Article

Models of Corporate Social Responsibility: Comparison, Evolution and Convergence

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Abstract

The concept of corporate social responsibility (CSR) has witnessed various interpretations since its inception. Even though the present era of CSR has been significantly reassuring, there is an urgent need to understand the primary role of CSR. In order to do so, it becomes necessary to study the evolution of the concept of CSR over the years. This research compares the models of CSR on the basis of certain accepted indices, arguably the most relevant ones in this context, and establishes a line of evolution—not a temporal convergence but a thematic convergence of the same—thus concluding that the idea of CSR is gradually moving towards a consolidated form. There is a stark difference between the conception and the practical implementation of a model. Although several models have been proposed and modified since the 1950s, the question still remains whether an evolutionary line can be established as far as their practicability is concerned. Each organization or nation, as a whole, follows different strategies to implement CSR activities. The strategies differ mainly due to varied perspectives about whether to put social benefits on the forefront or financial profits. Another question that arises consequently is: are these initiatives based on universally accepted social policies or are they governed by the evolving models of CSR? This research explores this very question by looking at the practical implementations of the CSR models and examines their optimality. It also investigates the proposition of probable thematic convergence of CSR.

Keywords

Models of CSR, comparison of CSR models, parameters of model comparison, thematic convergence of CSR models, sustainability of CSR initiatives.

Introduction

The stakeholder theory (Freeman, 1984) clearly underlines the fact that investing a firm's time and resources to redress issues and concerns of stakeholders is a justifiable managerial activity. This perhaps forms the very basis of the concept of corporate social responsibility (CSR). CSR has been defined in many ways, but the definition that appropriately elaborates it is the one given by the World Business Council for Sustainable Development (WBCSD). It defines CSR as 'the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large' (WBCSD, n.d., p.3). CSR, in general, has mostly been looked upon as either a philanthropic activity or perhaps an avenue to achieve tax deductibility. But recent developments worldwide, more specifically the various governmental and intergovernmental amendments and acts, have brought CSR to the forefront of corporate governance. With the introduction of the disclose-or-explain mandate, companies are now becoming more transparent in terms of their policies regarding CSR. Corporate sustainability and social responsibility has long been viewed as two different entities, but they are actually the two faces of the same coin. Corporate sustainability, as stated by the Brundtland Commission, is the 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs', that is, if CSR is 'what is done with the profits after they are made', sustainability is about how

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profits are made taking into account the social and environmental impacts of conducting business (Brundtland Report, 1987). Sustainability and social responsibility have always been dealt with separately. But a paradigm shift has taken place and now the two are merged into a single venture. With regard to India, the Companies Act 2013, which came into effect in the fiscal year 2014–2015, states that any company with an annual turnover of INR 1,000 crore and more or a net worth of INR 500 crore and more or a net profit of INR 5 crore and more will have to get involved in activities to fulfil their social responsibility. The companies need to spend at least 2 per cent of their average profit from the previous three years on CSR activities. Thus, India has become the first country to officially legislate CSR practices.

Having stepped into an era of corporate citizenship, it becomes a necessary mandate to understand the different aspects of CSR through the models that have been propounded by business scholars over the years and compare their constructs. Otherwise, the steps taken of late towards building a self-sustained, stable socio-economic community would be lost like so many others in the past. It would, in fact, not be out of order to suggest that holistic development can be sought through CSR. Such a step is not too demanding in any way, for it is through these forerunning sectors of the economy that any country, especially the developed and the developing ones, achieve economic heights.

Methodology

Over the years, scholars have defined, interpreted and understood CSR in many different ways. Some have perceived it as a hierarchical model while others have illustrated it in the form of inclusive concentric circles. Just when one presumes that a closure to this has been achieved, new jargons like 'corporate sustainability', 'corporate social responsiveness' and 'corporate social performance' spring up and complicate the already existing dilemma. Bowen , often regarded as the father of CSR, who provided the first sets of literature on the subject, defined CSR as 'obligations of businessmen 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' (Bowen, 1953, p.6). The concept has evolved since then to form two very different streams: the stockholder theory (as postulated by Friedman) and the social contract theory. Following these two non-identical streams of theory, many models have come up and have also been implemented worldwide. Hence, it becomes imperative to understand if there are any common properties to these two schools of thought. It should also be ascertained as to which outdoes the other, if no commonality exists between the two.

Keeping the above primary objective in perspective, a few models of CSR have been selected for the research from the pool of models that have been proposed over the years. During the selection process, the scope was limited only to the generic models, not the ones compiled to suit certain specific preferences of an industry. Moreover, as India has progressed phenomenally in this field, it was only natural to study the models prevalent in India. Thus, a set of accepted models were selected.

The second part was to synthesize and compare the similarities and dissimilarities of these models, a process that required selection of parameters. Efforts were made to understand the pivotal purpose of CSR, that is, sustainability in all its forms: social sustainability (maintaining relationships with customers, stakeholders, employees and society), environmental sustainability (mending ways of value chain and supply chain to ensure future survival and prospects of the corporate house) and governance sustainability (ensuring that the national and international regulations are followed to not only be a 'good' corporate citizen, but also outcompete strategic clusters through better performance and better fulfilment of responsibilities). Thus, sustainability, which has recently been clubbed with CSR, forms the primary motive of any CSR proposition. It is known that every corporate must follow internationally laid standards and should abide by certain regulations to report their CSR activities. Bebbington et al. (2008) used the term CSR reporting, which highlights the link between the reporting function and the organizational functions and operations that are concerned with, and impacted by, activities associated with CSR. Based on their performance and judged through certain specific parameters, corporates are ranked in terms of performance. The parameters used for such rankings (Asian Sustainability Rating, 2011) were utilized in this research to measure the performance of the models. These parameters are: (a) *social index* (assessment of the probability of the model impacting communities, suppliers, employees and customers); (b) *environment index* (assessment of the probability of the model involving national and international environmental issues) and (c) *governance index* (assessment of the probability of the model including governmental policies and internationally or nationally accepted standards). In the studies conducted by Geva (2008), some indicators of comparison were used, out of which four parameters were adopted in this research. These are: (a) scope of responsibilities, (b) order of importance, (c) role of philanthropy and (d) CSR–Corporate Finance Performance (CFP) relationship. In addition to these seven parameters, two more—acceptance and attractiveness—were voluntarily added. The data, tabulated by using the above parameters,

was analyzed in order to come up with two conclusions: first, to project a worthy and optimal model and second, to establish the converging trend of CSR.

The Generic Models of CSR

The idea of CSR first surfaced in the 1950s and since then it has been defined and interpreted in many ways. Such a situation has only clouded the judgement on how to strategically implement various CSR activities. At this point of time, the best way to determine the success of any implementation of CSR practices, without prior reservations of sticking to particular fields of activities or earning financial fruits off the services, would be to gauge the performance of stakeholder dialogue. Freeman (1984, p.38) defined stakeholders as 'groups and individuals who can affect or are affected by, the achievement of an organisation's mission' and, thus, stakeholder dialogue becomes the exchange of CSR offerings (firm to stakeholders) and approval or support (stakeholders to firm) (Murray and Vogel, 1997). Hence, it will not be incorrect to state that in return for CSR activities, what firms seek, majorly, is consent and approval of its philanthropic fame. The methods to understand the credibility of any stakeholder dialogue is ambiguous; what stakeholders give back in exchange is what actually determines success, but stakeholders give back different things at different times. More volumes of sale, increased inclination towards employment in a particular firm/industry and more trust in the stocks of a firm are just some of the many ways to comprehend that a particular firm, through its various CSR activities, is being well accepted by its societal surrounding. With regard to dialogue performance, the action-oriented concepts of corporate social responsiveness and corporate social performance (CSP) need to be discussed. Carroll (1979) illustrated social performance through a three-dimensional model. The first dimension consisted of different categories of CSR (economic, legal, ethical and discretionary), the second consisted of modes of social responsiveness (reaction, defence, accommodation and pro-action) and the third dimension consisted of social issues that should be addressed (consumerism, environment and product safety). Wartick and Cochran (1985) developed this model while trying to integrate the three primary orientations of business and society: (a) philosophical orientation (principles of social responsibility), (b) institutional orientation (processes of social responsiveness) and (c) organizational orientation (policies of social issue management). Thus, CSP takes into account a wide range of aspects to measure the credibility of a corporate's performance.

The performance of an enterprise can be judged through its productivity and also in terms of its acceptance, not only as a brand but also as a social entity. Thus, it is obligatory for an enterprise to understand the ways of improving its social being, especially its social acceptance. Similarly, the stakeholders should also ensure that enterprises are actively addressing issues of concern for the immediate community, be it social or any risks that it may pose. What better way to understand this than CSR? In fact, it is through CSR initiatives that an enterprise establishes its footing in the society in terms of sales and reputation. It is also through proper CSR activities that an enterprise configures its brand name and facilitates wider acceptance.

Ackerman's Model

Even before the concept of modelling CSR initiatives according to priorities or liabilities or even responsibilities came into the picture, Ackerman proposed his model that was laid down in three phases (Ackerman & Bauer, 1976). More than a model, it was a strategy that guided the implementation of CSR activities, but not their formulation. The first phase was about the top managers recognizing a social problem, the second phase was an intensive study of the problem and finding out solutions by hiring experts and the last phase was implementation of the proposed solutions.

It is obvious that this model, rather a plan, merely provides strategies to deal with problems having social implications. Other parameters and constraints of CSR activities did not come under the purview of this model.

The Pyramid Model of CSR

It was Carroll who had stated that individual responsibilities and obligations in different fields are finally summarized into the totality of CSR (Carroll, 1991; Pinkston & Carroll, 1996). The pyramid model, which is based on such totality of CSR, comprises four very different aspects (see Figure 1).

The pyramid is arranged according to decreasing order of priorities, economic responsibilities being the most important one. In this context, Carroll points out that 'all other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations' (Carroll, 1991, p. 41). Legal responsibility is the second priority. Ethical responsibility, that is, the responsibilities and obligations that are not legally codified but should be performed for the greater good, comes as the third priority. Philanthropic responsibilities, which are actually supposed to be discretionary in nature, are assigned the least priority.

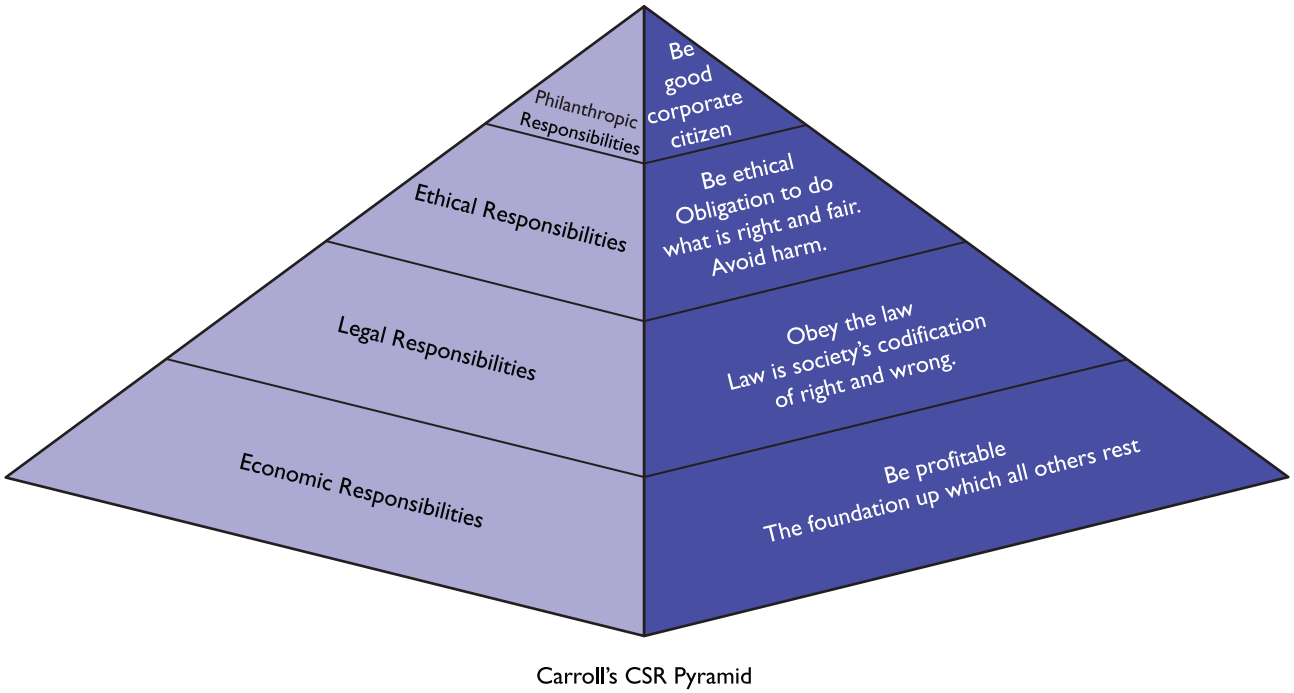

Figure 1. Pyramid Model of CSR

Source: CSR pyramid model figure. Retrieved from http://www.csrquest.net/imagefiles/CSR%20Pyramid.jpg (accessed on 29 January 2015)

It would be wise to mention that Carroll's proposition was a humble progress from what Sethi proposed (1975). Sethi's three-stage model was considered as a huge advancement in itself during its initial days. It was based on three parameters: social obligation, social responsibility and social responsiveness. The first stage emphasizes that firms are socially responsible and they must flourish within the legal constraints of the nation. The second stage urges the firm to flourish not only within the legal permits, but also in accordance with the salient norms of the society, thus providing a balance between what they need from the society and what the society wants from them. The third stage calls for accountability and dynamism in dialogue with the stakeholders, that is, to involve them in the decision-making process.

The pyramid model argues against the widely accepted separation thesis which claims that businesses cannot focus on both social and financial concerns at the same time. It arranges the different fields of responsibilities and obligations in an order without integrating them in any manner. This model is in agreement with how Milton Friedman defined a business, that is, to make the maximum profit staying within the limits of legal and ethical boundaries. The philanthropic responsibility is perhaps the icing on the cake as it distinguishes one as a 'corporate citizen', highlighting the importance of corporate giving. This model has a positive impact on CFP—a money-oriented way of describing CSP—through its impact on reputation. Aupperle, Carroll and Hatfield (1985) argue that the social outlook of an organization can very well be measured by observing the importance it gives to the three non-economic strata, that is, the legal, moral and the philanthropic responsibilities.

The Intersecting Circles Model of CSR

This model, unlike the pyramid model, categorically refutes the hierarchical prioritization of CSR and illustrates the integration of three aspects: economic, legal and moral (see Figure 2).

Schwartz and Carroll (2003) proposed this model to illustrate the fact that when it comes to CSR, none of the aspects are more important than the other. In this context, Davis' Iron Law of Responsibility (1960) can be mentioned, as it also rejects economic responsibility as the first and foremost priority. According to this law, a business, although created for profit-making, is actually a social creation and in order for it to survive and thrive, the society must be willing to support and endure it. Such a support from the society can only be earned through the responsibilities and obligations it fulfils.

Converting the diagram presented in Figure 2 into a Venn diagram, we can have eight categories or classes: EL'M', LM'E', ML'E', ELM', EML', LME', ELM and E'L'M' (where E = Economic, L = Legal, M = Moral or

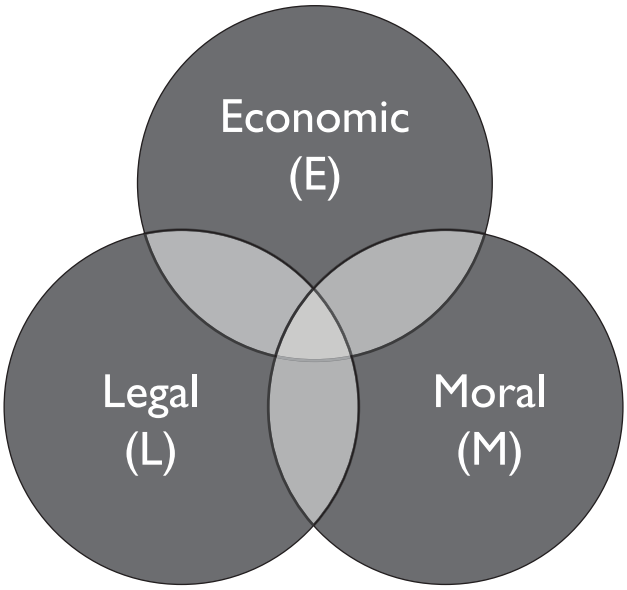

Figure 2. Intersecting Circles Model of CSR
Source: Schwartz and Carroll (2003).

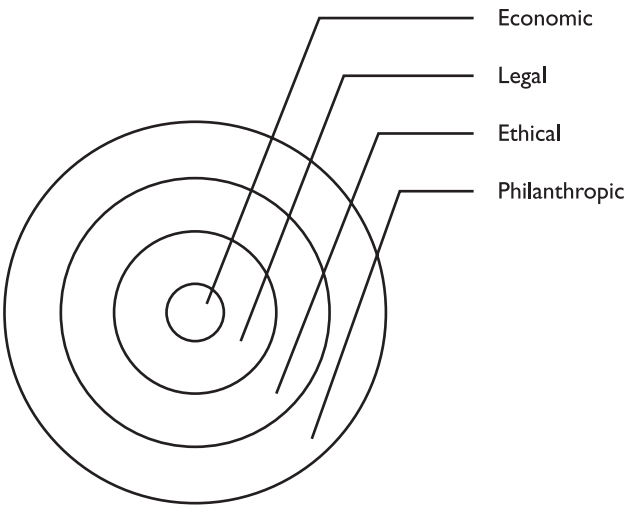

Figure 3. Concentric Circles Model of CSR
Source: Adopted from, Committee for Economic Development (1971)

Ethical). Among these categories, EL'M' signifies purely economic responsibility without any moral (ethical) and legal concerns, E'L'M means purely ethical responsibility, and so on. However, neither of the above two classes is feasible as both earning profit without any legal obligation and doing ethical work without any profit are not acceptable. Yet they somehow find themselves in the classes of total CSR. Thus, this model appears to be descriptive in nature and not normative. However, Schwartz and Carroll (2003) pointed out that the model can be used to establish CSR portraits for different entities like individuals, corporations, stakeholders, industries and nations. The model is flexible as one has the advantage of interpreting it as per the necessity.

The Concentric Circles Model of CSR

The concentric circles model of CSR has been adopted from a statement issued in 1971 by the Committee for Economic Development (see Figure 3). The statement posited that social contracts of business processes are not only feasible, but also morally necessary and, thus, urged corporations to adopt a more humane view towards their function in society.

The original model of the committee had only three rings: (a) *economic* (products, job, financial stability and growth); (b) *ethical* (responsibilities to exercise the economic functions with a sensitive awareness of ethical norms) and (c) *philanthropic* (amorphous responsibilities that businesses should get involved with to improve the social environment). This model is in agreement with what Logsdon and Wood (2002) stated, 'CSR is a concept supporting social control of business that resides and operates inside business itself, with the aim of protecting and enhancing the public welfare as well as private interests.' On the one hand, the move from the outer circle to the inner circle reflects the control that society needs to impose on standards of business activity to ensure social progress through proper functioning of the business core. The move from the inside to the outside, on the other hand, represents the internalization of social norms that reside and operate within the business as affirmative or positive duties.

This model has a wider scope of economic responsibilities, which include: generating wealth to improve the nation's standard of living, supplying the needs and wants of people for goods and services, selling them at fair prices, providing employment and fair wages and eliminating poverty in a holistic manner. According to Stone (1975), the legal circle encompasses two responsibilities: the first one is to follow law and the second one is to follow the spirit of law, that is, to abide by the law through socially appropriate considerations (considered autonomy). Restrictive compliance, opportunistic compliance, avoidance of civil litigation and anticipation of changes in legislation fall within the ambit of this ring. The ethical ring holds more or less the same meaning as it did in the pyramid model, with the only addition being the responsibility of not exploiting stakeholders who are not protected by well-established ethical norms and customs. The notion that comes to the fore is that an organization can be called socially responsible even

when it takes advantage of an ill-defined local norm. In this context, Sethi (2003, p.288) observed:

> The large corporation, and especially the multinational corporation, must become an active agent for social change .... As a dominant institution in society, the corporation must assume its rightful place and contribute to shaping the public agenda instead of simply reacting to policy choices advocated by others.

The philanthropic ring highlights the fact that corporate philanthropy is not about corporate contributions to further a cause but to use corporate social competencies and advantages as a means to solve major social problems. Thus, the problem of multiple objectives creating confusion, conflict and inefficiency, encountered in the previous two models, was resolved by this model as it had the single criterion of improvement of social welfare.

3C-SR Model

This model was proposed by John Meehan, Karon Meehan and Adam Richards of Liverpool John Moores University (Meehan, Meehan, & Richards, 2006). The components of the model are: (a) ethical and social *commitments*, (b) *connections* with partners in the value network and (c) *consistency* of behaviour to build trust (see Figure 4). Thus commitments, connections and consistency form the three Cs of the model.

Commitments encompass the legal, ethical and economic dimensions proposed by Schwartz and Carroll in their model (2003). These commitments can be verified through the Global Reporting Initiative and the Account Ability's AA1000. Normann and Ramirez (1993, p. 69) argue that 'value occurs not in sequential chains but in complex constellations' and this defines the connections with partners in the value network. For example, Walmart's reluctance to engage in certain multi-stakeholder initiatives (MSI), like that of Fair Labour Association, earned heavy criticism. Given the general approach of consumers towards corporate responsibility, the steadfast negligence of Walmart does not bode well. Failure to 'walk-the-talk', that is, inconsistency of behavior, also leads to ill fame. The idea in this model is to become good corporate citizens through the three Cs.

Liberal Model

This approach was encapsulated by the American economist Milton Friedman, who in 1958 challenged the very notion of corporate responsibility with the idea that

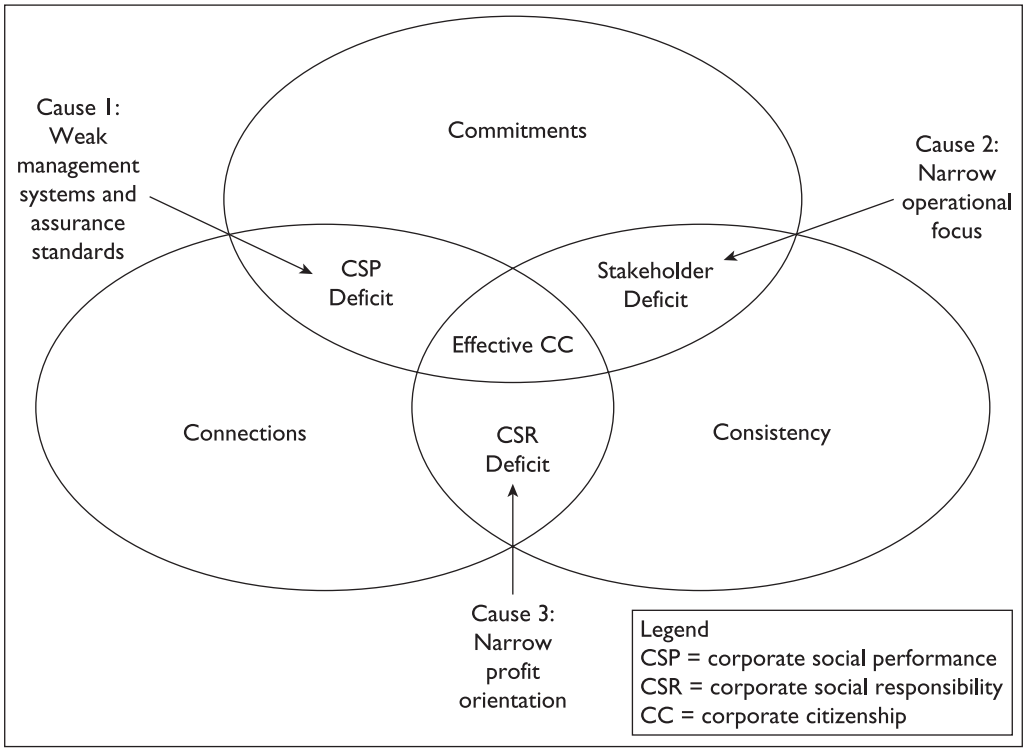

Figure 4. 3C-SR Model of CSR

Source: 3C-SR model figure. Retrieved from http://image.slidesharecdn.com/corporatesocialresponsibility-131212033513-phpapp02/95/8corporate-social-responsibility-19-638.jpg?cb=1386841139 (accessed on 29 January 2015).

companies are solely responsible to their owners (Friedman, 1971). As argued in this model, it is sufficient for a business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends. This ultimately fulfils the social responsibility of an organization towards the community and the nation.

Stakeholder Model

The stakeholder model is often associated with R. Edward Freeman, whose seminal analysis of the stakeholder approach to strategic management in 1984 brought stake holding into the mainstream of management literature (Freeman, 1984). The rise of globalization has brought with it a growing consensus that with increasing economic rights, the range of social obligations of businesses is also growing. This, as a consequence, gave rise to the stakeholder model of corporate responsibility.

The Indian Models of CSR

Ethical Model

This model was developed under the influence of Mahatma Gandhi and, hence, finds its seat in the early 20th century. The pressure on Indian industrialists to demonstrate their commitment to social development increased during the independence movement, when Mahatma Gandhi developed the notion of trusteeship, whereby the owners of property would voluntarily manage their wealth on behalf of the people.

The history of Indian corporate philanthropy has encompassed donations in cash or kind, community investment in trusts and provision of essential services such as schools, libraries and hospitals. Many firms, particularly family-run businesses, continue to support such philanthropic initiatives. Notable among them are the Ambanis (Reliance) and the Tatas.

Statist Model

In the First International Summit on CSR, jointly organized by the Ministry of Corporate Affairs and ASSOCHAM in New Delhi in the year 2008, it was agreed upon that a second model of CSR emerged in India after independence, with the adoption of a socialist and mixed economy framework where both large, state-owned public sector companies and private-sector firms coexisted (KPMG, & ASSOCHAM, 2008). The boundaries between the state and the society were clearly defined for the state enterprises. Elements of corporate responsibility, especially those relating to community and worker relationships, were enshrined in labour laws and management principles. This state-sponsored corporate philosophy still operates in the numerous public sector companies that have survived the wave of privatization in the early 1990s. The statist model has evolved well and has been adopted now.

Analysis and Discussion

This section analyzes the eight different models that have been identified using the nine parameters selected from sources which are extensively and implicitly related to gauging CSR initiatives on an international platform. The best of the parameters used by previous researchers, along with two additional parameters to assess the employability of the models, have been applied for this research. Out of the models that have been discussed in the article, only a few have been implemented as they are. Some models are merely theoretical and some have never been implemented. Thus, if we are to select a company which follows a particular model and then compare the success of CSR in such companies, it would be a complete injustice done to the remaining models which have not been implemented. Hence, content analysis technique was used, which allows one to analyze the basic idea and form of a theory or a statement in different sources along with the primary source (the propounder of the theory), wherever it finds mention. For example, pyramid model was studied not only as interpreted and stated by Carroll but also by other researchers who used the idea or developed upon that idea. The idea is examined in all the available forms and interpretations and is analyzed on the basis of the nine parameters, which again helps in gauging the specific parameters that are addressed by the idea. Previous studies on the eight models have been analyzed, keeping the selected parameters as factors, and thus the comparison table (Table 1) has been developed.

In addition to the comparison and analysis of the eight models, it becomes equally important to seek clarity about the sustainability of the models. It is essential to not only equip oneself with the logic to differentiate amongst the commonly viable models, but also be decisive on which model to implement in the real-world scenario based on its sustainability. Hence, an additional aspect of gauging the sustainability of the models was added in this section.

The research identifies sustainability of two types: internally sustainable models and externally sustainable models. Internally sustainable models are those unique models which once taken into consideration and rolled out

Table 1. Comparison of Models Based on Parameters

	Pyramid	Intersecting Circles	Concentric Circles	3C-SR	Liberal	Stakeholder	Ethical	Statist
Order of importance	Hierarchical; economic responsibilities first	No particular order	Inclusion system; economic responsibilities at the core	Commitment, connections and consistency are equally important	Priority to economic responsibilities, all other being discretionary	Stakeholder's needs are priorities.	Equal weightage to economic responsibilities as well as social commitments	Government defined
Scope of responsibilities	Narrow	Split	Wide	Holistic	Narrow	Split	Wide but discretionary	Wide
Role of philanthropy	Discretionary	Subsumed within other responsibilities	Integral to the design	Social commitment one of the 3Cs	Discretionary; almost nil	Only if it benefits stakeholders.	Integral essence	Partially discretionary
Social index	Moderate	Low	High	High	Low	Moderate	High	High
Environment index	Moderate	Low	Moderate	Moderate	Low	Moderate	High	High
Governance index	Moderate	Low	High	High	Low	High	Low	High
Acceptance	Evolved and adopted	Low	Evolved and adopted	High	Evolved and adopted	Wide	Wide	Wide
CSR–CFP relationship	Positive	Positive, negative or neutral	Nonlinear	Positive, negative or neutral	Positive	Positive	Undetermined	CSR dependent on CFP and vice versa
Attractiveness	Low	Low	Moderate	High	Low	High	High	High

Source: Authors' own.

for implementation are not taken back, even if there are minute changes in the administrative or executive structure of the organization. A simple example that can be cited in this regard is that of a case where an individual officer with a prominent portfolio constitutes a CSR committee and takes up certain CSR activities to be implemented, while the officer who succeeds him in a few months' time pays no heed to the man-hours that were already put into implementing those activities and decides to roll back and stop such initiatives just because he might not have any interest in them. It becomes evident from the fact that those CSR initiatives are usually a one-time affair. When a certain CSR activity is chosen for a particular year's curriculum, there are less chances of the same activity finding its place in that of the next year. This happens mostly because of two reasons: first, the absence of a mechanism to evaluate the performance of CSR initiatives (Rundle-Thiele, 2008) and, second, the floating concept of CSR being used as a tool to attract investments through proper and guided reporting. The reporting of CSR, the concerns and issues addressed and the legality of expenditure become the pivot, whereas continuity of an initiative or a programme usually takes the backseat. Such a scenario not only reflects bad management, but also portrays the inefficiency of an organization to come up with a sustainable CSR model. Thus, internally sustainable models can be mapped as the function of (a) the mission and vision of the organization, (b) the role of philanthropy in the model that is implemented, (c) the pressure of having a high governance index and finally (d) a positive CSR–CFP relationship. To put it down in layman's terms: the mission and vision of an organization motivates the quotient of philanthropy among its employees, which is then reflected in the models they adopt (if the social structure of the organization is philanthropic, it is more than obvious that they will collectively work towards intentional CSR). An organization is also driven to implement CSR initiatives due to the pressure of maintaining a high governance index, that is, an obligation to report its CSR activities and outdo its strategic cluster as far as reporting is concerned. In this way, it would also outdo the cluster in every other way because better reporting standards do attract and invite investments. If the rolled-out initiatives have a positive financial feedback, then it gives sufficient reason to engage in such activities, thus inspiring every employee down the hierarchy to positively involve themselves in such schemes. The role of philanthropy with the high quotient of governance index will lead to a successful CSR model, but if it also has a positive financial relation then it would lead to a self-sustaining CSR model. It is worth mentioning that beyond a certain level of economic activity, the social issues at stake become conflicting. Thus, it is necessary to maintain a balance—a coordination between philanthropic (social) mentality and economic feasibility.

Externally sustainable CSR models are the ones that are owned by the community in which it is implemented. If a CSR model rolled out by an organization does not care much about by the people for whom it has been designed, then the entire fleet of operations related to it becomes futile. Thus, any model of CSR needs to be owned and accepted by the population it targets. It can be mapped as a function of attractiveness, acceptance, social index and environment index. The higher the quotient of social and environment indices, the more would be the attractiveness of the model as well as the likeliness of the model being accepted and owned by the targeted community. Hence, the analysis and discussion section of each model ends with an attempt to quantify its internal and external sustainability.

General Observations

It is interesting to note that the liberal model, a stringent variant of the pyramid model, emphasizes on economic gains rather than on social inputs. It underlines a strong belief that the tax generated through the income of a corporate would finally be invested towards the upliftment of the nation and, thus, there is no need of an independent venture. A moderate version of this is the statist model of CSR, which exacts a range of CSR investment based on the profit that remains after tax deductions. Thus, it silently adopts the fact that economic responsibilities form the basic responsibility that a corporate has to fulfil towards its stakeholders. This is the idea on the basis of which the stakeholder model could have developed. The stakeholder model is an add-on to the liberal model where, apart from the economic responsibilities, an organization also needs to take care of other issues like trust and satisfaction of the stakeholders. Thus, it is clear that over a period of time, the evolution of the pyramid model has given rise to various other models.

The intersecting circles model is a very different and stand-alone model amongst the set of other prevalent models of CSR. It contains certain irrational aspects, such as economic responsibilities of an organization towards itself and its stakeholders without paying any heed to legal obligations or moral responsibilities. Due to such anomalies, it becomes difficult to find an example of any practical implementation of this model. The model, nonetheless, needs to be studied as it has inspired the 3C-SR model. The 3C-SR model is the successor of the intersecting circles model minus the irrational clauses that the latter possesses. The three Cs—commitment, connection and

consistency—effectively realign the model. No importance is given to economic, legal or ethical issues, but to the three Cs, that is, commitment towards the stakeholders and society, connections to carry out the commitments and consistency or 'walk-the-talk' attitude to continue the efforts.

Order of Importance, Scope of Responsibilities and Role of Philanthropy

The pyramid model has been illustrated in the form of a hierarchical construct and, hence, the order of importance is maximized in the case of economic responsibilities and goes on decreasing as the responsibilities shift from legal to ethical and finally to philanthropic. Moving up the pyramid, the priority of responsibility goes on decreasing as its scope becomes narrow at the top. Philanthropy is just an 'icing'; it is rather discretionary.

In the intersecting circles model, the order of importance for economic, legal or moral responsibilities has not been differentiated. Hence, the scope of responsibilities can be viewed as three different avenues which, when merged together, brings about total CSR. In the case of failure to do so, in any part, would lead to undetermined chaos. Philanthropic ventures have been assumed within moral responsibilities, thereby merging the last two levels of the pyramid model.

The concentric circles model can be viewed as the refined version of the pyramid model, more as a model that does away with the discrepancies that the pyramid model had. One of the major drawbacks in the pyramid model was that each of the responsibilities had an associated priority, which made the model a little vulnerable. The new model defined the same thing without the decreasing order of priority. It holds that economic responsibilities are at the core of any operation, but equally important are other responsibilities like legal, ethical and philanthropic. Thus, the responsibilities have a wider scope with no priorities or limitations tied to it.

The scope of responsibilities in the 3C-SR model is not clubbed within a few dimensions but is holistic in nature, that is, to move towards being a better corporate citizen. Philanthropy is through commitments, more importantly social commitments that a corporate has. Now, the spectrum of commitment can be discretionary. This is where governmental agencies or international standards should be brought in to ensure that the scope does not get narrowed down. A dilemma thus creeps in, because it is in the nature of an enterprise to minimize diversification of 'ventures without any profit' and stick to necessary legalities without over-imposing burdens on itself. In the context of India, the government has fixed the amount to be spent on CSR and has delineated a broad spectrum of activities in which enterprises can invest. Government of India has, therefore, imposed restrictions, but the system is not yet foolproof as failure to adhere to the regulations does not incur penalties. Thus, for the not-so-interested enterprises, accountability lies only till maintaining international reputation. The necessities of the immediate society of an enterprise are so varied that they cannot be generalized simply as social or economic needs. CSR investments under particular heads of activity, thus, cannot be decided beforehand, at least by the government. In such cases, public pressure can prove to be a very influential tool to decide on the commitment of the enterprise.

The liberal model, as has already been stated, can be perceived as a stringent version of the pyramid model where the economic responsibilities form the most important priority of CSR. The overlying responsibilities are kept under control with the assumption that the amount paid to the government as taxes or other fees would, in turn, be utilized for nation-building. Thus, importance is given mainly to economic responsibilities. The role of philanthropy gets removed automatically as the prima facie interest is towards profit-making. However, it has to be kept in mind that Friedman proposed the liberal model long before any other generic models (excluding the Indian ones) came into the picture and the concept of social responsibility and sustainability had not yet come to the fore.

Freeman, while developing the stakeholder model, normalized the liberal model by adding the concept of addressing the issues of stakeholders along with the hardcore profit-making mechanism. This improved the model manifold in various dimensions. The immediate stakeholders, in the period it was proposed, consisted of customers, suppliers, employees and investors. Taking care of the investor's interests meant profit-making and that of customers and suppliers meant their satisfaction and trust through products and services. Thus, a particular circle of people were benefited. As the scope of the business increased, the ambit of people concerned increased as well. Now, not only the employee's interest had to be taken care of, but also their families, that is, the immediate community. This bred a sense of security and improved the performance to a large extent. Thus, new dimensions of stakeholders came into being and the earlier stringent liberal model transformed into a more sensitive model, philanthropically speaking.

The man behind the ethical model was none other than Mahatma Gandhi and, hence, it is expected that it would be mildly oriented towards being 'purely ethical'. However, it is obvious that this model gives equal weightage to both economic responsibilities and moral obligations. The scope of responsibilities, thus, widens and it is expected that the

corporate would do anything in its power for the betterment of the nation. The Tatas are a brilliant example of this, upholding the virtues of this model in India, where philanthropy is discretionary but obvious.

The statist model is what India follows now. There is a stark distinction between state-owned and private corporations in India. However, there are ethical and legal responsibilities enshrined within regulations and acts such as the labour laws or the Companies Act, which both need to follow. The function of defining the amount to be sanctioned for CSR displays in itself the essence of fulfilling the economic responsibility of the corporate to ensure its sustenance. The scope of responsibilities is wide as it encompasses social, environmental and ethical issues.

Social, Environment and Governance Indices

The pyramid model envelopes legal and ethical responsibilities within itself, although with lower priorities but as an essential constituent. It thus has the mechanism to address the basic social demands. The social index is moderate in this model due to lowered priorities. The environment index has also been determined to be moderate. The ethical perspective of this model, to some extent, ensures the safe and proper maintenance of the environment (the working as well as the surrounding). The governance index has also been determined as moderate, because the legal and ethical responsibilities would force the corporate to abide by the rules set forth but reporting initiatives would be sidelined as it has no mention in it. However, it also has to be taken into consideration that the model was proposed much before reporting initiatives were introduced. The model has evolved and is being accepted in other forms such as the liberal, stakeholder or the statist model.

The three indices, that is, the social, environment and the governance, have been determined to be low in the intersecting circles model. It is because of the eight different cases that might arise if each of the three responsibilities is not fulfilled equally.

Philanthropic and ethical responsibilities form the outer core of the concentric circles model and that is why it must have a high social index. However, the environment index cannot be properly determined on the basis of the existing responsibilities. It is found to be inadequate and hence has been marked as moderate. The legal and ethical responsibilities take care of the governance index, which has been determined to be high.

The social and governance indices are high in the 3C-SR model due to the commitments it shows towards the stakeholders. Though its stand on environmental issues cannot be clearly determined, taking into account the commitment it may have towards a sustainable environment, the environment index has been determined to be moderate.

Drawing an analogy with the concentric circles model, one could conclude that the liberal model is a more focused version as the other responsibilities (legal, ethical and philanthropic) have a very narrow scope. Economic responsibility is what this model postulates. The social, environment and governance indices are pretty low as there are neither any provisions nor the necessity to think beyond profit-making in the liberal model. However, it might come across as an intrinsically associated corollary that the efforts of pure profit-making were done within the purview of legality and ethical values.

In the stakeholder model, the two indices—social and environment—have been determined to be moderate, because the definition of stakeholder seems to vary. For some organizations, stakeholders consist of customers, suppliers, employees and their next of kin, while for others it may be the community in which they work or serve. In some cases, it might even be the entire nation. The same applies to environmental issues; some may take care of the immediate environment they affect, while others may not even bother to think about the environment until and unless it becomes an issue with the stakeholders. Thus, both these indices have been determined to be moderate, owing to the uncertainty attached to it. However, the governance index has been determined to be high, because no stakeholder would want to be associated with an organization which does not abide by the rules, regulations or the international policies. Thus, to ensure the success of the model, it is intrinsic that a high governance index is maintained.

Being ethical in nature, it comes automatically to the ethical model to have a high quotient for social and environmental indices. Governance and reporting initiatives do not form a primary agenda in this model. It is based upon the idea of ‘do and forget’. Nowadays, even the biggest exponents of this model have taken up reporting initiatives to keep up with the fast pace of globalization. Thus, it will not be improper to state that this model, with economic responsibilities as an added core and reporting initiatives as an outer layer, may resemble the statist model.

In the statist model, all the three indices are determined to be high, because social and environmental issues are addressed primarily by the CSR policies of the state and it is mandatory to report the achievements.

CSR–CFP Relationship

As economic responsibilities form the core of the pyramid model, it is obvious that the implementation of this model would ensure proper economic gains. Consequently, the

CFP of this model would be positive and so would be the case of any model which has evolved from it.

Owing to the prevalence of 'purely economic' or 'purely ethical' cases, the CFP can be positive or even zero or negative in the case of intersecting circles model.

In the concentric circles model, rather than a simple linear CSR–CFP link (as reflected in the common use of correlations and regression analysis for the detection of positive or negative association between social and economic performance), a hypothesis of an inverted U-shaped relationship between CSR and CFP is called for. On the one hand, a positive relationship between CSR and CFP can be expected for a range of under-normal and normal profits (here, profit levels are acceptable, i.e., higher profits mean higher reward for responsiveness). For a range of above-normal profits, on the other hand, an inverse CSR–CFP relationship can be expected (here, corporate power is used to deprive ineffectual stakeholders of their market-based gains, i.e., higher profits mean less social responsibility). According to the concentric circles model, a socially responsible firm is expected to refrain from chasing unfairly high profits. It should rather follow its inner commitment to contribute to achieving social progress, even at the expense of profitability.

Similar to the intersecting circles model, the CSR–CFP relationship can be either positive or negative, or even neutral, in the 3C-SR model.

Owing to its typical economic structure, the CSR–CFP relationship in the liberal model would no doubt be positive. However, purely economic corporations are not favoured in today's world, which is rather inclined towards the philosophy of symbiotic existence, that is, working for the sustenance of each other.

In the stakeholder model, the CSR–CFP relationship is positive, because it is only a healthy corporate that can actually attract investments and gain stakeholders' trust.

The ethical model speaks more of services rendered morally and not much about the economic responsibilities. However, it is obvious that moral, social and ethical services also require a financial backup without which such services would not be possible. There are examples of a few corporations and non-governmental organizations whose primary motto is service irrespective of financial gains. The CSR–CFP relationship cannot be determined for the ethical model due to the above perspective.

The regulations in India for the various enterprises, especially Section 135 of Companies Act, 2013, suggest what is to be done and how it is to be done but say nothing about what happens if it is not done. The statist model opens up an interesting field that illustrates how investing in CSR would be beneficial as it would improve the company's portfolio and stance. It would ensure that stakeholders take more interest, which would attract more investment. It would subsequently perform better on the financial front, leading to a positive CSR–CFP relationship. Then again, CSR is dependent on CFP as CSR activities would only be possible if the corporate has a good CFP. It is a cyclical process, where the two components would take care of each other if handled in the proper manner.

Attractiveness and Acceptance

The attractiveness of the pyramid model has reduced over time, while the new models that have evolved from it are becoming more attractive and are being accepted gradually.

The intersecting circles model neither has any attractiveness owing to its irrational interpretations, nor does it find any practical acceptance. A similar model, that is, the 3C-SR model, bypasses the irrational sub cases of the former.

The attractiveness of the concentric circles model is moderate as it has evolved and has been widely accepted in other forms.

The 3C-SR model is highly attractive and has a high acceptance owing to its three dimensions.

The liberal model has low attractiveness. That is why, only its evolved forms, with a little leniency, can afford to demonstrate a good acceptance among the masses.

The stakeholder model has evolved over the years and as a result has become attractive. It is now widely accepted among the relevant stakeholders, which at times may even extend to the stature of a nation.

The ethical model is highly attractive as people readily accept favours coming from big corporates. Any firm contributing to the society or the nation, rather than being confined to pure money-making ventures, becomes an attractive and acceptable prospect.

The acceptability of the statist model is dependent on more governmental involvement to ensure investments in the development and upliftment of nations, especially the developing ones. The prospect of CSR–CFP cycle makes it attractive as well (it is a win-win situation; investing in CSR improves the CFP and vice versa).

Sustainability

In the pyramid model, the role of philanthropy is discretionary and the governance index is moderate. Thus, assuming a moderate level of philanthropy, a model of moderately 'internally' sustainable CSR is obtained. However, this

model has a positive CSR–CFP relationship and, hence, it stands out as internally sustainable. It has low social and environment indices as well as a low attractiveness due to the existence of its evolved successors. Thus, it is not externally sustainable. However, one might contradict this view, considering that the model has been predominant in developing countries like India. The reason for this is that in such countries it is the implementation that matters and, thus, reporting, attracting limelight and creating a niche become a priority. For implementation of such activities, neither the public opinion in its pre-implementation phase need to be considered nor is there any need to undertake corporate social performance studies to evaluate the success of an initiative. Thus, most of the CSR initiatives are good as long as they are in shape. Once they wear out, they are never maintained.

The role of philanthropy is inherent in the intersecting circles model. The low governance index puts forward a model where employees might want to involve themselves in CSR initiatives. However, due to low governance index, there is no pressure on the organization to report their CSR achievements. Had there been more of reporting, there would have been more competition among the organizations of similar kind. In such a case, even if the employees are interested there is no external and overall impetus to do the same. Thus, in the long run, the model loses internal sustainability. The coupled effect of social and environmental indices is low and, hence, its attractiveness is reduced. As a result, it also becomes an externally non-sustainable model.

In the case of the concentric circles model, the governance index as well as the quotient of social index is high, resulting in an efficient, implementable and sustainable model. With the addition of the prospect of normal profit, the model can evolve to become self-sustainable. The social index is high with a moderate-level environment index, making it moderately attractive and acceptable. Thus, it is externally sustainable. However, better models that have evolved out of it promise to show better external sustainability.

The quotient of philanthropy is embedded within the very core of the 3C-SR model. With a high governance index, it qualifies to be an internally sustainable model. If the CSR–CFP relationship becomes positive, then the model can turn out to be self-sustainable. The environment index is moderate but the social index is high, making it a model with high attractiveness and acceptance. Thus, it determines itself to be an externally sustainable model.

There is no scope of philanthropy in the liberal model and the pressure of the good practices of reporting finds no mention in the model. Thus, it is not sustainable and fit for CSR, the way we perceive it. It is just a profit-making model working under the assumption that its profit would in turn benefit the society. The model suited the socio-political fabric of the era in which it was proposed. In the present scenario, an economic corporation can hardly survive without social and philanthropic agendas. Thus, the acceptance of the model makes sense only when it is normalized to some extent, as in the case of the stakeholder model.

With a high governance index and considering the apt growth of the spectrum of stakeholders, the stakeholder model is internally sustainable. The CSR–CFP relation is also positive, thus qualifying it to become a self-sustainable model. Though the social and environment indices are moderate, it is highly attractive and widely accepted, making it one of the best externally sustainable models.

The ethical model qualifies as internally sustainable purely on the basis of an organization's intent to undertake CSR initiatives. It might not even have the financial efficiency to back the projects to ensure sustainability. With regard to external sustainability, the model qualifies as the best of its kind due to its high social and environment quotients, which translates to high attractiveness and acceptance.

The governance index is high in the statist model and the quotient of philanthropy—if considered to be of some value as it is partially discretionary, even if altruistic in nature—makes it internally sustainable. It intrinsically binds CSR and CFP in an exquisite manner, making it self-sustainable. This model is widely accepted due to its high social and environmental quotients and, thus, becomes the only model which has a sustainable nature, both internal and external.

Conclusion

It is evident from the study that the concept of CSR has been interpreted and understood in different ways since the early years of its development. It has seen several modifications and a series of new models have evolved out of it (knowingly or unknowingly). Through these models, the concept has been applied and implemented, too. As the world moved towards globalization, new concepts such as social responsibility and sustainability or social responsibility and financial performance were understood to be the two faces of the same coin. Thus, it will not be an exaggeration to claim that the concept of CSR is moving towards unification. Taking the best from the previous models and learning through failures and experiences, the model of CSR, as a whole, is reaching a state where only

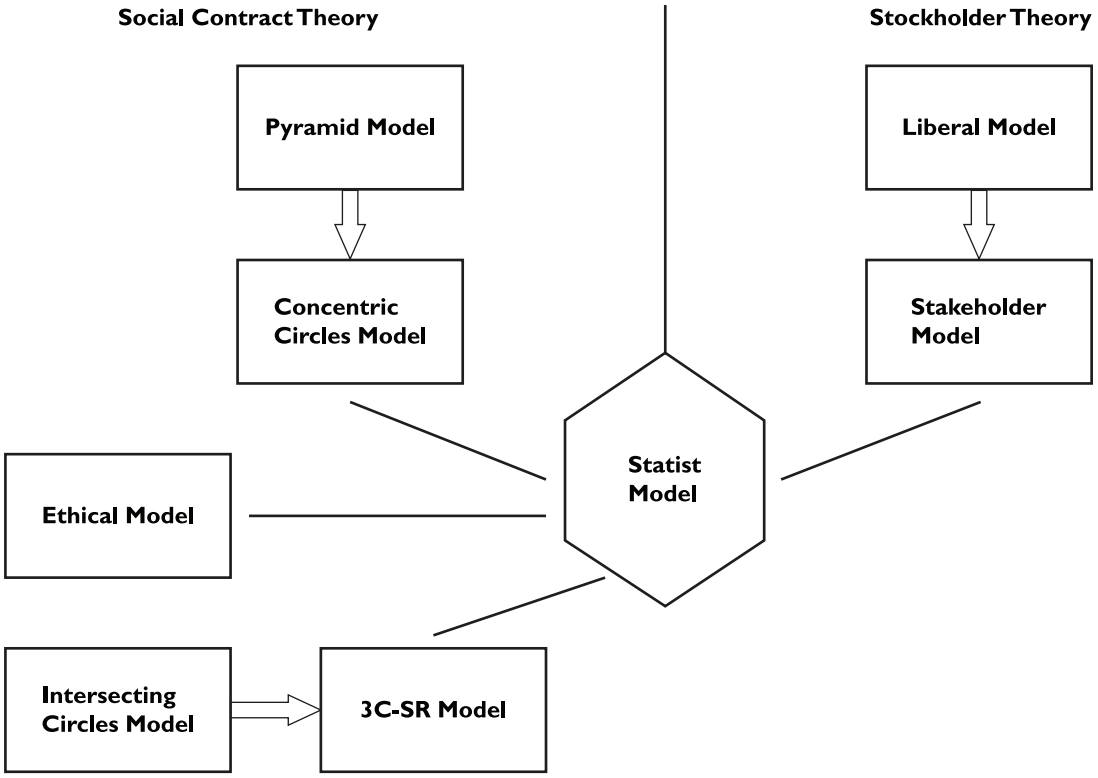

Figure 5. Evolution and Integration of CSR Models

Source: Authors' own.

attributes can be added but the basic structure or construct of it remains the same. Irrespective of the timescale, if we tend to interpret the evolution of models, what comes up is the development scenario as shown in Figure 5.

Each and every model has evolved in terms of addition or removal of attributes and finally has converged with the statist model. Perhaps, this is how the statist model would get consolidated, because of the addition of attributes like more refined regulations, penalties or reporting initiatives. This is the model which India is following currently. India is the first country to have legislated CSR, knowingly or unknowingly including the best elements of all these models, and there is no doubt about the success it has garnered till now. According to the Asian Sustainability Reporting (2011), India ranks first in the general category and has a country ranking of second overall. The country that bagged the first rank had only 20 of its companies analyzed, much less than that of India. Thus, on a general note, India is doing fairly good with its current model. It is expected that if attributes such as penalties due to non-compliance of CSR regulations, prioritization of sector specific fields for CSR and public awareness are added, then the model will further improve the performance on the financial as well as sustainable front.

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