"Profit making & Social Responsibility" is an oxymoron is strongly debatable. Profit making is the fundamental dimension for an enterprise to sustain, perform and grow, which means wealth maximisation and mobilisation; whereas social responsibility is the fundamental accountability of the state that focuses on social enlistment in its totality.

According to Bluntschli, the German scholar, "the state is a combination or association of men in the form of government and governed on a definite territory, united together into a moral organised masculine personality or, more shortly, the state is the politically organised national person of a definite country".

Researchers continuously debate, "State is the necessary evil" and "State is the obstruction of obstructions". The primordial responsibility of the state is to bring order from disorder. While Anarchy, Monarchy, Autocratic and Democratic are the forms of the State, Democracy propounds upon "by the people, for the people and the people". It is important for balancing the power i.e. Executive, Judiciary and Legislative. The concept of "city-states" like Greece existed, which portrayed high level of self governance and self sustenance. Besides this for a nation to be healthy and prosperous the state must not hinder 'Liberty' in its entirety, i.e. natural liberty, civil liberty, political liberty and national liberty. Hence, it becomes additionally imperative for the State to deliver social responsibility, for monitoring the growth as well as balance.

But the irony is that the State is unable to execute its primary duties in the form of social responsibilities either because of the following reasons:

1. Not able to mobilise funds
2. Funds available are not adequate against the requirement
3. Not able to utilise the funds
4. Lack of governance and will power

Hence, the entrepreneurs in the micro community emerge as "Entrepreneur Cartels" to carry out this important mission. After all, there must be a driving force to keep the consumers brand loyal and alive. It is the economic disparity, inequality of wealth, income and property disparity that reluctantly compels the corporate to participate as 'drivers to engine of economic and social growth', with all means and might.

What is CSR?

The Sanskrit saying, ‘Atithi Devo Bhav’, means – ‘the one who comes to you for being served, should be taken to be as God’, is considered as the highest order of responsibility, be it to individuals or to the society. Thus, the phrase Social Responsibility has its roots in Indian context. This phrase has long been in use with growth of industries and corporate. It not only reflects the 'passage of time' in its impact and transformation, but its meaning and understanding has been affected by the growth of society, nations and changes in their appreciation of cultural heritage and background.
CSR is also concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible’ means, treating stakeholders in a manner deemed acceptable in civilised societies. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. Some companies use the terms “corporate citizenship”, some “the ethical corporation”, while others use “good corporate governance” or “corporate responsibility”

CSR, the driving force

Companies engaged in making profits also contribute to some, although obviously not all, aspects of social development. Every company should not be expected to be involved in every aspect of social development. There will be increased costs to implement CSR, but the benefits are likely to far outweigh the costs. Global concerns have been given an additional edge by the awful events of 11 September. The collapse of Enron and WorldCom, and their auditor Arthur Andersen, due to uncertain accounting practices, has raised the level of scrutiny of large companies, as well as their auditors.

Enterprises operate around seven areas: 1. shareholders and potential investors; 2. managers; 3. employees; 4. customers; 5. business partners and contractors or suppliers; 6. the natural environment; 7. the communities, within which they operate, including national governments. Over $US1 trillion in assets are under management in the United States in socially and environmentally responsible portfolios. In the United Kingdom, pension fund trustees are required to incorporate their policy on Socially Responsible Investment (SRI) in their statement of investment principles.

The Global Reporting Initiative (GRI) is currently the industry leader in providing a set of voluntary principles for companies in the area of CSR. The Global Reporting Initiative was initially convened by the Coalition for Environmentally Responsible Economies (CERES), a non-profit coalition of over 50 investor, environmental, religious, labour and social justice groups. The GRI was established in 1997 with a mission to elevate sustainability reporting to equivalency with financial reporting. It has recently been established as an organisation in its own right. Impetus was given to its set of ‘voluntary’ principles when GRI formally launched its report at the World Summit on and indicators proposed by the GRI is very weighty, so that companies may start to ask themselves “why bother?” CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

The CSR gain

1. It would help to avoid the excessive exploitation of labour, bribery and corruption.
2. Companies would know what is expected of them, thereby promoting a level playing field.
3. Many aspects of CSR behaviour are good for business (such as reputation, human resources, branding and making it easier to locate in new communities) and legislation could help to improve profitability, growth and sustainability.
4. Some areas, such as downsizing, could help to redress the balance between companies and their employees.
5. Rogue companies would find it more difficult to compete through lower standards. The wider community would benefit as companies reach out to the key issue of underdevelopment around the world.

In the longer term, richer consumers and improved worldwide income distribution is obviously good for business. But should business be directly involved in these issues, or
simply pay taxes and rely on governments and public organisations to use these taxes wisely? In other words, is it simply enough for business to maximise profits in anticipation that this is in the best interests of human development?

There are at least six main issues:

1. Reputation is built around intangibles such as trust, reliability, quality, consistency, credibility, relationships and transparency, and tangibles such as investment in people, diversity and the environment.

2. Access to financing is an issue since, as will be seen below, the market for socially responsible investment (SRI), though still relatively small, is growing.

3. CSR is an important factor for employee motivation and in attracting and retaining top quality employees.

4. Innovation, creativity, intellectual capital and learning are helped by a positive CSR strategy.

5. Factors such as new technologies and changing societal, regulatory and market expectations are driving companies to adopt a broader perspective when analysing the range of risks that they may encounter. CSR also helps in compliance with regulation and the avoidance of legal sanctions, while the building of relationships with host governments, communities and other stakeholders can enhance a company’s reputation and credibility and be of vital importance should it encounter difficulties in the future with regard to its investment decisions.

6. There is a wider impact as public expectations grow of greater CSR as a result of the heightened public debate on the benefits and shortcomings of globalisation and the perceived role of business in this process.

Nevertheless, for each benefit there is a cost.

**Good corporate citizenship can provide business benefits in eight areas:**

1. Reputation management;
2. Risk profile and risk management;
3. Employee recruitment, motivation and retention;
4. Investor relations and access to capital;
5. Learning and innovation;
6. Competitiveness and market positioning; operational efficiency; and
7. License to operate.

**Corporate sustainability is another parallel concept to CSR that has led to a lot of useful work on quantifying the issue of sustainability.**

United Nations Environment Programme (UNEP) has produced an original piece of work that matches the traditional indicators of business performance against sustainable development performance. Ten measures of business performance are used, namely: (1) shareholder value; (2) revenue; (3) operational efficiency; (4) access to capital; (5) customer attraction; (6) brand value and reputation; (7) human and intellectual capital, (8) risk profile; (9) innovation; and (10) licence to operate. These are then related, in a matrix, to ten driver dimensions (exogenous variables), namely: (a) ethics, values and principles; (b) accountability and transparency; (c) triple bottom line commitment; (d) environmental process focus; (e) environmental product focus; (f) socio-economic development; (g) human rights; (h)
workplace conditions; (i) engaging business partners; and (j) engaging non-business partners.
The results are presented, imaginatively, in matrix format using colour-coding which, nevertheless, may be somewhat confusing.

**Benchmarks used by companies**

The need is to:
1. Protect and enhance a company’s reputation
2. Establish the management’s commitment to sound ethical behaviour
3. Raise stakeholder confidence
4. Demonstrate corporate prevention rather than response to crises
5. Acknowledge corporate peer pressure for higher standards of accountability and transparency

CSR is therefore measured on the basis of the configuration of the business organization into three levels, or the *Triple-P approach to CSR*:

- *Principles* of social responsibility;
- *Processes* of social responsiveness;
- *Products (or outcomes)* as they relate to the firm’s societal relationships.

The Triple bottom line approach (TBL) appears to introduce concerns relating to the environment and society neatly alongside the usual business notions of profitability (the economic bottom line). However, the TBL concept suffers from at least four main difficulties:

1. Companies cannot simply put profitability on the same level as social and environmental considerations, as a company cannot survive by behaving in a socially or environmentally responsible manner while making losses.
2. Social and environmental benefits tend to be long-term before impacting on stakeholder value.
3. TBL equates social with environmental, whereas social clearly encompasses environmental as one among many other concerns.
4. Therefore, let corporations focus on creating stakeholder value as measured by profits, but in a socially responsible manner. Let us not add on a “surplus fewer deficits” approach based on environmental or social considerations. A company that does poorly on one line, namely profits, but wonderfully on the environment or social component of TBL, is not going to last long in a competitive world!

ILO, together with the OECD, has moved towards adopting a “core” set of labour standards. Freedom of association;
1. The right to organise and bargain collectively
2. The prohibition of forced or compulsory labour
3. A minimum age for the employment of children
4. A guarantee of acceptable working conditions (possibly including a maximum number of hours per week, a weekly rest period, limits to work by young persons, a minimum wage, minimum workplace safety and health standards and the elimination of discrimination in employment).

**Principles of Social Responsibility**

The level of application of these principles is institutional and is based on a firm’s basic obligations as a business organization. The value of this level is that it defines the institutional
The relationship between business and society at large, and specifies what is expected of any business. It has three major elements:

1. **Legitimacy** concerns business as a social institution, and frames the analytical view of the inter-relationship between business and society;
2. **Public responsibility** concerns the individual firm and its processes and outcomes within the framework of its own principles in terms of what it actually does;
3. **Managerial discretion** whereby managers and other organizational members are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them towards socially responsible outcomes.

**Processes of social responsibility**

Corporate social responsiveness consists of the capacity of a business to respond to social pressures. This suggests the ability of a business organization to survive through adaptation to its business environment. To do so, it must know as much as possible about the business environment. But the environment of a business is not static; it is a complex and ever changing set of circumstances. Three elements are identified as being basic to this level of the CSR model:

1. **Business environment scanning**: indicates the informational gathering arm of the business and the transmission of the information gathered throughout the organization.
2. **Stakeholder management**: A stakeholder is defined as any group or individual which can affect or is affected by the achievement of the firm's objectives, such as owners, suppliers, employees, customers, competitors, domestic and foreign governments, non-profit organizations and environmental and consumer protection groups. Stakeholder management refers to mapping the relationships of stakeholders to the firm (and among each other) whilst finding, listening and meeting their expectations that legitimate concerns should be balanced and met as a prerequisite for any measurement process.
3. **Issues management**: Having identified the motivating principles of a firm and determined the identities, relationships and power of stakeholders, the researcher now turns to the main issues which concern stakeholders

**The Outcomes**

The main focus of measurement is the third level of the CSR model. To determine whether CSR makes a difference”. There are, again, three main categories:

1. **Internal stakeholder effects** are those that affect stakeholders within the firm. It may also be concerned with human resource policies, such as the positive or negative effects of corporate hiring and employee benefits practices.
2. **External stakeholder effects** concern the impact of corporate actions on persons or groups outside the firm. They may involve, for example, the negative effects of a product recall, the positive effects of community-related corporate philanthropy or, assuming that the natural environment is a stakeholder, the effects of toxic waste disposal.
3. **External institutional effects** refer to the effects upon the larger institution of business, rather than on any particular stakeholder group. For example, several environmental disasters have made the public aware of the effect of business decisions on the general public. This new awareness has brought about pressure for environmental regulation, which has then affected the entire institution of business, rather than one specific firm.
Our Query

Internal stakeholders
- Who are the key stakeholders of a firm (for example, the internal ones could be managers, employees, shareholders, executive directors and non-executive directors)?
- How can stakeholders be identified?
- What elements should be included in stakeholder dialogues?

Standards
- Are standardized and certified management systems helping?
- How can their impact be improved?
- Which ones are the most current?
- Who should set the rules of the game?
- Should partners in setting the rules of the game include NGOs, governments, private sector representatives?

Corporate culture
- What is the value and relevance of labour, human rights and the environment to core business operations?

Corporate governance
- How do ethics, values and principles make a difference?
- What are the main corporate governance issues that should be revised?

Sustainability/social reporting
- How does sustainability reporting help the company to improve its management systems?
- Is sustainability reporting the same as social reporting?

Business performance
- How does improved CSR performance, in terms of process and products, affect a business’ bottom line?
- How does CSR affect the company’s brand value and reputation?
- How can the related benefits be measured?
- Where are we in measuring intangible assets?

Competitiveness and CSR

Thus we need to understand what the relationship between competitiveness and CSR is and what is the new meaning of competitiveness in the light of CSR?

Zadek and his colleagues state “some of the measures demanded of companies in the name of corporate responsibility are incompatible with current business models and markets. Pharmaceutical companies cannot alone provide affordable drugs to the poor, and the footwear companies cannot just decide to pay workers in Mexico or Vietnam a wage comparable to that earned by workers in London or New York.

Opportunistic CSR is always counter-productive. The Green Paper published in 2001 defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”
Beyond Competition

The chance to improve the ethical quality of economic activities can only be taken if the motivation of the agents is genuinely ethical; that is, only if they want to realise ethical conduct for its own sake. Ethics could bring material benefits only for those individuals and companies who use it not to produce material gains. Companies should fit into the ecological, social and cultural niche within which they are functioning. The most competitive companies are so unique in serving their stakeholders that their products and services have no substitutes, and they therefore have no real competitors at all.

Global Firms do not compromise on the care for its employees. Heavily subsidised in-house and external child-care programs, available to women and men, a commitment to employee training and pleasant working facilities are deemed important to simultaneously provide for the employees and to retain valuable people for the business. They speak instead about the importance of keeping customers happy and employees engaged and sticking to the company’s core values.

Hence Social Entrepreneurship emerges as one key initiative by individuals or group(s).

Social Entrepreneurship

Social Entrepreneurs endeavour to 'create social' value through innovative, entrepreneurial business models. The potential market for these entrepreneurs is huge because of the wide range of social needs that remain unsatisfied by existing markets and institutions. Social entrepreneurs often create tremendous value when they cater to very basic humanitarian needs; for example, by providing medicines or food, which can be a matter of life or death for those who receive them. However, the challenges these entrepreneurs face are severe. Their “customers” may be willing, but often unable, to pay even a small portion of the cost of the products and services provided. Many social entrepreneurs operate in developing countries that have no structures or resources that would enable and support traditional entrepreneurship. Therefore, social entrepreneurs must create novel business models and organizational structures, and unique strategies for connecting between very limited, disparate and often dynamic resources to create social value. Perhaps the greatest challenge is to capture some of the value created in financial terms, or to secure external financing, merely to keep their organisations running. It is even more difficult to expand the operational scale and scope, and to satisfy personal needs for income. Social entrepreneurship (SE) may provide some fascinating new insights that could expand the thinking and toolkits of traditional entrepreneurs, as well as enrich designs for more socially acceptable and sustainable business strategies and organisational forms.

Social entrepreneur's find new and efficient ways to create products, services or structures that either directly cater to social needs or that enable others to cater to social needs that must be satisfied in order to achieve sustainable development. It may help if we recognize that entrepreneurship is something that is co-produced by the very nature of an opportunity and the characteristics and motivation of the individuals involved. Traditionally, most people would associate entrepreneurship with the pursuit of a business opportunity in order to make a living.

In the case of SE this business opportunity is a social need that is not satisfied by either markets or social systems. Why is entrepreneurship a powerful concept? Because entrepreneurs are able to fully align their primary motives with their activities. Entrepreneurs are driven to do whatever it is in their power to do to achieve their goals. The flexibility, creativity and resourcefulness of entrepreneurs, generate tremendous efficiencies that are limited only by the ability to actually put the idea into effect.
Who is the social entrepreneur?

It has been suggested, however, that social entrepreneurs are very distinctive individuals. Attempts to define distinctive features of social entrepreneurs tend to portray a social hero with “entrepreneurial quality.” Dees says: “Social entrepreneurs are one special breed of leaders, and they should be recognised”. "We need social entrepreneurs to help us find new avenues toward social improvement as we enter the next century” (Dees, 1998b). Interestingly, some social entrepreneurs do not even know they are “social entrepreneurs” until they receive an award or are recognised by organizations.

Major Global Issues that attract Social Responsibility

1. Eradication of Poverty and Hunger
2. Universal Primary education
3. Promote equality and empower women
4. Reduce Child Mortality
5. Improve Maternal Health
6. Combat HIV/AIDS/Malaria and other critical diseases
7. Ensure Environmental sustainability
8. Develop a Global Partnership for development

Areas where Enterprises are engaged in CSR initiatives

1. Water conservation
2. Revival of traditional arts and crafts
3. Culture and Heritage
4. Environmental protection
5. Greening the Environment
6. Transforming, managing wastes and garbage handling
7. Health for all
8. Providing means for better livelihood
9. Rural Welfare
10. Primary Education
11. Disaster Management and Relief
12. Sports
13. HIV/AIDS
14. Child Labour
15. Women health and education

Hence to carry forward this mammoth task the Enterprises will have to evolve an innovative process or system that would perhaps provide it an edge over its competition. It has to be evolved and cannot be replicated. Thus it is necessary to research why some enterprises are able to create more value than others! How do some sectors create more wealth than others? Why confident nations do better than others and what is the underlying cause for such successes in creation of wealth?

‘Strategic Innovation’ is the answer. It is termed as strategic because such innovations have everlasting impact on the survival of the enterprise. ‘Innovativeness’ is thus an indescribable asset that drives such new combinations. Corporate Social Responsibility with an innovative approach as its ‘lethal weapon’ will create an everlasting brand for the enterprise's presence and overall growth.