



From CSR to SRB

By Dr. Uditha Liyanage

Abstract

Strategy is what the company wants to do in order to occupy a distinct position in the market. The corporation's strategy inevitably impacts on the society in multiple ways. When the corporation formulates and executes strategy, being cognizant of its impacts on society, then the corporation's actions are reckoned to be responsible. It is argued that the corporation's responsible actions, take four different forms or levels, based on the degree of the corporation's engagement with society. At the basic level, Responsible Corporate Citizenship (RCC) is about championing a social cause. This is the act of 'social giving.' At the next level, through Cause-Related Marketing (CRM), the corporation gives to society, and in the process, builds its reputation. At the third level, strategic Corporate Social Responsibility (CSR) attempts to go beyond raising the profile of the corporation, and improves the competitive context in which it operates. At the highest level of the corporation's engagement with society, the corporation creates market space in which the socio-economically disadvantaged people are located. Here, the corporation is engaged in Socially Responsible Business (SRB) and, in a sense, makes CSR the very purpose and its *raison d'être*.

1. Introduction

The subject of Strategy and Society is placed within the context of business and its management. Strategies are pursued by business organisations with the central intent of taking a particular stance or position in the market. This position of the organisation must be, not merely better, but rather, different to those positions taken by competing organisations. Clearly, the strategic pursuits should lead to acceptable rates of return on investment, and levels of profitability. Purely from the perspective of a shareholder, this is the end, and the strategy that is pursued is the means by which the end of ROI and profitability is accomplished.

From a broader stakeholder's perspective, the organisation's rates of return on investments and levels of profitability must go beyond the benefits that accrue to shareholders. They must shape the larger society, comprising multiple communities, and the environment - the people and the planet. Hence, from a stakeholder's perspective, the success of a business strategy is measured from the vantage positions of multiple stakeholders. Here, strategy and society cannot be viewed as a dichotomy, but rather as one that reflects the other, forging an inseparable nexus between the two.

In this paper, strategy is defined as the chosen direction of the company, which enables it to take a unique and distinct position in the market. Society is that which lies outside the company, but is directly or otherwise would impact on what it does. This paper exclusively focuses on societal impacts of corporate strategy in terms of Corporate Social Responsibility (CSR) and Corporate Governance (CG). The former is defined as 'achieving commercial success in ways that honour ethical values and respect for people, communities and the natural environment (Business of Social Responsibility).' Corporate Governance is defined as the system which promotes corporate fairness, transparency, and accountability. Although the principal beneficiary of CG would be the investor, corporate transparency and accountability will promote the ethical conduct of the organisation, which in turn benefits society.

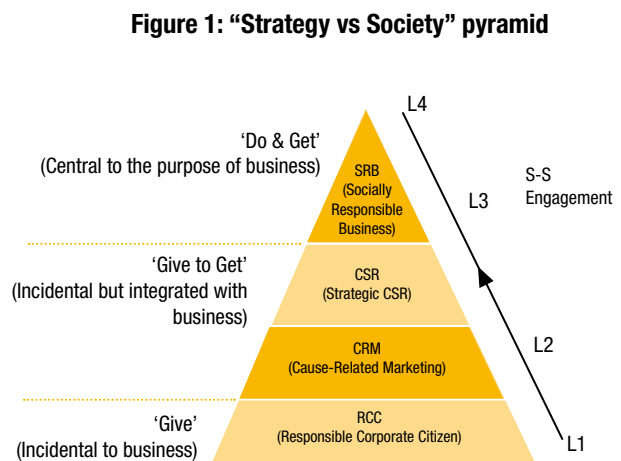
2. Treatment of CSR and CG

It has been argued that the dominant perception of both CSR and CG, especially in the developing countries is one which treats them as 'nice to do' endeavours, in which costs do not typically outweigh their benefits to the organisation (Tsoutsoura, 2004). Consequently, many corporations have either failed to pursue both CSR and CG with the purpose and rigour they deserve, or approach them in a way that is markedly disconnected with business and strategy, i.e. as a purely philanthropic endeavour.

If CSR and CG, as it impacts on society, are seen as an activity that incurs costs that outweigh benefits to the corporation, then, such activity will be carried out, either because they are mandatory, as enforced by a regulatory authority, or out of a sense of sympathy with a social cause, leading to charitable action and philanthropy. It is argued that such 'must do' actions, compelled by regulation or 'feel good' initiatives, propelled by a sense of compassion, in the name of CSR will, at best, remain in the fringes of corporate endeavour. Moreover, such attempts at CSR are extremely unlikely to stand the test of time. CSR activity of corporations that does not take the centre stage, and remain incidental and unconnected to its core business, are likely to die slowly, but surely.

3. CSR versus Business

It is argued that CSR (including the social benefits of CG), and its relationship with business - the strategy/society duality of this paper takes four distinct forms or levels.





RCC:

At Level One, the corporation takes two positions. First, it does not want to take deliberate action towards ‘Not taking anything away from society’ (including the environment – the people and the planet). Such action is exemplified in the non-recruitment of child labour and the installation of water systems, management of waste disposal and environmental degradation. Here, corporations adopt damage control measures to minimise or mitigate harmful effects on people and the planet.

Second, the Responsible Corporate Citizen may attempt to ‘Give something back to society,’ in the belief that it takes a great deal from society, in the form of resources and markets. The company believes that it is only right that some of the bounty is given back, for good measure. Such an intent leads to charity and philanthropy. Importantly, the Responsible Corporate Citizen is ‘giving’ without the manifest intent of being compensated for such giving. It is an attempt at ‘doing good’ and being responsible.

Table 1: Responsible Corporate Citizenship

Social Impacts	Value Chain Impacts
Responsible Citizenship and Philanthropy	Mitigate Harm from Value Chain Activities

Well-conceived good citizenship and philanthropic initiatives involve far more than writing out a cheque and forgetting about it. They specify clear, measurable goals and track results over time. Porter (2006) cites the example of General Electric in the United States. GE launched a programme to adopt underperforming public high schools near several of its major U.S. facilities. The company contributed between US\$250,000 to US\$ 1 mn over a five-year period to each school and made in-kind donations as well. GE managers and employees play an active role by working with social administrators to assess needs and mentor or tutor students. In an independent study of ten schools in the programme between 1989 and 1999, nearly all showed significant improvement, while the graduation rate in four of the five worst – performing schools doubled from an average of 30% to 60%.

Effective corporate citizenship and philanthropic initiatives, such as that of GE, creates goodwill and improves relations with local governments and other important constituencies. What’s more, GE’s employees feel a sense of pride in their participation.

The second part of Responsible Corporate Citizenship is mitigating the harm arising from a firm’s value chain activities. This is an operational challenge because there are a myriad of possible value chain impacts for each business unit. Many companies have adopted a checklist approach to RCC, using standardised sets of social and environmental risks. The Global Reporting Initiative, which is rapidly becoming a standard for CSR reporting, has enumerated a list of 141 CSR issues, supplemented by auxiliary lists for different countries.

A proactive approach is adopted by B & Q, an international chain of home supply centres based in England. The company has begun to analyse systematically tens of thousands of products in its hundreds of stores against a list of a dozen social issues – from climate change to working conditions at its supplier’s factories, to determine which products pose potential social responsibility risks, and how the company might take action before any external pressure is brought to bear on it (Porter, 2006).

In essence, RCC behaviour in mitigating harmful social and environmental effects is about best practices. However, RCC remains incidental to the corporation’s *raison d’être*, its core business. It is about the corporation ‘giving’ as in charity/ philanthropy, and ‘not taking away,’ in the case of removing or mitigating harmful effects on people and the planet.

CRM:

At Level 2, the corporation does ‘give’ something of value to society. It is about ‘doing good,’ but with a sharp eye on ‘getting back’ value for the corporation. Cause-Related Marketing (CRM) emerged as a veritable tool of Marketing Communication in the early 1980s. CRM activity brings forth a shift in the corporation’s focus, from consumer needs to consumer interests. Traditional marketing has it, that the central endeavour of marketing is to identify, anticipate, and satisfy customer needs (requirements) profitably. Cause-Related Marketing, placed within the larger context of societal marketing, attempts to embrace the consumer’s interests and well-being, rather than mere customer needs and desires.

Cause-Related Marketing (CRM) is defined as 'the public association of a for-profit company with a non-profit organisation, intended to promote the company's product or service and to raise money for the non-profit.' CRM is generally considered to be distinct from corporate philanthropy, because the corporate dollars involved in CRM are not outright gifts to a non-profit organisation, hence not tax-deductible.

The phrase 'Cause-Related Marketing' was first used by American Express in 1983 to describe its campaign to raise money for the restoration of the Statue of Liberty. American Express made a one-cent donation to the Statue of Liberty every time someone used its charge card; the number of new card holders soon grew by 45%, and card usage increased by 28%.

In their efforts to diversify and enhance their funding base, non-profits have embraced CRM. The practice has evolved to include a wide range of activities from simple agreements to donate a percentage of the purchase price for a particular item or items to a charity for a specific project, to longer, more complex arrangements. Corporations too have been drawn to CRM due to the competition of the expanding global marketplace and the need to develop brand loyalty. A number of recent studies have documented that consumers carefully consider a company's reputation when making purchasing decisions and that a company's community involvement boosts employee morale and loyalty.

CRM has become a controversial topic among grantseekers, as non-profits entering into CRM activities debate the ethics of lending their name and reputation to corporations. Some of the common criticisms of CRM are that it undermines traditional philanthropy, that non-profits are changing their programmes in order to attract CRM dollars, and that only well-established, non-controversial causes can attract CRM dollars (<http://foundationcenter.org/getstarted>).

According to a report published by Philanthropy, cause-marketing sponsorship by American businesses is rising at a dramatic rate. US\$1.11 bn was spent in 2005, an estimated US\$1.34 bn will be spent in 2006, and the number is expected to rise further in 2007.

The possible benefits of cause-marketing for non-profit organisations include an increased ability to promote the non-profit organisation's cause via the greater financial resources of a business, and an increased ability to reach possible supporters through a company's customer base. The possible benefits of cause-marketing for business include positive public

relations, improved customer relations, and additional marketing opportunities (http://en.wikipedia.org/wiki/Cause_marketing).

The following is an illustration of CRM activity:

Pantene and American Cancer Society: Led by a multi-faceted PR effort, including a campaign website, public service TV spots, promotional items and events, this campaign encouraged women to donate their hair to create free wigs for women undergoing cancer treatment. The campaign kicked off with celebrity spokeswoman Diane Lane having her hair cut for donation on the Today Show.

Since then, the campaign has generated more than 700 million media impressions for the Pantene brand in major publications, TV shows, and websites. 2006 cause benefits: Pantene contributed US\$1 mn to the EIF Women's Cancer Research Fund, 40,000 + hair donation kits were requested, more than 8,600 ponytails were donated, and 1,000 wigs were created.

Cause-Related Marketing, as is evident, attempts to integrate its CRM activity with the corporation's business strategy. However, its scope remains essentially in the domain of Public Relations and Marketing Communication. The principal outcome of CRM is the shaping of a favourable image of the corporation in the eyes of customers and other stakeholders, thereby raising its profile.

Strategic CSR:

At Level Three, Strategic CSR activity is integrated with the corporation's business strategy, which goes beyond its Public Relations and Marketing Communication activity.

Strategic CSR moves beyond good corporate citizenship or (RCC) behaviour, as it has an eye on 'getting something back from what it gives,' in a way that reinforces the strategic position of the corporation in a competitive context. For example, Toyota's Prius, the hybrid electric/gasoline vehicle, is the first in a series of innovative car models that have produced a competitive advantage and environmental benefits. Hybrid engines emit as little as 10% of the harmful pollutants than what conventional vehicles produce, while consuming only half as much gas. Voted 2004 Car of the Year by Motor Trend magazine, Prius has given Toyota a lead so substantial that Ford and other car companies are licensing the technology (Porter, 2006).

Microsoft's working connection partnerships with the American Association of Community Colleges

(AACC) is another case in point, as cited by Porter, 2006. The shortage of IT workers is a significant constraint on Microsoft’s growth. Microsoft invested US\$50 mn on a five-year initiative to address three key constraints that limited the supply of trained IT graduates into the market. Microsoft helped colleges to standardise IT curricula, upgrade technology used in classrooms, and provided systematic professional development programmes to keep faculty up to date.

Cargills Food City, a chain of supermarkets in Sri Lanka, improves its competitive context by working closely with farmer communities that supply fruits, vegetables, spices, and rice to the chain. It typically pays 20% more than the market does, and importantly, guarantees a minimum, threshold price in order to cushion downward price movements in the market. Process inputs such as drip irrigation systems and collection centres are provided by Food City. Moreover, it underwrites loans granted by banks, and facilitates collaborative arrangements a number of NGOs have with the farmers, in setting up cleaning and packaging centres. Clearly, these CSR efforts benefit rural communities, inasmuch as they help the company to improve its competitive context.

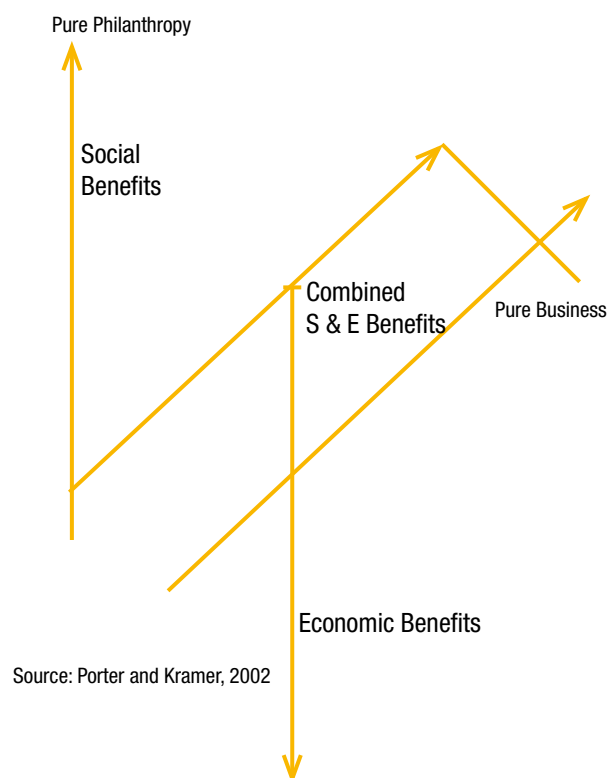
In Sri Lanka, MAS Holdings embarked on a ‘Women Go Beyond’ programme, through which it attempted to empower its female workers, largely sewing machine operators. Their living standards were raised, and programmes were carried out to develop their knowledge, for example, on best saving practices. The attempt of the company is to empower its workers and raise their quality of life, which in turn, will give it a competitive edge over its emerging competitors, say China, whose negative associations with ‘sweat shops’ are much evident in the West. The CSR programme of the company presents a competitive advantage it seeks to enjoy. The overall communication campaign of Sri Lanka garments, ‘Garments without guilt,’ is illustrative of the industry’s attempt to create a point of difference vis-à-vis competition. However, unless ‘investments’ are made to improve the competitive context, as in the case of the ‘Women Go Beyond’ programme, a mere theme line is not going to help the industry.

Importantly, Green Marketing addresses environmental or green issues, along with ‘global warming,’ which are of interest to the marketing/management academics and practitioners. Products and services that are environmentally-friendly have the potential to differentiate themselves from their competitors, and charge a premium for their green products/services.

Ford (2003) states that “the key issues of green marketing were the ways in which the concern of consumers for the environment can affect their purchasing decision, and the ways in which companies can influence, react to and profit from the decision.” Bodyshop’s business model, underpinned by Green Marketing, is an early example of this approach.

Strategic CSR, unlike Cause-Related Marketing (CRM), ‘gives’ to society and also ‘gets’ from it, and importantly improves the corporation’s competitive context. Clearly, strategic CSR is not the business of the corporation. It is incidental to its business, but the CSR activity is neatly integrated with the business.

Figure 2: A Convergence of Interests



The convergence of interests between those of society and the corporation, as discussed, occurs at the intersection between the company’s value chain and society (as in Nestle’s case), and in developing the competitive context (as in Toyota, Marriott, and Microsoft cases).

Table 2 : Corporate Involvement in Society

Value Chain Social Impacts	Social Dimensions of Competitive Context
Transform Value-chain activity to benefit society, while reinforcing strategy	Strategic CSR that leverages capabilities to improve salient areas of the competitive context

Source: Porter and Kramer, 2002

4. SRB

If the CSR activity of a business is the very purpose of its existence, not just being incidental, but central to it, then, it is argued that such a corporation is engaged in Socially Responsible Business (SRB).

Here, the paradigm of ‘giving to get,’ as in the case of Cause-Related Marketing and Strategic CSR is transcended by the paradigm of ‘doing and getting’- doing business that is socially beneficial, which is not merely ‘incidental and integrated,’ but the very centre, the core of it. Indeed, SRB is largely about creating market space itself. The fact that such business activity helps the organisation to ‘get’ in terms of return on capital employed is not certainly missed. It is very much a part of the business model, that includes both value chain activity and markets.

A formal definition of SRB that will help better appreciate the difference between strategic CSR and SRB is as follows:

The aim of SRB is to profitably serve the socio-economically disadvantaged people, in an environmentally-friendly manner, through innovative products and services that are financed, sourced, processed, delivered, communicated, and priced, keeping in mind the constraints and limitations of the end beneficiaries.

SRB can be contrasted with good Corporate Citizenship (CC) and Cause-Related Marketing/Strategic CSR. Serving the world’s poor constitutes a vivid example of SRB.

To experienced marketing managers in the world’s largest multinational companies, it is perfectly obvious who their target market audiences are: the developed world and upper and middle class residents of the developing world. The rationale is simple: These are the customers who demand and can afford costly products and services, who appreciate advances in technology, and who provide intellectual excitement

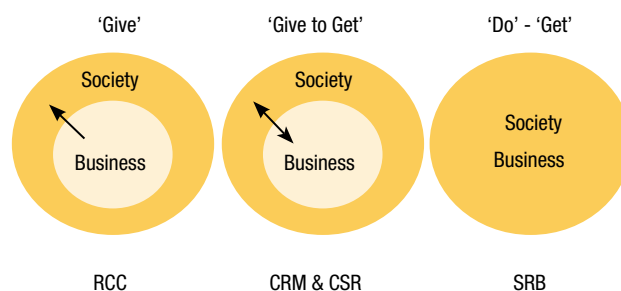
to managers trying to capture their business. The world’s poor? They are better served by governments and non-profit organisations. Selling to them just isn’t worth the effort.

C. K. Prahalad (2005), professor of corporate strategy at the University of Michigan Business School, has an entirely different perspective. Prahalad argues that multinational companies not only can make money selling to the world’s poorest, but also that they must undertake such efforts as a way to close the growing gap between rich and poor countries. At the core of Prahalad’s argument for targeting the world’s poorest as a potential market is the sheer size of that market - an estimated 4 billion people constituting two-thirds of the world’s population. More importantly, the market will grow to an estimated 6 billion people within 40 years, because the bulk of the world’s population growth is occurring among the poor.

Despite the fact that these people subsist on annual per capita incomes of less than US\$1,500, this ‘bottom of the pyramid’ represents a multi-trillion-dollar market. Taken together, nine developing nations - China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa, and Thailand - have a combined GDP that is larger in purchasing power parity than the combined GDPs of Japan, Germany, France, the UK and Italy. The bottom of the pyramid, Prahalad says, is “the biggest potential market opportunity in the history of commerce.”

A central point is that the effort to help the poorest people can be successful across different countries and different industries ranging from health care and finance to fast-moving consumer goods and energy. The exceptions, Prahalad notes, are countries that are essentially lawless, like Somalia and the Congo, and industries that are among the most basic, particularly some of the purely extractive industries that employ many people, but have little incentive or ability

Figure 3 : Contrasting Paradigms





to empower them. Otherwise, Prahalad says, his approach “can work 90% of the time.”

Profits are not the only reason Prahalad urges for multinational companies to devise strategies, products, and services for the bottom of the pyramid. Citing U.N. figures, Prahalad points out that the richest 20% of the world accounted for about 70% of total income in 1960. In 2000, the richest had 85% of total income while the fraction of income flowing to the poorest 20% of the world fell from 2.3% to 1.1%. Strategies aimed at the bottom of the pyramid will, by necessity, create jobs and improve incomes among those people, helping slow and possibly even reverse the widening income gap. Certainly, such strategies can help avert social decay, political chaos, terrorism and environmental degradation.

One of the biggest reasons that multinationals have avoided the bottom of the pyramid (BOP) is that marketing to the poorest isn't easy. They usually lack regular cash flow, have little access to credit, and live in rural villages or urban slums that make traditional methods of advertising and distribution difficult, if not impossible. Most of the people at the bottom of the pyramid are part of an informal economy in which they do not hold legal title or deed to their assets. Thus, effective strategies for reaching these people will require remarkably different approaches.

Given below are examples of such approaches from Prahalad (2005) leading to SRB.

Create the Capacity to Consume

To convert the BOP into a consumer market, we have to create the capacity to consume. Cash-poor and with a low level of income, the BOP consumer has to be accessed differently.

The traditional approach to creating the capacity to consume among the poor has been to provide the product or service free of charge. This has the feel of philanthropy. As mentioned previously, charity might be ‘feel good,’ but it rarely solves the problem in a scalable and sustainable fashion.

A rapidly evolving approach to encouraging consumption and choice at the BOP is to make unit packages that are small and, therefore, affordable. The logic is obvious. The rich use cash to inventory convenience. They can afford, for example, to buy a large bottle of shampoo to avoid multiple trips to the store. The poor have unpredictable income streams. Many subsist on daily wages and have to use cash conservatively. They tend to make purchases only when they have cash and buy only what they need

for that day. Single-serve packaging—be it shampoo, ketchup, tea and coffee, or aspirin, is well suited to this population. A single-serve revolution is sweeping through the BOP markets. For example, in India, single-serve sachets have become the norm for a wide variety of products.

The number of products sold in the single-serve format is rapidly increasing. The format is so popular that even firms producing high-end merchandise have to adopt it to remain viable long-term players in the growing markets. For example, in the shampoo business, the situation in the Indian market is shown in the table found next page.

Creating the capacity to consume is based on three simple principles best described as the ‘Three As’:

1. *Affordability*. Whether it is a single-serve package or novel purchasing schemes, the key is affordability without sacrificing quality or efficacy.
2. *Access*. Distribution patterns for products and services must take into account where the poor live as well as their work patterns. Most BOP consumers must work the full day before they can have enough cash to purchase the necessities for that day. Stores that close at 1700 have no relevance to them, as their shopping begins after 1900. Furthermore, BOP consumers cannot travel great distances. Stores must be easy to reach, often within a short walk. This calls for geographical intensity of distribution.
3. *Availability*. Often, the decision to buy for BOP consumers is based on the cash they have on hand at a given point in time. They cannot defer buying decisions. Availability (and therefore, distribution efficiency) is a ‘critical factor in serving the BOP consumer.’

Aravind Eye Hospital

A similar situation exists at the Aravind Eye Hospital. It uses the most modern equipment available in any facility in the world. Its costs are dramatically brought down by its ability to use the equipment effectively, as it specialises only in eye care and every doctor and nurse team performs an average of 50 surgeries per day. Only 40 percent of its patients pay. A cataract surgery costs US\$50 compared to US\$3,000 to US\$3,500 in the United States. In spite of these differences, Aravind's ROCE is in the 120 to

Table 3 : Economic Value Creation at the BOP

	Nirma	Hill (Wheel)	HLL (Surf)
Sales (\$ Million)	150	100	180
Gross margin (%)	18	18	25
Return on capital employed (%)	121	93	22

Notes: The bottom line can be very profitable. Low margins/high unit sales. Game is about volume and capital efficiency. Economic profit vs. gross margins.

Source: John Ripley, Senior Vice President, Unilever PLC.

130 percent range. Aravind is totally free of debt. The revenues for the year 2001-2002 were Rs 388 mn (US\$ 86 mn) with a surplus, before depreciation, of Rs 210.5 mn (US\$ 46.5 mn).

This would be the envy of every hospital in the United States. The productivity and the volumes at Aravind are the bases for this level of profitability. Every doctor accounts for 2,000 operations per year, compared to a national average of 300 in India. The four locations in the Aravind system process more than 1.4 million patients (including 1,500 eye camps) and perform 200,000 surgeries. They operate with about 80 doctors and a total staff of 1,275, including paramedics, counsellors, and others. Source: (Pralhad C. K., 2005)

5. Social Fabric and SRB

Sri Lanka's socio-economic condition and the scope for SRB must be laid bare. The country's private sector has to play a vital role in improving the lot of the disadvantaged sections of the population. This is, no doubt, the principal role of the government. However, the private sector can't, indeed, should not become passive observers of social development. Innovative public-private partnership arrangements are the need of the day.

The following data will point to the veritable 'time bomb' that, if left unattended, will explode in the face of everyone in the country and, needless to say, the private sector will not be saved of the predicament.

Alienated Rural Youth (ARY):

The 'flip side' of the economic condition of the Sri Lankan consumer highlights income disparities and poverty, particularly in the rural areas of the country, the impact of which on the rural youth is significant and far-reaching.

In 2004, 17.3% of the unemployed had attained educational qualifications equivalent to GCE (O/L)

or above. The proportion of unemployed females with educational attainment of GCE (A/L) and above is considerably higher as compared with males (the proportion is 11.1% for males and 23.3% for females). The Sri Lanka Labour Force Survey 2002 also indicates that the unemployed in the age group 20-24 years is 27.3%, and 8.9% for the age group 25-29 years, respectively, which tally with Central Bank's 2006 figures. However, according to the Youth Survey (2002), the rates of unemployment for the two age groups are much higher (i.e 20-25 year age-group, 50% and 26-29 group, 36%). The overall rate of youth unemployment is 50.4%.

As was observed, the economy is extensively based on primary activities of agriculture and fisheries, with over 40% of employment opportunities provided therein, which are of a manual nature. However, the educated rural youth, in particular, are not interested in such jobs. In contrast, as much as 21% of the unemployed are looking for clerical jobs, whereas only 4% of the currently available jobs are in that category (Lakshman, 2002). The aspiration of educated youth to seek white-collar jobs is accentuated by the consumerist ideology which has an impact on the rural areas as well.

From the perspective of the employers in the private sector, the lack of readiness of the educated rural youth for employment in terms of requisite skills and knowledge has been cited as the chief reason for the low level of employment of rural youth in the private sector. Importantly, the poor knowledge of English of the rural youth acts as a bar to gaining entry to the private sector. Fluency in the English language continues to be confined to a very small minority of youth, except in the highly urbanised Western Province (Hettige and Mayer, 2002). According to the Youth Survey, 57% of urban youth either have a poor knowledge of English, or nothing at all. In rural areas, the percentage moves up to 78%. Only 23% of those who sit the English Language paper at the GCE (O/L) examination pass the subject (Department of Examinations 2005).



Notwithstanding the pursuit of an explicitly market - led development policy for almost 25 years now, it is significant that 62% of the sampled youth continue to be committed to a socialist ideology. Only 10% expressed commitment to a capitalist ideology. Survey data on regional variations suggest that the commitment to a socialist ideology is more widely prevalent among marginalised groups. It is noteworthy that the commitment to a socialist ideology increases with higher educational attainment. It is in this context that one needs to view a key finding of the Youth Survey, that 71 % of Sri Lankan youth are of the opinion that Sri Lankan society is “not just.” This percentage increases with the increasing education level of the youth. Moreover, the survey indicates that as many as 75% of the youth believe that the benefits of development will be confined to the “well-to-do,” and 51% believe that such benefits will be limited to “those with political connections.”

Extending Prahalad’s thesis of serving the bottom of the pyramid, the Sri Lankan private sector will have to broaden the scope of its activity, first in terms of its mental grasp of the socio-economic realities of the country outside the Western Province, and thereafter, aided by prudent governmental policy regimes, physically grasp markets outside its comfort zone. If the private sector fails to do so, then the country’s educated rural youth, given their alienation from the private sector and their belief that society is unjust, will once again attempt to usurp the very economic edifice and social fabric that the formal private sector relies upon for its own survival and growth.

6. Conclusion

A corporation’s strategy and its adoption inevitably impacts on its multiple environments – the society. Formulating strategy and implementing it with an eye on possible social impacts constitute responsible behaviour on the part of the corporation. The paper discussed four distinct levels of social responsibility. Importantly, strategic CSR attempts to strike a collaborative ‘win – win’ arrangement with the environments in which the corporation operates. The conceptualisation of Socially Responsible Business (SRB) is, it argued, a logical extension of the discussion on the corporation’s need to be responsible in its behaviour.

SRB is unique because the very purpose of doing business is inextricably linked to social responsibility, to the extent that attempts at CSR become entirely superfluous. Not all businesses and organisations will find SRB attractive and indeed, relevant. But those who do find SRB as its central not incidental (though integral) activity will have the unique satisfaction of ‘doing good,’ being the very pith and substance of its business; indeed, its very purpose.

forum.com/award.archives.asp — knowledge.wharton.upenn.edu

Dr Uditba Liyanage is the Director General of Post Graduate Institute of Management (PIM) of the University of Sri Jayawardenapura. He is a leading marketing consultant and a well known Management educator.

References

- Bebchuk L., Cohen A. and Ferrell A., “What matters in Corporate Governance”, Harvard Law School, John M. Olin Center Discussion Paper No.491, September, 2004
- Friedman M., “The Social Responsibility of Business is to Increase its Profits”. New York Times Magazine, September, 1970
- Ford R., Green Marketing in Koechilin, Green Business Opportunities : The Profit Potential, Pitman Publishing, London, 1993
- Liyanage U. P., Profiling the Sri Lankan Consumer, Postgraduate Institute of Management, Colombo, 2005
- Lukshman W. D., “A Holistic View of Youth Unemployment in Sri Lanka”, Sri Lankan Youth, Challenges and Responses, Friedrich Ebert Stiftung, Colombo 2002
- Margolis J. D. and Walsh J. P., “Whither Social Initiatives by Business”, Harvard Business School Working Paper Series, No. 01-058
- Porter M. E. and Kramer M. R., The Competitive Advance of Corporate Philanthropy, HBR, December, 2002
- Prahalad C. K., The Fortunes at the Bottom of the Pyramid, Wharton School Publishing, USA, 2005
- Tsoutsoura M., Corporate Social Responsibility and Financial Performance, Berkely, Colifornia, 2004