

# **CORPORATE SOCIAL RESPONSIBILITY**

## **Myth and Reality**

**Gerard Rassendren and T. Sagar Prasad<sup>♦</sup>**

### **Abstract**

Companies nowadays strive to be socially conscious in the way they do business by taking up corporate social responsibility (CSR) activities besides maintaining profitability. Similarly consumers modulate their purchase choices to be made up of products that have been produced and marketed through socially responsible processes. But the congruence between achieving gain and being responsible to the community has ethical contradictions due to the presence of self interest. This paper proposes to examine the dimensions of this conflict and towards the end suggest a new orientation that foregrounds social responsibility relative to profit or gain.

**Keywords:** Corporate Social Responsibility (CSR), ethical conflicts, self interest and profit.

### **1. Introduction**

In the present day, business organisations and consumers pursue multiple objectives. In addition to the goal of profit maximisation, businesses also seek to fulfil other goals that give increasing importance to their stake holders as well as their expectations. On the consumers end, motives influencing purchase choices have moved ahead from merely buying for the sole purpose of consumption and materialistic improvement to one's quality of life, to include purchase choices that would directly or indirectly contribute to social betterment. Preference for a product is an indication of the preference for the company producing it. The criterion consumers use to decide their preference for a company is not limited to its market standing but includes social and ethical practices it follows in the course of doing business. These practices constitute a domain of business behaviour called as 'Corporate Social Responsibility' (CSR).

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The hierarchy of importance and the magnitude of impact of socially responsible criterion on business behaviour and consumer choices, however, are not so clear enough to make universal claims about them. The reason for this is the conflict between ethical choices and material choices. Individuals face the dilemma of morals versus necessity while business entities face the dilemma of following practices enabling community welfare versus corporate profit. At a very micro level what forms of consumption behaviour constitutes ‘necessity or need’ also differs according to the socio-economic class to which one belongs i.e. it is a relative experience. For example, a formal dress is expected of a teaching professional but not necessarily from a daily worker. Even so in the case with corporate profit, how much of profit and how is it earned are the key questions. These two issues are important because pursuit of profit in business or in economic exchange relations is not intrinsically unethical, but the value questions emerge when decisions have to be made about the extent of profit or gain and the manner of acquiring it. The question is: do a moral code and an ethical philosophy inform and moderate the drive for profit or does profit goal have primacy at all cost. The distinction is between unabated as well as insatiable attainment of profit versus the duty to decide that it is only thus far and no more because the ethical foundations do not permit. In effect the issue is whether to pursue a pattern of life based on maximising behaviour or on satisfying behaviour.

This paper proposes to explore the various nuances of this conflict on three fronts: (i) in the standard and dominant conceptualisations of Corporate Social Responsibility (CSR), (ii) in the historical progress of CSR in the Indian context and (iii) with respect to awareness as well as impact of CSR on consumers’ purchase decisions. Empirical evidence in connection with the third task will be shown as a case study narrative followed by elucidating the dimensions of ethical conflicts in it. Further the discussion with respect to the first two is related to the business enterprises’ side of the market, located in the supply side of the market while the debates raised in relation to the third aspect is centred on the buyers’ side of the market, located in the demand side of the market.

## **2. Standard CSR Concepts and Conflict in Ethical Orientations**

The earliest conceptualisation of the idea of corporate social responsibility was by H. R. Bowen. He defined CSR as, “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our

society.”<sup>1</sup> Bowen construes CSR as an obligation of the business enterprise with a strong tinge of philanthropy, constituting the motivation for such activities, though not overtly stated but subtly implied as social desirableness of actions. Nevertheless, he maintained a duty based comprehension of CSR. In the next two decades these corporate activities were understood as those that went beyond a firm’s direct technical and economic interest but still retained the residual philanthropic basis of business behaviour.<sup>2</sup> It is also seen in Carroll’s model of CSR<sup>3</sup> according to which CSR is made up of four different social responsibilities forming a pyramid arranged in a hierarchy of importance. At the base of the pyramid is economic responsibility followed by legal responsibility, ethical responsibility and philanthropic responsibility. Figuratively a pyramid begins with a broad base and tapers to the top, do not begin at the top and expand at the base. The act of fulfilling an enterprise’s economic responsibility is to ensure the entrepreneur – investor earns a gain first and after it begins the need to abide by the law, undertake value driven business behaviour and ultimately contemplate the well being of the other. Here being profitable precedes being ethical and being other-centred. It is after accomplishing what is required by capital does the enterprise look into what is to be done by it as a member of the larger community. Commerce contemplates ethical behaviour after business.

The observation hitherto made indicates a belief system that an enterprise is and is only a business entity for which market share and profits are to be the most normatively desirable goals. For example it does not matter for a heavy commercial vehicle company that one of its customers is a dictator who will most probably use the automobile to engineer oppression of citizens. The fact that it is a case of ethical behaviour after business is an affirmation of this dominant viewpoint. The critique we posit here is directed against the notion that a business cannot be conceived as a social entity except for the sake of profit and secondly against the view that if by believing it to be a social entity with the

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<sup>1</sup>Howard Rothmann Bowen, *Social Responsibility of the Businessman*, New York: Harper & Row, 1953.

<sup>2</sup>Keith David, “Can Business Afford to Ignore Social Responsibilities?” *California Management Review* 2, 3 (1960), 70-76; McGuire, Joseph William, *Business and Society*, New York, McGraw Hill, 1963.

<sup>3</sup>Archie B. Carroll, “The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organisational Stakeholders,” *Business Horizons* 34, 4 (1991), 39-48.

concomitant need to abide to norms of decent as well as responsible business conduct constrains its profits, then let it be that ethical behaviour is relegated to the backwaters of business behaviour. Commerce, thus, faces a conflict of ethics in decision-making when the goals of its business constituency, namely investors, creditors and managers, diverge from that of its non-business constituency. This divergence makes it difficult to justify a primary attention to ethical behaviour in business.<sup>4</sup> Nevertheless our view is that primacy of ethics in business behaviour is an issue of moral conviction, neither a case of just pragmatism nor of monetary measurement of gain.

Gradually the model of corporate social responsibility began to go through a transition and moved ahead of the hierarchical orientation seen in Carroll's CSR pyramid. By the late twentieth century and in the twenty first century, the dominant emerging discourse about CSR was that it constitutes a set of several interconnected activities of which philanthropy is one, among others such as economic, legal and ethical, and that it is an integral part of a well conceived business strategy. The purported goal being claimed by its protagonists is to achieve social well being.<sup>5</sup> This orientation can be seen in two other models, the first is an improvement over the older Carroll model<sup>6</sup> and the second is the CSR DNA 2.0 model.<sup>7</sup> In the former the hierarchical pyramid of responsibilities is replaced with a Venn diagram like arrangement of the legal, ethical and economic aspects of business behaviour. In the latter theory there are five basic components of corporate behaviour, just like the five constituents of the DNA – adenine, cytosine, guanine and thymine and just as the DNA encodes the instructions for the development as well as functioning of living organisms, the five components of CSR instruct the existence and operation of the economic organism called a business enterprise. The five components of the CSR strand are: (i) value creation – the economic and financial responsibility of the company; (ii) good governance –

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<sup>4</sup>Ian B. Lee, "Corporate Law, Profit Maximization, and the 'Responsible' Shareholder," *Stanford Journal of Law, Business and Finance* 10, 2 (2005), 31-72.

<sup>5</sup>Carroll, "The Pyramid of Corporate Social Responsibility;" Philip Kotler and Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, Hoboken, New Jersey: John Wiley and Sons Inc., 2005.

<sup>6</sup>Mark S. Schwartz and Archie B. Carroll, "Corporate Social Responsibility: A Three Domain Approach," *Business Ethics Quarterly* 13 4 (2003), 503-530.

<sup>7</sup>Wayne Visser, "The DNA Model of CSR 2.0: Value Creation, Good Governance, Societal Contribution and Ecological Integrity," *CSR International Inspiration Series* 9 (2011).

appropriateness in reporting and auditing as well as maintaining transparency in business dealings; (iii) societal contribution – having a people oriented approach such that it demonstrates concern for human rights and development of society; and (iv) environmental integration – setting and pursuing standards that minimise externality costs caused by production. All these aspects of business conduct are at a common level with equal importance and with overlapping combinations, such as the purely economic, purely legal, purely ethical, economic-ethical, economic-legal, legal-ethical and economic-legal-ethical.<sup>8</sup>

The strength of the dual presence of pure as well as overlapping components of business behaviour is the leverage it gives for an enterprise to locate any of its activity in one of the entities depending on the demands market environment places on the enterprise. The challenges of employing these principles, be it the distinct elements or overlapping combinations are quite evident. For example corporate policy of not employing children in the production floor may be an ethical behaviour as well as a legal responsibility. At the same time dynamics of competition and cost minimisation can compel business to employ children in the production process while what restrains it will be its illegality rather than its unethical quality. In other words profit is a requirement while ethics of social conduct in business is an expectation. A requirement is meant to be accomplished regardless of anything else but an expectation needs to be fulfilled only voluntarily or under exogenous compulsion. So if profit is a requirement then its attainment will be undertaken as well as exacted ruthlessly and without restraint. Similarly if adherence to moral norms in social behaviour of business is an expectation, it will be accomplished only because of a sense of voluntary goodness or when it is imposed by external constraint. Business will do what is right either when it feels like or when it is profitable or when it is urged on forcibly, because otherwise it is not the core governing principle of the business economic system.<sup>9</sup>

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<sup>8</sup>Schwartz and Carroll, “Corporate Social Responsibility;” Vollmert, Matthias, *Master Thesis: Corporate Social Responsibility – Impact on Applying and Buying Behaviour*, retrieved from Maastricht University, Faculty of Economics and Business, 2007.

<sup>9</sup>Cynthia Stephen, “Enlightened Economics: Ambedkar’s Economic Thought and India’s Liberlised Economy” in Saju Chackalackal, ed., *Towards a Strong Global Economic System*, Bangalore: Dharmaram Publications, 2013, 399-422.

### 3. CSR, the Indian Scenario: Ethical Dilemmas

In the preceding section, though in the form of a historical evolution, the main focus has been on the ethical challenges in the very concept of corporate social responsibility. Now as a matter of logical sequence, attention is being given to the historical development of CSR in India and the way it is practiced by business organisations. This is followed by an exposition of the ethical dilemmas visible in this historical process. India has had four major phases of historical development of CSR.<sup>10</sup> The phases are briefly explained below:

**The first phase:** In this phase which lasted till the 1850s the main component of CSR was philanthropy. The reason for this was the background of industries which were family owned business and so the religious values, family norms, culture as well as family traditions were the driving forces for undertaking socially benevolent activities. For example wealthy merchants financed the development of villages, settlements, construction of temples or religious places, development of health facilities, etc.

**The second phase:** This phase witnessed the spread of the independence movement and Mahatma Gandhi evolving the idea of “trusteeship” in using resources and in business conduct. Gandhi propounded the idea that industrialists had two responsibilities – generate wealth and to provide benefits to the common man. This view of “trusteeship” influenced industrialists to adopt a socio-economic development approach in the way business is carried out. The main elements of CSR in this period were highly related to the internal organisational structure such as the non-practice of untouchability in the work place and in increasing women participation in the workforce.

**The third phase:** This phase covering two decades from 1960 to 1980 was a period of India’s robust engagement with the mixed economy model personified by the emergence of public sector industrial undertakings (PSUs). During this period many labour laws as well as standards and regulation about environmental conservation, licensing of industrial activity and so on were introduced. Accounting and auditing of socially responsible initiatives by firms was developed although its implementation was not very successful. Although the need for business to behave in an ethical manner seemed more intense as a social

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<sup>10</sup>Tatjana Chahoud, et al., *Corporate Social and Environmental Responsibility in India: Assessing the UN Global Compact’s Role*, Bonn: German Development Institute, 2007.

consciousness than in the previous phases how seriously businesses pursued it is doubtful as systematic recording of such activities was never conducted as a part of business process except by enterprises who wanted publicity and goodwill.

**The fourth phase:** This phase which began in the 1980s witnessed the transition of CSR from being an endeavour in philanthropy to having a strategic dimension, and to becoming a critical element in a company’s business plan. This was a global phenomenon and was duly adopted by corporates in India too. Norms encouraging companies to allocate 2% of their profits for funding CSR activities has become popular. This is not a compulsion and so businesses can either contribute more or less than this stipulated proportion. Although it is not explicitly stated, it seems to be assumed that if CSR is a component of a business plan and a business plan’s goal is proliferation of sales as well as profit, then CSR activities are intended to prop up reputation for the firm. This will ultimately translate into preference and loyalty by the consumer to a product brand.

The above time line description shows how the discourse of CSR has traversed from being a set of defensive as well as charitable activities that are to be well publicised, to a set of strategic processes that are well synchronised with the company’s fundamental motive – profit. The artifice of this artificial affinity between common good and corporate practice of accumulation of profit, becomes complex with manifold implications, given that business enterprises are also repositories of resources – material and also human. Provision of CSR requires use of resources and investing resources is an integral element of an enterprise’s business strategy but with the aim of profit maximisation. When operated through the dynamics of market competition with its core value of acquisition and goal attainment before as well as at the cost of the other, it is illogical for CSR to foreground wellness of the other over the pursuit of maximal self interest and gain.

In order to substantiate this observation and more so to expose the double standards as well as the refined hypocrisy of corporate business hidden behind the facade of social responsibility, a few case examples drawn from reports, company websites, statements of top corporate executives and newspaper reports are examined below:

(a) Tobacco companies around the world and also in India strive to project themselves as socially responsible and thereby endear themselves to community welfare. Predominantly the two targets of their social activities are – the youth and environment. The purpose is to deflect the

focus away from the health hazards of nicotine dependence and the truth that mass cultivation of tobacco has been at the cost of deforestation in many countries especially in Asia. In all its youth related activities tobacco companies somehow bring in the idea that smoking is an adult choice and so also an informed choice. But this is done without explaining the dangers of smoking for the health of the smoker, the passive smoker and the environment. Further according to a report by corpwatch, one tree is consumed for every 300 hundred cigarettes produced. In order to cover this up these companies actively engage in tree planting programmes, providing agriculture extension services to educate farmers on good agricultural practices, watershed programmes and so on. All these help cultivate the right atmosphere to engage in effective political and policy lobbying enabling these enterprises to circumvent the political and legal constraints on their business. This ultimate intent is amply seen when J J Slavitt of Philip Morris said, “As we discussed, the ultimate means for determining the success of this (*youth*) program will be: 1) a reduction in legislation introduced and passed restricting or banning our sales and marketing activities; 2) passage of legislation favourable to the industry; 3) greater support for business, parent and teacher groups.”<sup>11</sup>

(b) ONGC India has recently begun drilling oil in Johart-Golaghat districts located in the disputed “B” sector of inter-state Assam-Nagaland border. As it is a disputed region it is a business contingency for ONGC to take the local communities into confidence and so through the ONGC-NSTFDC Hathkargha Prashikshan programme, it funds and facilitates the development of women handloom artisans among the marginalised tribes in Assam who are living proximate to ONGC’s drilling facility.<sup>12</sup>

(c) According to an Amnesty report dated 8 February 2013, nearly 1500 families in Jagatsinghpur district in Odisha face the threat of a forced eviction from their common agricultural lands which they have inhabited and cultivated for centuries in order to help the South Korean Steel major

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<sup>11</sup>Southeast Asia Tobacco Control Alliance, “Tobacco Industry Tactics, A Perfect Deception: Corporate Social Responsibility Activities in ASEAN,” 2008, <<http://resources.seatca.org/Perfect%20Deception.pdf>> Action on Smoking and Health, “We’re Socially Responsible: The TRUTH behind British American Tobacco NZ’s Corporate Social Responsibility Reports,” 2005, <<http://www.itcportal.com/about-itc/policies/policy-on-social-investments-csr.aspx>>

<sup>12</sup>[http://www.business-standard.com/article/companies/ongc-starts-drilling-oil-along-assam-nagaland-border-area-112060800162\\_1.html](http://www.business-standard.com/article/companies/ongc-starts-drilling-oil-along-assam-nagaland-border-area-112060800162_1.html); <http://www.ongcindia.com/wps/wcm/connect/ongcindia/home/csr>.



POSCO acquire 283 hectares for its steel production plant. The report continues to state that nearly 200 police and district government officials entered the village of Govindpur and dispersed a peaceful human blockade of 150 villagers – including children, women and the elderly – who were protesting by beating them with batons. While the private sector and state partnership is a clear case of criminal nexus intending to violate human rights, POSCO’s official policy document on Social Contribution states it would help raise the living standards of the people of Odisha by extending welfare programmes to the local community. This expression of its social commitment is blatantly ludicrous because on the ground it is stripping whole communities of their means of livelihood by engineering forcible eviction from common agricultural land that are filled with beetle vineyards.<sup>13</sup>

Although many more similar cases can be cited, the above three sufficiently point the true intent of CSR policy and activities undertaken by business enterprises. Enterprises choose under the guise of CSR those activities or practices that will enable them to acquire goodwill, an intangible asset which is even monetarily estimated in the account books, engage in deceptive advertisement and even more use it to cover up their criminal practices. In other words self interest, profit orientation and market competition instigate companies to actively undertake welfare activities to camouflage the societal harm and environmental damage caused by their businesses.

#### **4. Empirics of the Impact of CSR on Consumers**

While in the foregoing sections an attempt has been made to throw light on the ethical challenges in the idea of corporate social responsibility and also in the manner in which it is practiced, through a framework of CSR’s historical evolution as well as select case examples, the discussion has been predominantly positioned on the sellers’ side of the market i.e. attention has been on the business organisation. It is both advisable and imperative to analyse the buyers’ side as they are recipients of the outcomes of CSR initiatives and also because every market exchange relations has two sides – that of the seller and the buyer. This has been done through a survey of 100 students in Bangalore. There are two reasons for choosing students as the survey unit – (a) hardly any empirical study

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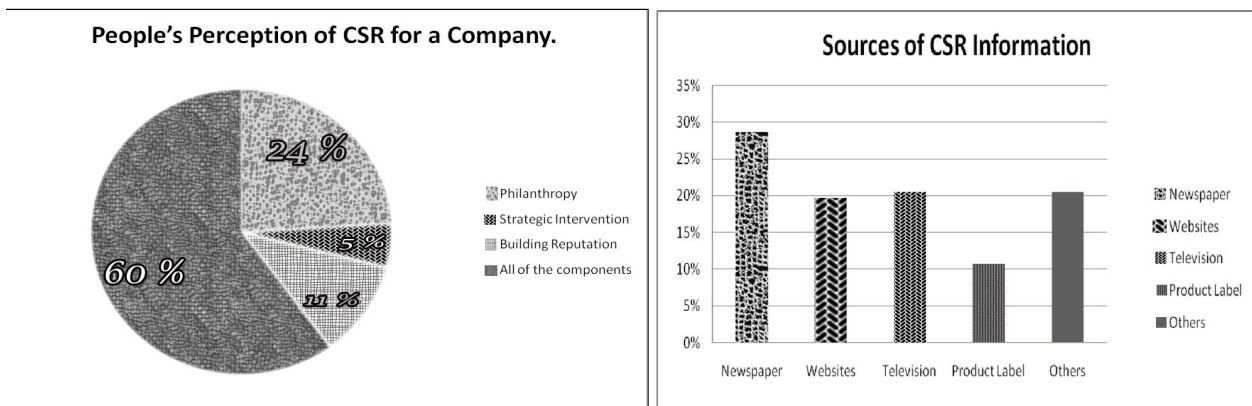
<sup>13</sup>Amnesty International, “Urgent Action: Farmers at Risk of Forced Eviction in India,” 8 February 2013, <http://www.amnesty.org/en/region/india?page=4>; <http://posco-india.com/website/sustainability/social-contribution.htm>

exists on students' perception of CSR by companies and (b) empirical study has not been conducted about such a perception on students who are a dependant segment of the population, barring some exceptions. Specifically the objectives are to identify the level of awareness about CSR among college students, trace their opinion about what composes CSR to a company as well as determine any relationship between awareness about CSR and their purchasing patterns. Descriptive statistics is utilised to examine the phenomenon with respect to these goals. No attempt is made to establish a definite causality between the variables especially between awareness about CSR and purchase patterns, but the ensuing description and discussion strive to elucidate the implications emerging out of the descriptive statistics. Further since the purpose here is to delineate the ethical nuances in students' experience of the CSR phenomenon, the empirical findings of the survey are transposed into a case narrative and analysis.

The survey itself was conducted by administering a structured questionnaire to the sample respondents. The questions were related to four aspects: (a) what are the corporate goals they perceive in the CSR of organisations; (b) what are the sources of information about CSR; (c) whether companies need to respect human rights and environment concerns and also respect ethical practices in general over short term profitability; and (d) whether they would pay more for a product produced and marketed by adhering to ethical as well as socially responsible processes. The last factor which is the most important one because it helps to observe the impact of CSR on consumers was captured from their reaction to two hypothetical situations expressed to the respondents in the form of statements. In the first case they were asked to choose between two products of equal quality and price though one had been produced by a company engaged in CSR while the other by a company not engaged in CSR. In the second case the respondents were asked to choose between two products of equal quality considering one of it had been produced by a company involved in CSR activities but had consequently increased the price. Responses to questions related to the third and fourth aspect in the questionnaire were taken on a five point Likert scale wherein the responses range from 'strongly agree to strongly disagree.'

Let us now briefly describe the statistics through tables, pie charts and bar graphs. Among the student respondents nearly 60% perceived CSR as a multi dimensional phenomenon, composed of philanthropy, strategic intervention and that it is a means to build reputation as well as

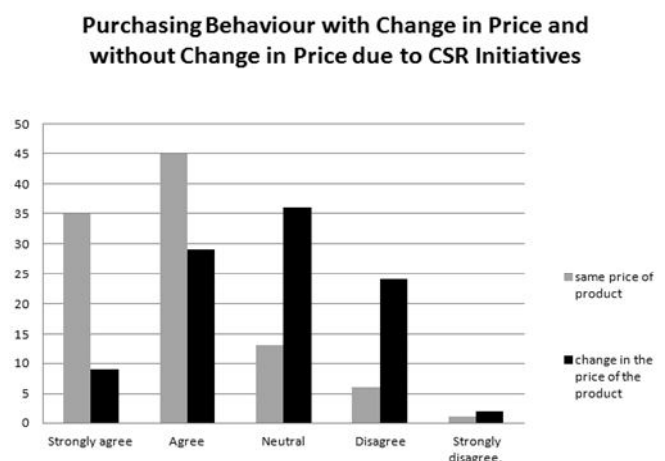
good will. Secondly the most popular sources of being informed about these corporate practices were newspapers, websites and television. These two aspects are clear in the following pie chart and bar graph respectively.



When it comes to whether companies need to respect human rights, environment concerns, and also show respect for ethical practices in general over short term profitability, 90% - 91% feel that corporates have the obligation to pursue human rights as well as environmentally sustainable practices and 70% feel that corporates have the obligation to maintain ethical principles over short run profit. This is shown in the following table:

Response	Human Rights	Environmental Concern	Ethical Principles over short term Profitability
Strongly Agree	40%	41%	24%
Agree	51%	50%	46%
Neutral	6%	6%	22%
Disagree	1%	3%	6%
Strongly Disagree	2%	0%	2%

While some uncertainty is possible in the mind of the respondents when having to choose between ethics and profitability, the apparent conviction claimed by the majority is principles supersede immediate gain. There is, however, a vacillation in the preference for a product if its price changes upward due to the cost factor when they are produced and marketed in a manner of taking full cognisance of ethical as well as social concerns. This was captured through two hypothetical situations given in the form of statements to the respondents for their reaction.



Response	Same price of product	Change in product price
Strongly Agree	35%	9%
Agree	45%	29%
Neutral	13%	36%
Disagree	6%	24%
Strongly Disagree	1%	2%

From the above it can be observed that 80% of the respondents concurred on choosing a product that has been produced by a socially and ethically responsible company as long as price does not change but with respect to the situation enjoining one to share the cost of CSR initiatives through marginal increase in product price the ranking fell drastically from 'strongly agree and agree' to about 60% being in the range of 'neutral' and 'disagree' responses. Thus, the individuals though they claim to a conviction that business enterprises have to be socially responsible, that products consumed should ideally be manufactured and sold through processes which are ethically well oriented, such a conviction is not translated to buying behaviour if that has increased product price. Increase in what one pays out is an implicit diminution in the consumption worth of the product. Finally the consumers are interested in their profit!

## 5. Conclusion

The above investigation of the concept of CSR, the manner in which it is practiced by corporates and also the ways individual consumers perceive it indicate the dominance of self interest. The proverbial 'self-love' of Adam Smith pervades both the material and the moral spheres of human activity and thought processes. Affinity to moral dimensions in production and consumption choices occurs only up to the point where gratification is not compromised both in terms of the price buyers have to pay or the cost sellers have to incur and through it, utility attainment. Pursuit of maximal gain reflected as profit on the supply side of the market and satisfaction from consumption on the demand side eventually precedes, claims superiority and enjoys hegemony over any professed ethical convictions that enable social wellness. Merely announcing and acknowledging tenets of socially responsible behaviour without deliberately following them in economic choices is just another case of 'feel-good' social commitment. 'Welfare of all,' here, is an emotion and not a decision. Further if the adoption of ethically responsible economic choices is used to disguise pursuit of self-aggrandizement, the decision in question is downright convoluted and corrupt.

It is true that the preceding discussion posits a near fatalistic perspective about ethics having any chance in human economic decisions and relations. It is as if everybody is saying: “yes, ethics is good, ethics is right, ethics is essential but let’s talk about it after we’re done the business.” On the face of it, what seems to transpire is a situation of either the economics of production and consumption or ethics, but never the twain can meet in a right manner. Reiterating this observation in the words of Adam Smith, “We (*each one of us*) address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”<sup>14</sup> Paraphrasing what this hyper literate sage of political economy said in the context of the phenomenon of CSR, being community centric and humane lies at the margins, at the periphery of human economic decision-making and is not its core. Concern for the other is coincidental to gain and that is the problem with CSR in its present form i.e. being responsible is secondary to being profitable. It is imperative to establish the primacy of responsibility and profitability becoming a secondary variable. Social responsibility is not meant to be an afterthought. The community and its well being cannot be points of reflection consequent to business choices, but should be the main focus, the very rational ground for the existence of those choices.

One objection to this line of argument is that it implies, in a subtle way, the very elimination of the motive of gain, be it a seller or a buyer and consequently no incentive for business investment. The objection is a short sighted view of business activity. Firstly, achieving gain is not unethical but striving for it to the maximal extent poses serious ethical challenges. Attaining the maximum is only possible at the cost of the ‘all other’ being in subordinate condition. The moral lacuna of this economic state crops up when the subordinated ‘all other’ is made up of human rights, transparency in transactions, labour benefits, child labour, traditional means of livelihood and so on. The human person, in this framework, has been substituted by an inanimate materialistic entity – profit. The yardsticks of performance are only price and market values, not the welfare of all.<sup>15</sup> Undertaking projects for community well being after having compromised on social issues just listed out here as a sample, is hypocritical and ethically deviant. Secondly the counterview does not

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<sup>14</sup>Adam Smith, *The Wealth of Nations*, Clermont, Florida: Paw Prints, 2008.

<sup>15</sup>Salvatore Pennacchio, “Towards an Economy Based on Love and Justice” in Saju Chackalackal, ed., *Towards a Strong Global Economic System*, Bangalore: Dharmaram Publications, 2013, 30-34.

recognise the relativity between short term profits and long term benefit. When a business enterprise follows moral values in the conduct of its activities it is highly probable to be in the situation of making some sacrifices to immediate profits. As an analogy when a responsible parent admonishes and reprimands his or her child, the child will be visibly displeased. Nevertheless the parent puts up with it because he or she is making the effort to ensure an adult of good character in the long term. In the same way by basing economic decision and action on ethical principles and directing processes according to socially responsible criterion every commercial organisation irrespective of its size and every consumer, is ensuring a lasting market goodwill as it will be generated by transparent and verifiable facts of behaviour; ensuring environmental sustainability that will make available the same development opportunities enjoyed by the present generation for the future generation; and ultimately a long term lasting economic benefit to the community and the commercial enterprise. In fact, “ethical behaviour in business (*and economic behaviour*) will result in goods production, trading, cooperation, fulfilling promises, attaining economic development, mental calmness and peace among people,”<sup>16</sup> all of which are preconditions for the market to work efficiently.

In the light of the above arguments we are proposing a reversal of orientation. One has to do what is ethically right from the very beginning and not as a consequence of profitability or gain. Besides as corporate sellers have more investable resources drawn from society, compared to the common consumer, it logically follows that the former have the greater obligation to initiate the trend relative to the latter. This does not mean the common consumers can abdicate their responsibility to the community in their choices because they too bear the duty and have the capacity to refuse products made and marketed in an unethical as well as socially irresponsible manner. However, corporates relative to the individual consumer have greater capability to generate a stronger impact by pursuing socially enabling criterion in their processes. The clarion call is to make social responsibility not incidental to profit or gain but profit or gain is to be incidental to social responsibility. This is in no way a negation of the individual self but is a shift in the way the individual self is to be understood. The core of the shift is from, ‘I am, therefore we are’, to ‘we are, therefore I am.’

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<sup>16</sup>Gholamreza Mesbahi Moghaddam, “Business Ethics in Islam” in Saju Chackalackal, ed., *Towards a Strong Global Economic System*, Bangalore: Dharmaram Publications, 2013, 381-397.