linking CSR to firm performance directly, thus looking at past performance measures instead of looking for firm value measure like market based future returns (Luo and Bhattacharya, 2006). Fornell et al. (2006) noted that customer satisfaction has been considered as an important element of corporate strategy while Gruca and Rego (2005) cited customer satisfaction as a key driver for sustainable profitability and market value.

Luo and Bhattacharya (2006) in their study addressed this concern. Their framework suggested that customer satisfaction is the connecting link between the CSR and firm market value. Using secondary data, they found a supporting evidence for their frame work, i.e. CSR leads to better customer satisfaction, which then leads to improved firm value. Bolton and Drew (1991) cited that companies having the satisfied customers enjoying great customer loyalty. CSR happens to cause positive word of mouth advertisement, as a result customers are willing to pay a premium over the par and the result is increased firm value (Homburg et al., 2005). There are also a number of studies who relate customer satisfaction to higher liquidity & cash flow levels (Gruca and Rego, 2005; Fornell, 1992). Anderson et al. (2004) noted that firms with satisfied customers likely to have fewer volatile future cash flows, thus better market value.

Many text books and academic articles noted that relationship of CSR with multiple stake holders, including customers, thus suggesting a non-customer route through which CSR can affect the firm value (See, Luo and Bhattacharya, 2006) CSR creates goodwill, which worked like an extra layer of protection for shareholder's wealth (Houston and Johnon, 2000). Handelman and Arnold (1999) explain another dimension to CSR theory. According to them, CSR will not have any positive impact on customer satisfaction, if a firm is perceived as less innovative or there are question marks on firm's abilities.

Sen and Bhattacharya (2001) observe that CSR investments may cause damage like reduced purchase intents and negative image of the firm, if a customer finds that the investment in CSR is at the expense of product quality, and firm ability to innovate i.e. at the expense of R&D. A firm with low quality products and innovativeness may face very negative feedback from customers, and it even leads to a negative corporate identity, thus low market value (Brown, 1998).

Socially responsible behaviour can help a firm to differentiate its product in the market; It means customers are willing to pay the premium for that product (Waddock & Graves, 1997). The study by Wang (2009) assesses the customers' attitude towards mobile phone companies in response to their CSR practices. He has examined the three dimensions of CSR, i.e. ethical, discretionary and relational practices and the impact of these on customers' attitude toward mobile companies. The results suggest that the perception of ethical and relational practices play a strong role in attracting customers towards mobile companies. Research has shown that customers' perception of CSR practices heavily depend on an organization's ability to affect customers with its corporate image (Wang 2009). A key performance driver of a successful CSR campaign is communication with the customers and effective promotion of the CSR strategy (Epstein & Roy, 2001).

The employees' aspects of CSR policy of a company lead to loyal employees, lesser turnovers, and higher level of commitment is shown by those employees who are given control over their work, resulted in lesser cost to manage them. The value delivered by those employees' results in customer satisfaction (Reichheld, 1996). Demcarty (2009) argued that customer retention is expected for firms, which have adopted CSR as part of their strategy. A five percent increase in customer retention will lead to much larger growth in terms of sales. The profit per customer is also expected to be increased.

Waddock & Graves (1997) offers another dimension to the customer satisfaction aspects of CSR. According to them, community and government, all are also customers of a firm, and if they are satisfied with the actions of the firm then it's very likely to get contracts and sites at favourable terms and conditions. In addition to this, firm may also be able to avoid fines or plenty for environmental problems.

If a firm did not live up to its expectation regarding product quality and consumers expectations, it is possible that the firm may be able to lower it implicit cost by adopting socially irresponsible actions. But on the other hand, these actions will create a doubt among stake holders about the ability of the firm to honour its obligation, thus increasing explicit costs (Waddock and Graves, 1997). Jones (1995) draws upon the work of Robert Frank and argues that it is very likely that stakeholder can detect the companies which are cheating them. The commitment to the society and its stakeholder through responsible decision making can be revealed or detected from how top management is taking decisions on hiring, lay-off, etc. The hiring policy can tell so much about a company if analysed with depth. Top managers usually try to hire people with same values, thus the outside stakeholders can see from the class of the employees, whether this firm is going to deal with them fairly or not.

Porter and Kramer (2006) cited the gap between public perceptions about the corporations responsibility and corporations' CSR programs. The author offered several examples from the last decade of 20th century, where public has shown a lot of concerns over corporation actions. For example, after the ill practices were disclosed by media at Nike's factories in Indonesia and Thailand, a huge resistance from the customers was seen. They have boycotted the products of NIKE, and the firm has borne many losses. Similarly, the Dutch petroleum giant i.e. Shell's decision to sink one of his old obsolete storage facility known as Brent Spar has received considerable resistance from the environmentalists, especially Green peace's resistance highlighted this issued at the forum of international media. According to Carroll (1979) the economic & social interest of society and firm are often met at the cross roads, thus making CSR beneficial for both. For example, the product safety is a matter of interest for both economic and societal reasons.

Saeedi (2007) has raised the issue of corporate social responsibility in consumer financing in his article in Economic review. Apparently, the consumer financing is a blessing for the consumers as it helps them to upgrade their quality of life. But there is one school of thought, which considers it as cheating as through consumer financing corporations create needs for those consumers, which actually does not exist. The consumer financing claims to upgrade quality of life but this improvement is actually at the cost of consumers' savings. A common man who draws a nominal salary may have saved some amount at the end of the month, if he did not have a credit card or didn't avail the consumer finance facility from somewhere else. The promotional schemes are designed in such a manner that it preludes consumers to spend on the things which he actually does not need and thus get trapped into an instalment plan of the bank or financial institution. At the time of signing contract, a customer provides his information to the lending institute, and this is institute's responsibility to take care of privacy of those customers. Instead of protecting privacy of consumer, financial institutions come with a dozen of marketing and promotional messages in which the customers are actually disinterested.

Corporate Social Responsibility & Firm Performance

Corporate Social responsibility and its relationship with an organizational performance, success and other different aspects has been an issue which is thoroughly investigated. Those who favour corporate social responsibility argued that a firm has to adopt the CSR approach, if they want to survive in the long run than just focusing on their short term profit. On the other hand, critics of corporate social responsibility pointing out that following CSR approach may distract a business/firm from its fundamental course i.e. to make money for its owners. Then there are others, which claim that social responsibility programs of corporations are just a feel-good program and mostly used for image enhancement (Foote et al., 2010).

For the casual relationship between firm performance and CSR, the empirical evidence is rather conflicting. There are number of studies which found CSR positively associated with CSR while other numerous studies have found the relationship as negative (See Lou and Bhattacharya, 2006 for references). Luo and Bhattacharya (2006) explain the reasons for conflicting findings. First, most of the CSR & firm performance studies took a backward-looking approach, i.e. these studies used accounting measures of firm performance, which shows the past performance. Secondly, the extant literature suggests that the relationship between CSR and firm performance is not simple and straight forward. There are number of factors/variables that mediate the relationship between these two phenomena. Thus ignoring those factors resulted in conflicting evidence.

McWilliam and Siegel (2000) argued that the conflicting and inconsistent results of Performance studies are because of flawed empirical analysis. The usual methodology of most of the studies was regressing firm performance on CSR and using control variables like firm size, industry type, etc. According to the authors this type of model is surely mi-specified because it does not include the research and development expenditure (R&D) as a control variable, which has been proven to be an effective determinant of firm performance. If the model would be properly specified, then CSR will be having a neutral impact on firm's financial performance.

The majority of studies look into the relationship of corporate social responsibility and firm performance from CSR perspective, i.e. how much to invest in CSR to get better or improved financial performance (Campbell, 2007). In one study, Margolis and Walsh (2003), reviewed the literature on the subject from 1972 to 2002 and found that there are very few studies who have treated CSR initiatives as the dependent variables (only 15%) which means majority of the studies look into this matter the other way around. There are other studies who emphasize looking into the institutional aspect to CSR performance relationship (Doh and Guay, 2006, Walsh et al., 2003 as cited in Campbell, 2007).

The one prominent question for CSR performance research is in which direction the causal relationship flow. The study by Margolis and Walsh (2003) covered 127 previous studies on the subject. They found that out of 127 studies, in 22 studies CSR was included as a dependent variable in the analysis, while financial performance is treated as an independent variable. Out of those 22 studies, 16 found a positive relationship of CSR and financial performance with the flow of casual relationship running from CSR to financial performance. This was explained by authors using slack resource theory, according to which, financially strong companies tend to behave with responsibility as they can afford the socially responsible spending. This also explains that if a firm had one good financial year, the CSR expenditure in the coming year is expected to increase.

Mackey et al. (2007) in their study observes a positive relationship between firm choices for socially responsible investment and firm value. They noted that "the model developed here suggests that efforts to examine the "overall" correlation between socially responsible activities and firm performance may be less interesting than examining the relationship between the supply and demand conditions under which these decisions are made and a firm's market value" (p 830). Godfrey (2004) has acknowledged that firms engaged in CSR initiatives may have the positive impact on the present value of the firm's cash flow. This suggests that CSR is in alignment with the traditional economic & financial objectives of the business.

The critics of CSR or socially responsible investing/behaviour present another side of the picture. Geczy et al. (2005) find the drop in values between 1% to 2.5% for the companies which are listed on ethical indices. Devineny (2009) offers an example to explain the fact that party holding the equity is not able to influence the value of that equity. According to him, when CalPERS dropped tobacco stocks from its portfolio, it cost the pension holder of CalPERS approx. $668 million. On the other hand, CalPERS decision to drop tobacco stock from their portfolio has no effect on the performance of tobacco companies. On the other side, the pension holder of CalPERS faced an opportunity loss of approx. $1 billion, as the tobacco stocks outperformed the S&P 500 (Entine, 2009).

Tribo (2008) cited that companies involved in accounting/earning manipulations are likely to be those companies which also engaged in CSR. Graves (1997) found that corporate financial performance is positively associated in CSR by treating CSR as a dependent variable. Using regression analysis, he found that an increase in firm performance leads to increase in corporate social responsibility. His analysis was considered as the best by Campbell (2007) using a multi dimensional measures for corporate social responsibility. Demcarty (2009) concluded in his study that, contrary to the existing theory corporate social responsibility does not produce better financial results. However, this does not mean that it produces weak financial results either. According to the author, there is an equilibrium state between corporate social responsibility (CSR) and corporate social irresponsibility (CSI). On average the returns of both CSR and CSI are equally strong. The explanation offered is the CSR & CSI both come to a state of equilibrium. If one of them offers higher returns, then it would attract more corporate players who would compete for the available best opportunities until there is no difference in average profit. Further, the positive correlation between CSR and firm's performance can better be explained by the presence of skilful management rather than mere CSR.

Milton Friedman (1970) presents the other side to CSR. According to him the only logical goal of the corporation is to earn the profit. Corporations are not for doing charity work or societal work, as this is the job of Government and non-for-profit organizations. Thus if corporations are involved in such activities, it is the violation of their mandate, i.e. to earn as much profit as possible for their owners. In today's changing world, Friedman's argument i.e. 'corporate social irresponsibility produces higher profit' is losing weight. In a study by Carroll (1999), he divided corporate social responsibility into four parts. The hierarchy of these four parts was economic, legal, ethical and discretionary. Therefore, Friedman is actually supporting only first three parts of the hierarchy, i.e. economic, legal and ethical. This means that firms can maximize profits as far as they are following their original economic goal, obeying the law and taking care of society customs. But Friedman has ignored the fourth component, i.e. discretionary.

To look into further depth, Hull and Rothenberg (2008) conducted a more focused study. They choose a relatively small sample size, i.e. 69 firms with complete data. They used return on assets (ROA) as the measure of financial performance. The only problem is that the 69 firms belong to different industries thus with different asset bases, which makes the comparison across the firms a bit suspicious. Apart from this problem, they examined the relationship of CSR with innovation (which is measured by R&D spending) and differentiation (measured by advertising intensity i.e. advertising spending divided by total sales). The findings were; in more innovative companies CSR is more closely associated with positive financial performance. Whereas, among the less innovative companies the association was in the range of neutral to negative. A similar finding was identified for CSR and differentiation.

Porter and Kramer (2002) provided the evidence that by taking care of social and environmental problems, firms not only gain financial returns, but non-financial gains like better educated workforce and nourishing local economy. Arena (2006 as cited in Wang, 2009, p.62) noted that corporations with superior CSR practices have shown better financial results. He provided the example of Toyota and General Electric; both companies have successfully converted CSR practices into superior financial results. The reason for their superior financial performance is wide acceptance of their energy efficient and environmental friendly products, endorsed by consumer and environmentalists alike.

Mohr et al. (2001) discusses that consumers are likely to form positive attitudes towards companies with socially responsible image in the society. Corporations have to follow the rules & regulations and should depict a behaviour which must be considered appropriate by the society. Among many advantages for adopting corporate social responsibility practices, one is delivering superior value to customers who in turns increase the loyalty of employees as they can feel greater satisfaction and take pride in their work (Reichheld 1996). Jones (1995) attributing the strong financial results claimed by CSR theorist to the good will factor, which then converted into financial returns for the company.

In one study Orlitzky et al.(2003) conducted a meta-analysis. They used 52 studies which fulfilled the statistical criteria defined by them. They found that the overall conclusion of the data was a positive correlation between financial performance and CSR. Their finding was an important contribution in this area of research as the overall results of studies were mixed i.e. some had shown a positive correlation while others have shown a negative correlation. Some of them show nothing.

Dutta and Radner (1999) citied that socially irresponsible firms do perform better in the short run and outperform socially responsible firms. However, this short run achievement by socially irresponsible firms is actually on the cost of long run profit and sustainability. Many big names of corporate America were duly appraised for their societal contributions before the real story about them came out.

A study by Gilley et al. (2000) investigated the impact of environmental initiatives on future firm performance. They used event study methodology. It was believed that a positive shareholder reaction is likely when there is an announcement of environmental friendly action by the firm. No overall effect of announced environmental initiatives was found in comparison to stock returns. Although shareholder value is not the only measure of firm performance or success, but this does not mean that firm will not get any other benefit from its increased reputation. Harrison and Freeman (1999) examined the existing relationship between the stakeholder management and the perception that firm is socially responsible. Further, the performance results with respect to stakeholder management and socially responsible practices were also examined. The key finding of this study was this theoretical question about determining whether CSR leads to better corporate performance because economic effects are social as well while social effects are also economic. The crux of the study is that the real effect or impact of a CSR program cannot be determined most of the time because these effects are realized in long-term horizon. Thus if a company is investing in CSR programs then there are no immediate results for adopting such a program. However, firm will get the benefit in the long run from the fact that such programs build reputation and goodwill and such attributes cause customer loyalty. As this customer loyalty is derived from the notion of the firm being socially responsible.

Corporate Social Responsibility & Firm's Human Resources

Chong (2009) has argued that most of the studies to date examined the relationship of corporate social responsibility and firm performance, customer satisfaction, stakeholder theory etc., but no study has tried to examine the influence of corporate identity and participation of employees in CSR. This study was based on the DHL disaster response program to the Asian tsunami in 2004. The question raised by this study is; what is the connection between corporate identity and employee participation in firm's social programs? The study concluded that strong employee participation and commitment to the CSR programs is observed in the firms which have aligned their CSR strategy with their identity. Companies would do much better if their CSR programs are aligned with their overall mission and objective. In addition to the alignment of CSR programs to the core competencies of the firm, the internal communication plays a vital role in linking the participation of employees in CSR with the corporate identity.

Preuss et al. (2009) discussed in their paper about the most hotly debated issue in the discipline of international human resource management and international management, i.e. the question of global-local. The question of global local refers to the pressure on corporations, especially multinationals to go for internationally standardized practices to achieve efficiencies, and at the same time to meet the challenges of local presence. The number of studies on this issue can be divided into two groups. One group suggested going for national business system approach. While, the other group emphasized international convergence through diffusion of management practices. The greatest challenge faced by human resource managers is to deal with the difference in legal and regulatory frameworks, which then affect HR policies.

Berthoin et al.(2007) conducted a comparative research on US and European firms regarding the CSR programs and found that there are huge differences between the practices of CSR in US and European firms. The study reveals that CSR is more of US concept than of European concept. The study finds the differences in communication pattern regarding CSR. 53% of US companies report CSR on their website while only 29% and 25% of French and Dutch companies reported CSR respectively. Cooke and He (2010) surveyed and interviewed senior managers in the sample textile & apparel firms. The questions/issues explored are: How managers at Chinese's textile firms perceive CSR, What are the main drivers or determinants of adoption of CSR policy in Chinese's textile firms, Which are the important aspects of CSR policy at Chinese's textile firms, How to explain and explore the inter relationship of CSR & HRM, What are the hurdles/constraints to adopt a CSR policy? The finding of their study suggests that there is increasing awareness of corporate social responsibility among the Chinese textile firms' managers. Although many firms under review do not have written CSR policies but still managers are trying to follow the CSR regime. The main reasons are to improve their socially responsible image, which will attract customers and lower the operating costs. The Chinese textile firms believe that they have to give priority to their economic and legal responsibilities over ethical and voluntary responsibilities. Thus it explains that the legal compliance pressure is the main source for adopting a CSR policy.

Stiglitz (2002 as cited in Cooke & He, 2010, p.357) argued that stakeholder approach in CSR is in high alignment with human resource management. The CSR is linked to employees in two ways: Either through human resource management practices or through active participation of employees in CSR activities. The firm can gain strategic advantage (by attracting and retaining talented employees) by fulfilling its fundamental obligation, i.e. to adopt socially responsible human resource management practices. At the minimum, a firm should improve its labour standards and legal compliance with respect to HRM. Among the moral obligations of the firm are: to improve the working life and environment for its employee and job quality.

Corporate Social Responsibility & Corporate Strategy

In the light of recent corporate scandals, Porter and Kramer (2006) in their article pointed out that the social responsibility aspect has now become a priority, in fact the responsibility, for corporations and their leaders, as government, activist groups, media are closely watching the corporations and held them responsible for their business actions whenever something went wrong. Usually companies' social efforts are not fruitful and productive because of the clash between economic and societal goals. The external pressure makes firms adopting CSR without inculcating the theme in their corporate strategy. The authors identified four main reasons for companies to adopt a CSR approach. Among the four reasons is (1) the ethical/moral obligation, obligation i.e. the duty of the firm to do the right thing and to be a good citizen in the society (2) sustainability in the long run i.e. the strategic ability of the firm to maintain its image and position (3)license to operate i.e. the consent and approval of the stakeholders in the society where the firms operate and (4) reputation, i.e. the good public image as the society will talk high of those firms which take care of its problems. These four reasons create a tension between economic and societal goals and considered as more of public relation issues than CSR items.

Thus according to Porter and Kramer(2006), if corporations would analyse the benefits of adopting a CSR approach using the same framework they use for deciding on economic choices, they would discover the wonders of CSR. The CSR can be more than a liability or a hindrance in achieving basic economic objectives or simply a philanthropic act. Adopting CSR can be a potential source of competitive advantage and an inspiration for innovation. Authors suggested that corporations should not look at the relationship between society and affairs of business as a zero sum game. The new framework suggested by the authors give an individual firm an opportunity to assess the consequence of its actions for society and help the firm to exploit the societal opportunities in its favour thus deriving competitive advantage from these activities.

A multilevel theoretical model was suggested by Aguilera et al. (2007) to understand the dynamics of why CSR is becoming a matter of attention to corporations and considering the increasing interest of corporations in CSR activities and initiatives, the potential of bringing the social change. Their framework integrates theories from organization justice & corporate governance discipline and using this integrated framework, they examine the inter-relationship of moral, instrumental and relational aspects from an individual level to transnational level. Although this study did not conclude things clearly, the pressure faced by companies to adopt CSR approach and the complexity of this pressure is pointed out. The lesson which can be inferred from this study is if a firm clearly understands the reasons and its motivation to go for CSR then the firm can use it strategically. Husted and Salazar (2006) pointed out that if CSR is considered as a part of strategy i.e. dealing it at a strategic level, not just as an act of charity, more social output and change can be expected. Their research was intended to find out the reasons of why firms follow or adopt/adapt CSR. Their study found that there are three primary reasons for a firm to enter or initiate a CSR program; altruism (philanthropic ideology), Forced egoism and strategic reasons. Their research model used microeconomics tools to determine and examine the social output level for each of three reasons stated above. Their findings confirm that among the three reasons, the best reason to adopt a CSR program is to act strategically. When a firm is making investments in CSR at a strategic level, they can do much more than simply philanthropic giving.

Determinants of Corporate Social Responsibility (CSR)

Among the determinants of CSR, tax law is the prominent one. Navarro (1988) investigates how tax law affects the firm's decision for CSR expenses. Thus it's not the firm's internal intentions, but the external factors like property rights, state regulation, which affected the firms' decision to act in a socially responsible way (Campell, 2007).

Among other determinants identified by studies is the presence of normative or cultural institutions. Galaskiewicz(1991) argued that firms are likely to behave in a socially responsible manner, if normative or cultural institutions exist in that system. The reason, firms behave in a socially responsible manner are the set of incentives created by these cultural or normative institutions. For examples, if the higher management members are also members of not-for-profit organizations, then it is very likely that their companies will also be engaged in such social or philanthropic activities.

Maignan and Ralston (2002) studied 100 firms each in France, United Kingdom, United States and the Netherlands for their commitment to CSR. They collected the data from respective companies' websites. They found three main motivators that kept firms on CSR highway. First motivator is manager(s) social thinking patterns, which give value to behave in a socially responsible manner. Second motivator is the fact that managers believe that company's socially responsible behaviour leads to better financial performance, which, in fact, is their main target and third motivator is the community. They have found systematic differences in the feedback of four countries, which make them believe that political culture is also another motivator for corporations' socially responsible behaviour.

In the awake of recent scandals across the globe, the implementation of corporate governance is also considered as an important factor for firms' increased attention at CSR. The extant literature on corporate governance explains the reasons that how the difference in political & organizational culture across nations affects their commitments towards corporate social responsibility (Roe, 2003). The development of stakeholder theory is another determinant for firms' commitment to socially responsible behaviour. Driver and Thompson (2002) argued that the stake holder theory defines the appropriate & inappropriate behaviour for corporations and then links it with the stake holders. Cambell (2007) is of the view that stakes holder theory has failed to explain CSR in terms of social and economic perspectives.

Aguilera and Jackson (2003) noted that the ability of stake holders to monitor firm performance increases the chances that firm will behave in socially responsible manners. Boli and Thomas (1999) noted that as a result of increased globalization, emerged a number of international non-for-profit organizations and networks with the mandate to monitor corporations for socially irresponsible behaviour. NGOs influence is increasing day by day in an institutional field where corporations operate (Doh and Guay, 2006 as cited in Campbell (2007)).

In addition to the role of NGOs for ensuring socially responsible corporate behaviour, a number of social movements have aroused with the same mandate, i.e. corporate social responsibility, and they are using the same tools and tactics as NGOs (Doh and Guay, 2006). Such movements have become very successful in targeting specific companies and putting pressure on them to reduce the harm they are causing to the environment. The recent recognition of importance of corporate governance has pushed corporate stock holders to push corporate boards for socially responsible decision making. In addition to the role of corporate stockholders, the institutional investors and financial institutions like pension funds, hedge funds, mutual funds, etc. have emerged as important economic agents affecting and controlling investment decision in billions of dollars. Along with their ability to control investment decisions, these institutions are actively playing monitoring role to ensure socially responsible corporate behaviour (Armour et al. (2003) as cited in Cambell, 2007, p.957).

Corporate managers' approach to manage their firm is partially affected by the type & kind of training they received at business school (Fligstein, 1990). Therefore, the business school curriculum is also another determinant of corporate social responsibility. According to Galaskiewicz's (1991 cited in Campbell, 2007, p.958) business leaders set examples and developed norms for the corporate world, thus encouraging philanthropic donations.

Campbell (2007) also noted that corporations are likely to be involved in socially responsible decision making and behaviour, if they belong or attach themselves to some association or unions and the socially responsible behaviour is already on their agendas; e.g. fair trade, fair employee treatment etc. In a qualitative study by Bansal and Roth (2000), authors examined the motivational and contextual factors that can influence a firm to act like environmental friendly. Their sample was based on 53 firms from Japan & United Kingdom. They found that there are three reasons for a firm to go for an environmental friendly tag and those are (1) competitiveness i.e. being environmental friendly, will improve the reputation of the firm which in turn may cause improvement in long term financial performance, (2) legally fitness or legitimation, i.e. the firm wants to be recognized as legally fit or responsible and in achieving such status, they want to improve the legality of their actions against the set of rules, regulations & belief system and (3) ecological responsibility, i.e. the firm's choice to be known for its social and environmental friendliness.

The above stated three factors were influenced by three conditions (inside a firm's operating environment): field cohesion (the competition among the firms regarding ecological responsibility), relevance of issue and the individual concern (the commitment of the members of the firm towards their individual responsibility of being environmental friendly). It's the combination of these factors/motivators which explains the extent and depth of firm's social actions and decisions and also supporting this notion that fulfilling stake holder's expectations is good for a business (Bansal and Roth, 2000). As explained by Campbell (2007) that economic health of a firm is also a determinant of CSR commitment. In addition to economic health factor, there are number of institutional factors that affect how and why companies take CSR initiatives. Among these institutional factors are public & private regulations, the monitoring role played by non-governmental organizations and other independent organizations, the norms of corporate behaviour and bargaining capacity of its stakeholders.

Doh and Guay (2006) used no-institutional and stakeholders theory to prove the point that the regulatory regime of US and Europe cause the difference in expectations for a firm's social responsibility. The key driver of how and why CSR is adopted and practices by corporations are governmental regulation and policy, NGOs activism and corporate strategy.

There is an ideal level for CSR investment for each organization. The ideal level depends on the firm size, level of diversification, advertising budget, research & development expenditure, government sales, consumer income, labour market conditions and the life cycle stage of the industry (McWilliams and Siegel, 2000). Frenkel (2001) has identified several driving forces of firm's CSR efforts. Among these driving forces are the increasing awareness of customers about ethical and social aspects, environmental issues, human health concerns and animal rights. Apart from theses firm specific deriving forces, other includes the domestic and international pressure groups.

As a result of globalization thus increasing global competition has pushed international businesses to reduce their cost to compete in the market and remain sustainable and at the same time push them to review their labour standards, outsourcing and environmental policies and to play a more active role in the social development of developing economies.

Measuring Corporate Social Responsibility

Demcarty(2009) noted that the most important problem faced by research studies is how to judge the corporate social responsibility. Companies usually are not very open to disclose all of their practices. Even if one knows every information needed for this type of research, how could one treat all actions of the firm in this regard, as all actions are not equal in weight? The author offers an example that out of two companies which one you are going to prefer. The one which treat its employees with fairness and dignity and offers low quality and sometimes dangerous products to the society or the one which produces quality products but exploits its employees by every necessary means. The real question is among the two which firm the researcher is going to prefer. Thus concluding that it is very unclear to consider which dimensions of CSR should be followed.

There is another problem with the measurement of control variables as identified by Margolis and Walsh (2001). They raised the question, whether to use a control variable, some combination of them or not to use the control variable at all. Some studies used industry as a control variable but there are cases where industry is an important aspect for CSR. How to treat financial variables is another set of questions posed in this type of research. According to Demcarty (2009) the corporate scandals of this decade poses a serious question on measures of financial performance. The firms apparently sounding financially strong may be just appearing so because of wrong accounting practices.

There are plenty of approaches to measure corporate social responsibility. One easy to access & attractive approach to measure is announced CSR investment (Luo and Bhattacharya, 2006). This approach has its own problems too. Some firms may exaggerate or under-report the CSR investment figures (Luo and Bhattacharya, 2006). Still, there is no consensus on what to include or exclude in CSR investment (Margolis and Walsh, 2003). Basu and Palazzo (2008 as cited in Foote et al., 2010, p.808) in their study suggested an organizational sense making model that elaborates the thinking and action pattern of managers in connection with the key stakeholders and world at large. There are inter-relationships among different dimensions of a firm and the relationship of those dimensions with CSR initiatives. Using this model it is possible to identify the patterns of such an inter-relationships. Given the proposition, if CSR is measured using this model then it will be possible to find out which effort will result in maximized financial performance.

Foote et al.(2010) also identified this issue of measuring social responsibility of a firm. They commented that the both researchers and decision makers need valid measure of social performance. Past studies have used different measures like government pollution indices, firms' annual reports containing both social and financial performance details, reputational surveys and CSR orientation studies. Although, all the above measures are connected with CSR in one way or the other, but none of them measures social performance accurately. Ruf et al. (2009) suggested an aggregate measure of corporate social performance (CSP) which incorporates the inputs from both assessments of actual performance and stakeholders' value judgement. The process recommended by the authors to measure CSR is as follows:

i. Identify or select the dimension of corporation social responsibility

ii. Evaluate the relative importance (in comparison to each other) of these dimensions

iii. Evaluate the firm's performance against each of these measures

iv. Synthesize the results of the relative importance and performance evaluation scores.

The above cited methodology uses the Analytic Hierarchy Process (AHP), a multi-dimensional decision making tool that helped in the analysis and comparison of firms within and across the industries. Peloza and Falkenberg (2009) discussed the CSR initiatives by corporations as a result of their relationship with NGOs. They focused on relationships that are characterized by exchange of resources and expertise between the firm and the NGO.

Discussion

The study is consisting upon the overall conceptual ground of these social and ethical issues. History of corporate social responsibility is not very new. The responsibilities are being discussed under the social as well as ethical aspects. Efficiency and social responsibility theories are absolutely different from each other; it is little bit difficult to see only one approach. For the solution of all the problems, there is a need to focus more on the balanced way where both the sides should be given due consideration. Milton Friedman is in favour of freedom of institutions in their work and objectivities. In fact he is not ignoring the integrity of social norms, the understanding about his views and concepts are not clear.

After that the general behaviour of the firms is also explained here. Different scholars, writers and managers are giving their own point of view, even the meaning; requirements, needs and validity of social issues are entirely different. Banaergee (2007) has his view regarding health and environmental concepts only, while others are demanding for high quality life style and financial help. Dahisrud(2008) is focussing to share holders and Employee besides providing some tools and techniques for the formation and further development. Behaviour of social responsibility is not found in a particular way but the emphasis is to protect the social and ethical norms.

Stakeholder's theory and CSR are the reciprocal to each other according to Cheint's comments. Stakeholders are equally responsible, People from the outside the firms like Communities, different pressure groups, Social workers, non Governmental Organisations expect a lot from stakeholders. Stakeholders responsibility is also explained in the investigations of Christman(2004) and elaborated the role of external factors. At the end we have reached at the point to make consideration about the core functions of stakeholders.

There are some economic relations which should be realised in the reality. Some institutions like General Motors, General Mills, Merck and Hospital Corporation of America are paying for regularisations of CSR from their pre profit at the ratio of 2% to 43%. The commitments for CSR are increasing day by day. On the other hand a lot of examples from under developed countries are provided here, but none of them is highlighting this aspect. The importance of CSR becomes more valid when institutions realised such kind of initiatives having maximum amount of customers and end users satisfactions. These steps of corporations and industrial firms can provide them the glory of their business success. It should also be kept in the mind that the investments in CSR without maximizations of stakeholder's wealth are of no value. It has been founded that the performances of companies can be improved, if they logically invest in CSR. This argument can further be strengthened by the findings of Kotler and Keller(2008), who are in favour of investing in the development of corporate social responsibilities. Institutions have to realise their core duties and should pay for the existence and further development of CSR.

Customer Satisfaction is also closely connected to the Corporate Social Responsibilities and our stance is further endorsed by the research of Luo and Bhattacharya (2006). In the literature review we have found that sufficient number of arguments is available focussing on the need of obtaining maximum satisfaction by developing and implementing CSR. Companies can enjoy at their best level of achievement, which can be attached to the institutional growth and customer's satisfactions. Customer's loyalty is also intangible assets in the sense of company's worth. The studies related to the customer satisfaction also provide more enhancements in the core value of company's liquidity and cash flow. Customer satisfaction means not only the verbal acceptance, but the real physical efforts thus ultimately enabling the enterprises to get more from the pocket of its customers. They can go for premium buying benefiting from the customers by paying more than the par.

Social behaviour is the main cause of company's success, if an enterprise is receiving positive comments from general public; it is synonym to 'building Goodwill' resulting in the continuous growth of the enterprises. Similar argument is made by Wang (2009) explaining the customer's attitude and response about a cellular company. That company's performance in the form of managing CSR is highly admirable. There are three dimensions of CSR i.e. Ethical, Discretionary and Relational. A common man wants to get realistic prestige, honour and concern from company's affairs and outcomes. In the civilisation of societies, ethics are inviting greater attention, businesses trade and communication processes can never exist and work smoothly without addressing ethical issues and giving importance to the ethical values. In the developed countries, masses are expecting more from the financial and industrial sector. We may find the evidence from the cases of UK, USA and other developed countries, where customer services are given due importance. The slogan "customer First" is at the heart of any business activity in these countries. The entire theme of Customer Relationship Management also supports the notion of such priorities.

There are some other dimensions to the customer satisfactions as endorsed by the work of Waddock and Graves (1997). According to them, the Government and all the customers (direct or indirect), if they are satisfied with the company's policies, acts, values and ethical approaches then this will result in overall satisfaction and company's favouring trend. In the presence of these social and ethical values, companies should avoid from fines and plenty to remain on the positive side. In the practical life we observe that if the companies do not bother for their expansion and do not show their concern about the product quality and standards then they may lose the faith and confidence of people upon their pursuit of Corporate Social Responsibility. It is quite possible that the companies may cut down their input costs while not maintaining their expected quality standards and get some financial benefits for the shorter period of time but it will result in the limited market space for them. Porter and Kramer(2006) have explained the big gap between public perception about the institutional responsibility and CSR process. There are several examples in this regard as emphasised by Saeedi(2007) regarding corporate Social responsibility addressing the involvement of the financial input from company's customers.

While discussing the CSR, the researchers have talked about the CSR approaches with respect to market positions and placements. They have exhibited that Corporate Social Responsibility frame work is not new to the business, business community and industrial world. If we explore the history of CSR, we find the strong structure of its roots in context with the business world revolution and find its impacts really appreciable.

G-8 countries have also taken up it seriously and raised the issue of Corporate Social responsibility in the near past. The European Commission also provided its recommendations and accepted its applications in their respective regions and a Green Paper was published in year 2001 in this regard. There was industrial revolution at the end of 18th century and at the start of 19th century which caused the broken family system and delinking of mutual relations of neighbourhood and friendship. There was also a big loss of social values and cultural merits. In these prevailing situations a good number of motivations were started to stop socially responsible figures, industrial and business enterprises were the front line objects. The drill for the best utilization of financial resources is also the need of this challenging time. Firms can move to the frame work of CSR with the willingness to participate.

We can analyse the performance of a firm for a short period of time considering strong financial performance in any given year as a driver for CSR initiatives which presents another problem. For example, in the coming year, if industry faces a down turn due to slack in the economy, then it's very likely that the firm will cut its budget for CSR. Then the data will show a negative relationship among the two. Even this is because of resource slack, how one can determine that firm is not committed to CSR. The conventional economic logic suggests that firm should undertake those initiatives which help increasing its value. On the other hand, society favouring theorist suggest that for the long run survival, firms have to prefer stake holders over equity holders, even if it means to reduce the present value of cash flows of the firm (Banfield, 1985; Carroll, 1995; Windsor, 2001 as cited in Mackey et al., 2007)

In the study of Economics we have learnt that the Ideal situation exists, when the opposite forces of Demand & Supply become at their best level, this situation is called equilibrium. A theoretical model was developed by Mackey, Mackey & Baney (2007) in which they analysed the demand and supply of socially responsible investment opportunities. The model helps to determine which activity would improve, have no impact or reduce the firm's market value. According to this model, firm might invest in socially responsible activities that do not maximize the present value of future cash flows, but it can lead to enhanced market value. The study concluded by interpreting the results that there is a positive correlation between the choices (for investment in socially responsible activities) made by the firm and the firm value, thus leading to this conclusion that CSR can improve organizational performance.

The role of the Government policies and implications of better business policies are the focusing points. Proper information and investigation about the company's affairs can play an important role in devising and implementing CSR. According to Waddock (2002) the socially irresponsible firms like Enron were actually operating their CSR programs as a cover for their ill practices. They had number of CSR programs, which were actually very beneficial for the stakeholders, but the money dedicated for those programs were actually stolen from investors, employees etc. As discussed earlier, these types of CSI firms maintain their profitability only for the short period of time, and it's only the matter of time when their cover got blown away. McWilliams and Siegel (2000) carried out a study about the CSR and firm performance relationship. They controlled their analysis for research & development (R&D) expenditure and industry type. They found that, after accounting for the differences for R&D expenditures, the impact of CSR on firm's financial performance diluted in its impact. Although the impact is still positive, but statistically it is insignificant. And when the analysis was controlled for both research & development expenditure and industry type, the impact becomes negative instead of positive, although the results were statistically insignificant. This tells us that controlling the industry type may distort the analysis in greater proportions than without it.

There is variety of different approaches, the worst position of the CSR is found in the countries of Africa and South Asia. These countries have their big problem of Deficit financing and ignorance. Even the core value differences are found among developed nations also. The study by Preuss et al.(2009) concluded that the European CSR approach is different than their American counter parts. The institutional setting for both US and European firms differs by quite large margins, and this difference has given separate meaning to the notion of socially responsible. In addition to this, the study finds the potential active role that can be played by employee representatives and trade unions in implementing CSR. Cooke and He (2010) conducted a study in China on Textile sector regarding corporate social responsibility. In this study, they investigate how managers of the industry under review take CSR, how they perceive it and how their perception of CSR and CSR based action affects the institutions that are trying to promote CSR. China is an industrial economy, manufacturing a large percentage of the world's products. Considering the enormous industrial growth, there is increasing pressure on China to bring CSR reforms and take it seriously. The CSR reforms are expected in reference to environmental issues and labour standards. There are very few studies in China, which focused on CSR and HRM aspects and how the managers' actions can affect the CSR landscape in the country. This study focused on apparel and Textile industry, where the labour standard reports are very low and this industry is known for its cost sensitivity and high export volume.

The extant of institutional investors' commitment and the duration of their investment in any organization determines the level of CSR programs. Long-term institutional ownership and CSR are positively associated, and similarly institutional activism is also positively associated with CSR also mentioned by Neubaum and Zahra(2006). The effectiveness of CSR is dependent on corporate strategies. The study by Deckop et al. (2006) suggested that CEO pay is not designed in a manner to motivate the CEO to initiate and enhance the firm's social program. The study found that the short term focus on CEO pay is negatively associated with corporate social programs (CSP) whereas the long term focus on CEO pay is positively associated to CSP. The same is supported by Argenti and Forman (2002) (as cited in Chong, 2009), who found that in a Price water house Coopers survey, 69% of the CEOs believe that CSR is very necessary for the profitability of any company.

Finally, the electronic and print media are also playing an important role. It monitors & reports irresponsible corporate behaviour thus exposing them to the public. This deterrent keeps the corporations under pressure to keep considering the socially responsible behaviour. In fact, press has proven to be an effective watchdog, and information discriminator to public and government officials about corporate decision making. And more recently their influence has increased because now corporations have dedicated more than previous resources to maintain positive media relations (Kjaer and Langer, 2004).

Conclusions

This research is a result of deep observations and affiliations among CSR, monetary Investment and finance. After critical analysing the facts, an investigation about the firm's growth and financial performances were carried out and analysis of those firms expecting contributions towards social aspects has revealed that these efforts are on lesser side than their expected rate.

The charitable contributions of the firms are also the main points besides the provision of significant differences and performances of stock markets. In this way the knowledge about company's size, industrial work, area of expertise, country's political and geographical conditions are also the points of considerations. Here findings show that more contribution in CSR by the European companies achieved better results then North American's and specially South Asian companies. Their corporate sectors are on the mercy of Nature and fate of their own. No proper development is found and their roles in Social Sector are much limited and restructured. The role of CSR in National and Regional context is also critically defined. This paper also explained that a larger ignorance in the way of CSR still exists. The role of Employees and Trade union is being discussed.

Differences in the corporate strategies, planning, practices and implications are also categorised along with assessments in context with CSR. In this regard, the role of organised Labour force in the success and contribution in contingencies and recession periods is very important. Agenda of CSR based on well established HRM is also an important determinant for the success of enterprises in fulfilling its social responsibility.

Employee's efforts towards industrial development and their social conducts have been examined. Their precious experiences and practical involvement in this regard are enhancing their thoughts, sense of responsibility, and corporate identity towards social Respects.

There should be more care and deep concern in those business enterprises which are dealing with Food and entertainment. Additional care and guarantees are required to ensure about their CSR behaviour. On the other hand Employees should be allowed to share their experiences and given a platform for the exchange of their ideas besides being innovative in their thoughts. They should be allowed to explore their bitter experiences too and their efforts in the progress of CSR should be appreciated.

The economic conditions of institution and the region are also related to the corporation's image towards CSR. The corporations have to meet their day to day expenses along with their input cost besides facing tough competitions. This economic factor can affect their Social Responsibilities. Weaker Industrial financial performances and slow economic growth have reduced the efficiency of enterprises in meeting CSR. Institutions can reflect their positive behaviour if they are secure and healthy in form of their monetary and financial matters. Proper legislations and constitutions can protect the values of CSR.

Recommendations

This study presents the deep investigations and thorough studies in the area of further development and growth of this social need. Deterministic and proper measurement should be taken in to consideration. We are also suggesting here that there are number of key features and characteristics of well organised management system that are the basic requirements for implementing CSR. We have taken into account the influence of different variables and other parameters in the field of CSR.

During the phase of discussion there were lot of difficulties to consider the whole issue with reference to industries or other social aspects. There is a cold war between corporate world and entire social society's Representations.

Following points may please be considered.

- There should be proper relevance among all the sectors of social and corporate life.
- The legislations regarding industrial affairs and social norm should also be defined anticipating the futures needs.
- The uniform policies, strategies, laws and documentations should be established for their proper implications.
- Regular and continuous check and balanced should always be ensured.
- Within the firms and over all Industrial sectors, all should have to focus their agenda points for the fulfilment of these basic needs, their HRM departments can also play an important role in this regard.
- CSR should be managed through the best combinations of different forces (internal /External), better Managerial skills and external help can be beneficial.
- Planning and positive development are the core factors in the successful implication of CSR.
- The process of Development and enhancing the norms and values of CSR should trigger the work for improvement and maturity. It would be useful for future challenges too.

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