

**STRATEGIC CORPORATE
RESPONSIBILITY AND GREEN
MANAGEMENT**

CRITICAL STUDIES ON CORPORATE RESPONSIBILITY, GOVERNANCE AND SUSTAINABILITY

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CRITICAL STUDIES ON CORPORATE RESPONSIBILITY,
GOVERNANCE AND SUSTAINABILITY VOLUME 16

**STRATEGIC CORPORATE
RESPONSIBILITY AND
GREEN MANAGEMENT:
PERSPECTIVES AND ISSUES
IN EMERGING ECONOMIES**

EDITED BY

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FOREWORD



Strategic Corporate Social Responsibility and Green Management: Perspectives in the Emerging Economies

In 2007 Professor John Ruggie, the architect of the United Nations Guiding Principles on Business and Human Rights (UN, 2008, 2011), pointed out with great vigour the ‘fundamental institutional misalignment’ between the drastic expansion and impact of global markets since the 1990s and the lack of capacity of societies to manage the adverse consequences of the markets. This ‘creates the permissive environment within which blameworthy acts by corporations may occur without adequate sanctioning or reparation. For the sake of the victims of abuse, and to sustain globalization as a positive force, this must be fixed’ (UN, 2007, p. 3).

Since then many initiatives have been taken towards addressing this fundamental institutional misalignment, not the least the United Nations Guiding Principles on Business and Human Rights (2011), inspiring multiple National Action Plans on Business and Human Rights and leading to legal provisions in numerous countries, particularly in Europe, and also in India with the Company Act 2013 on Corporate Social Responsibility.

It goes without saying that climate change and the COVID-19 pandemic have enormously aggravated this fundamental institutional misalignment. It is all the more important to raise the awareness of these multiple challenges, to support constructive initiatives, and to be critical about flawed and misleading concepts and policies. This matters not only for states and international organisations but also for business organisations around the world in general and in emerging economies in particular.

Focussing on strategic corporate social responsibility (CSR) and green management in emerging economies, this volume, well arranged by the editor and co-author Ananda Das Gupta, offers valuable perspectives to these multiple challenges. Almost all contributions (except for the chapter on Mexican companies) address issues of great importance for India. They range from a very concrete and successful project in Chapter 1 (i.e. how technology enables solutions for women empowerment in India and waste management for combating COVID-19 and beyond) to a most-updated critical and constructive discussion

on the macro-problematics of economic growth in Chapter 9 (i.e. green growth and regrowth pleading for progress with sustainability and responsibility). While Chapter 8 briefly informs about the detailed Indian legislation on Corporate Social Responsibility (in Company Act 2013/Section 135/Schedule VII), Chapter 3 criticises the concept of CSR that it does not avert ‘the tragedy of the commons’ by referring to the detailed case study of Coca Cola India. A spiritual foundation does not seem necessary according to Chapter 4 claiming that the main purpose of a market economy is to promote the ‘Technological Progress’, that is, to innovate and to grow. This chapter also sharply criticises the CSR movement for committing five ‘sins’ against the ‘Technological Progress’, while Chapters 5 and 6 intend to show that management practices – under certain conditions – can integrate social and environmental concerns into their business operations; Chapter 5 referring to the CSR model of e-Choupal for rural India, developed by ITC, one of India’s foremost private sector companies; and Chapter 6 presenting the skill development efforts in India, especially needed in the COVID-19 pandemic, and how the CSR drive has been instrumental in addressing the skill gap in the country. Chapter 7 reminds the reader of the 54-year history of Auroville, located in Puducherry, that a spiritual foundation and a sustainable community building strategy are needed for a low carbon transition in developing economies.

Worldwide, the term CSR or Corporate Social Responsibility has been used in confusingly various ways and almost like a black box into which one can put almost any meaning. Fortunately, the CSR notion in the Indian Company Act 2013 is more specific. It includes especially nine policy activities from which the company Board – on the recommendation of its CSR Committee – may choose particular activities such as eradicating extreme hunger and poverty, promoting education, advancing gender equality and empowering women, and employment enhancing vocational skills. For the chosen activities, the company should spend, in every financial year, at least two percent of its average net profits.

These activities are discretionary and not necessarily linked to the company’s strategies and core business activities. Therefore, this book – as the title says – explicitly focusses on ‘strategic’ CSR; this means, ‘to link those largely discretionary activities explicitly intended to improve some aspect of society or the natural environment with their [the companies’] strategies and core business activities’ (Waddock, 2018, p. 3272).

With this focus, the book offers more specific contributions in either critical or constructive perspectives as the short presentation of the chapters above can show. Still, two sets of questions are not yet raised and may stimulate further discussions, perhaps for a subsequent volume in this series.

The first set of questions relates to the notion of ‘strategies and core business activities’. What does it precisely mean? What kind of purpose of the company is implied? Is it only about profit maximisation? Does it include – in addition to profit making – broader economic, societal and environmental objectives? While searching for ‘win-win’ solutions for business and society, what to decide when ‘win-lose’ solutions are unavoidable? Should then the benefit for business always win?

The second set of questions concerns the concept of ‘responsibility’ and its ethical foundation. The CSR literature uses this term abundantly, but rarely provides a conceptual explication and an ethical foundation. Often it is understood as a response to ‘societal expectations’. I suggest drawing on the definition of responsibility developed by the German philosopher Walter Schulz (1972): Responsibility is self-commitment originating from freedom in worldly relationships. It involves two poles of human action: the interior *commitment* of the person to act responsibly and his or her *engagement* in concrete relationships with other persons, communities, non-human beings and nature. Responsibility is a relational concept and always ‘anchored’ in one or more actors (*who* is responsible?), concerns a concrete matter of *for what* one is responsible and relates to an authority or addressee *to whom* one is responsible (for example, stakeholders, tribunal, spouse or one’s conscience). In a similar (‘analogous’) way, corporations as corporate actors are understood as moral actors who bear moral (or ethical) responsibility: they have the capacity to commit themselves to what they should do and to bear the consequences for what they do. (For further explanation, see Enderle, 2021, Chapters 1, 15, 16 and 17.)

In conclusion, responsibility not only in the legal but also in the ethical sense is necessary in our global and interconnected world. It is required from business enterprises of all sizes, from all social actors including non-governmental organisations, and from the states as well. As the Epilogue concludes, ‘A stable nation providing good governance is thus a basic requirement for developing countries in their attempt to safeguard rights and interests of their poor and marginalized people’.

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