Public Relations and Corporate Identities: Corporate Social Responsibility- Genuine Concern or Mere Image Building?

Jagdeesh Prakash* and Suparna Naresh†

Abstract

There is truth in the popular saying ‘It takes a village to raise a child’. In the present context of a globalised world- with increasing divides between people- a new saying has emerged –‘It takes the concerted efforts of a company/companies to raise a village’. For many years Public Relations remained self gratifying, leaving little or nothing for society. The sixties saw the field of Public Relations being questioned at different junctures- its efficacy, philosophy and its very existence. The eighties saw a turn-around with Public Relations professionals taking it upon themselves to cleanse the system, to bring in some legitimacy and professionalism.

Jamshedji Tata, the leader among social responsibility theorists in India said, ‘Wealth that comes from people as far as possible must go back to the people’. Most Public Relations professionals are of the opinion that a company that abuses its workforce or conducts business detrimental to society will not enjoy sustained success. In an era of globalization, multinational corporations (those that conduct business in more than one country) and local businesses are no longer able to conduct destructive and unethical practices, such as polluting the environment, without attracting negative feedback from the general public. With increased media attention, pressure from non-governmental organizations, and rapid sharing of global information, there is an increasing demand from civil society,
consumers, governments, and others for the corporate sector to conduct sustainable business practices.

The present paper titled Public Relations and Corporate Identities: Corporate Social Responsibility- genuine concern or mere image building has taken a closer look at the phenomena of CSR and the benefits thereof of the same. By analyzing select case studies on Corporate Social Responsibility a better understanding has been achieved of this still developing feature of Public Relations. CSR represents ‘the integrity with which a company governs itself, fulfills its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities’ (TakingItGlobal, 2012).

Although most people appreciate the recent advancement of CSR, some argue that corporations are still not doing enough or are only acting in self-interest, to gain media mileage. Is CSR in India a genuine move or is it only an excuse to establish brand identities? Does CSR help businesses in their quest for a unique identity and to what extent is this done? Should CSR be made mandatory or allowed to remain voluntary? Is CSR practiced with any degree of genuine care for society? These have been some of the concerns of the present paper.

Keywords: Public Relations= indicating public involvement in creating a bond with the clientele; CSR- Corporate Social Responsibility= an act of giving back to society by corporate sector; Image Building=an exercise to create a good company image; Corporate Identity= a strategized image/status built over time; Media Mileage=coverage given by different media

Introduction

In the year 2012 the Government of India passed the Companies Bill replacing the outdated Companies Act of 1956. This bill is touted as a milestone in the life of Corporate India. Corporate Social Responsibility now is more than a mere superfluous appendage of management whims. It will no longer be a management concept that will be used for its novelty factor or exotic value. CSR is now an activity made mandatory for all corporate entities by this act of Parliament.

According to the department of Trade and Industry in the United Kingdom, CSR represents "the integrity with which a company
governs itself, fulfills its mission, lives by its values, engages with its stakeholders, measures its impact and reports on its activities". In most western countries CSR has been adopted in all earnestness. The past decade has seen equal measure of CSR related activities in India as well. Many appreciate the recent changes wrought by this sudden yet welcome surge of corporate governance as it is fondly called. There are many others who argue that corporations are still not doing enough or are only acting in self interest. There are many facets to corporate social responsibility that fascinates and beguiles us.

**Evolution of CSR**

The term/phrase Corporate Social Responsibility was coined in the year 1953 in Bowen's publication 'Social Responsibility of Businessmen', demanding an answer to the question, 'what responsibilities towards society can business people be reasonably expected to have?' In the backdrop of present day profiteering the question is more relevant today than earlier. The sixties and seventies saw innumerable academic debates on CSR. In the late seventies the Organisation of Economic Co-operation and Development (OECD), a group of 30 powerful industrialised countries, recognized the complications associated with companies operating across borders, established a set of guidelines to ease the workings of globalization and thereby set the 'rules of the game' for foreign direct investment, and created an atmosphere of confidence and predictability in overseas corporations.

The field of corporate social responsibility has been constantly changing reflecting the multitudes of factors heralding this change. From the code of conduct imposed by the OECD on corporate houses, the anti-corporate backlash of the 70s and 80s, the Earth Summit of 1992 which demanded increasing accountability of the companies, all have had their impact on CSR.

**Defining Corporate Social Responsibility**

Corporate Social Responsibility has been understood as being “corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare”. The term generally applies to company efforts that go
beyond what may be required by regulators or environmental protection groups. Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

It is an accepted fact that companies have a lot of power and clout in the community and huge say in the national economy. They control a lot of assets, and may have billions in cash at their disposal for socially conscious investments and programmes. Some companies may engage in what is termed in PR parlance "green-washing", or feigning interest in corporate responsibility. On the other hand many large corporations are devoting real time and money to environmental sustainability programmes, alternative energy, rural welfare schemes and various social welfare initiatives to benefit employees, customers, and the community at large.

‘We define corporate social responsibility strategically. Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm’ (Nelson, 2006)

They further state that the term “corporate social responsibility” is often used interchangeably with corporate responsibility, corporate citizenship, social enterprise, sustainability, sustainable development, triple-bottom line, corporate ethics, and in some cases corporate governance. Though these terms are different, they all point in the same direction: throughout the industrialized world and in many developing countries there has been a sharp escalation in the social roles corporations are expected to play. Companies are facing new demands to engage in public-private partnerships and are under growing pressure to be accountable not only to shareholders, but also to stakeholders such as employees, consumers, suppliers, local communities, policymakers, and society-at-large.

Corporate Social Responsibility and the PR connection

Saragbadan a PR consultant and an avid blogger in his blog titled ‘The triple bottom line’ states, “Corporate Social Responsibility exists to ensure that an organization takes the right measures to be
responsible and contribute positively to the communities they operate in. It’s a common practice in many organizations for the PR department to monitor the relationship that exists between the company and its internal and external environment. When CSR is done correctly, it boosts a company’s image and reputation. From contributing to the nearby school fund to supporting a local charity can be good for an organization’s image.”

A public relations professional’s job is to manage the two way flow of communication between an organization and its publics. In other words, the PR department wants to receive feedback from the organizations stakeholders to find out their thoughts, wants, and needs to improve and maintain the organization’s image in response to their concerns. This way, the consumers feel as if they matter and are involved with the organization. He adds further that “when an organization reaches out to the community, they need to inform the public about their initiatives. Who better to communicate their CSR plans than a public relations professional? PR can help inform the public about how an organization is helping out in the community, working to better the lives of their employees, and becoming more eco-friendly”.

When PR communicates the organization’s endeavours to the public, it benefits the organization greatly. When often dealing with competitors, having a proper CSR plan can give an organization a great advantage over its competitors. The public is more than willing to respect and engage in an organization that gives back to its community. As well as benefiting consumers, having the proper CSR also benefits the company itself. It improves employee morale, improves recruitment rates, and reduces staff turnovers. This is in fact seen as the ultimate panacea for all identity and brand issues.

Review of Literature
CSR is not new to India; companies like TATA and BIRLA have been championing the cause for social good in their operations for decades long before CSR become a popular cause. Despite having successful examples, CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. It is followed by a handful of public companies as dictated by the very basis of their existence, and by a
few private companies, with international shareholding as this is the practice followed by them in their respective foreign country.

“Thus the situation is far from perfect as the emphasis is not on social good but rather on a policy that needs to be implemented. A lack of understanding, inadequately trained personnel, non-availability of authentic data and specific information on the kinds of CSR activities, coverage, and policy, further adds to the actual reach and effectiveness of CSR programmes. However the situation is changing and CSR is coming out of the purview of 'doing social good' and is fast becoming a 'business necessity'. The 'business case' for CSR is gaining ground and corporate houses are realising that 'what is good for workers - their community, health, and environment is also good for the business’” (Foundation, 2013). It is clear therefore that CSR activities have still to work their way up before they are accepted as legitimate practices in India.

In an article titled ‘Corporate Social Responsibility in India: No Clear Definition, but Plenty of Debate’, the writer says ‘the problem with corporate social responsibility (CSR) is that nobody is very clear about what exactly it encompasses. The Indian government has been trying to make it mandatory for companies to spend at least 2% of net profits on CSR. Facing strong criticism, it gave up the effort in mid-July and made the spending voluntary. But the debate continues’ (Public Policy, 2011).

India's philanthropic community is however against compulsory CSR. ‘It is a crazy idea,’ says Dhaval Udani, CEO of non-governmental organization, GiveIndia. ‘Once you make it mandatory, people will find ways and means to get out of it. The rules will be so vague that the reporting will be even vaguer’. Deval Sanghavi, co-founder & CEO of Dasra, a strategic philanthropy foundation, agrees. ‘I am not in favor of mandatory CSR. When you make things mandatory, the chances of their not being done are greater’, he notes. Industrialist Adi Godrej adds, ‘It's good to say that CSR is desirable. Then people should decide what to do on their own’. Philanthropist Rohini Nilekani is more critical. ‘I just don't get it,’ she says. ‘This is outsourcing of governance. This is taking the failure of the state and the corporates and trying to create a model out of it. If you want, you tax the corporates and put the money into social programmes. But you can't dictate CSR’
In the light of such vehemence against forceful/imposed CSR, the positives for CSR in India are minimal to say the least.

According to Dr. V.V.S.K. Prasad, Prof Hindu College, Machilapatnam, in his research paper titled CSR initiatives of Indian companies-A study-“Corporate social responsibility is necessarily an evolving term that does not have a standard definition or a fully recognized set of specific criteria. With the understanding that businesses play a key role on job and wealth creation in society, CSR is generally understood to be the way a company achieves a balance or integration of economic, environmental, and social imperatives while at the same time addressing shareholder and stakeholder expectations. CSR is generally accepted as applying to firms wherever they operate in the domestic and global economy. The way businesses engage/involve the shareholders, employees, customers, suppliers, governments, non-governmental organizations, international organizations, and other stakeholders is usually a key feature of the concept. While business compliance with laws and regulations on social, environmental and economic objectives set the official level of CSR performance, CSR is often understood as involving the private sector commitments and activities that extend beyond this foundation of compliance with laws” (GCGF, 2012)

Methodology

The present paper will be adopting qualitative approaches for a better understanding of the different facets of CSR practiced in India. A host of material in the nature of case studies, research papers and articles on CSR will be extensively used. Secondary sources will form a bulk of the data to get a better understanding of the issue at hand. Besides secondary sources, data will also be gathered via expert interviews comprising of academicians and industry experts which will represent the primary data.

Analysis

Case Study 1
The Tata group is the parent company which controls more than eighty companies with products as diverse as automobiles, steel, consumer durables, telecommunication, software and heavy machinery to name a few. The Tata’s official website lists innumerable CSR activities of the company in chronological order. With the Tatas it has been a consistent and sustained move to better and improve the lives of people directly involved with Tata, as in employees, as well as those who are not employed at Tata but are what is known as external publics. As early as 1912 the company introduced the concept of the 8 hour workday schedule (not thought of by any other company at that time), social welfare schemes for workers, leave with pay, profit sharing steps as bonus, planned family norms were added as a way of work-life at Tata by 1950s. In 1970 Corporate Social Responsibility (CSR) was included in the Tata’s business ethics programme and reflected in the company’s Articles Association. The Tata CSR activities have included and impacted the following areas, often called the thrust areas- Environment, Employee relations, Economic growth, Civic amenities, Community service, Population management, Sports and adventure, Health management, Relief during natural disasters and calamities, Education and Preservation of art and culture.

For the cause of environment Tata has brought in practices like 100% treatment of waste water, 20% reduction in consumption of raw materials and greening the supply chain. There have been labour related initiatives such as the family benefit schemes, free medical aid to all employees and dependents of employees. In the area of civic amenities and business growth Tata steel has taken the responsibility of over 600 villages in Orissa and Jharkhand providing these places with roads, parks, wild-life sanctuaries, help build places of worship, community centres. Towards sports the Tata Football Academy, Tata Sports Department, sponsorship of sports activities, employing Olympians is a few of the many activities. Tata believes in developing the immediate surroundings where the company is located. Jamshedpur leads in all demographic indices - education, health, family size and so on. With regard to community health Tata has made huge inroads. It has set up an 850 bed super-specialty hospital, 11 dispensaries, mobile medical units to serve rural and semi urban areas. It supports alternative systems of medicare as in Ayurveda,
Naturopathy, and Homeopathy. Tatas has set up a blood bank in Jamshedpur, specialty hospitals for TB and Cancer care too. The company has created the concept of ‘Life Line Express’ to provide medical help to remote parts of rural India. Tata has provided relief during times of natural calamities and disasters, both financial and material. Construction of schools in cyclone hit Orissa and earthquake prone Gujrat are a testimony. As part of the Tata CSR initiative, the company has set up the National Centre for Performing Arts in Mumbai to promote art and culture. A Tribal Culture Centre in Jamshedpur towards encouraging tribal arts and crafts. The Tata group of companies has lived up to the aspirations of J.R.D. Tata in ‘generating wealth for the people’ and ensuring that ‘what comes from the people should go back to the people’.

There are criticisms of the Tata initiatives as well, with many questioning the practices of the company. Sumesh Mangalassery a popular environmental activist from south India has vehemently opposed the Tata CSR venture. He has cited many anomalies that seemingly exist in the Tata CSR practices. The issue of the Kovalam fishing village in the year 2006 is a case in point. The fisher folk in and around the Kovalam beach were beaten, threatened and harassed by the local police on a complaint by the Taj Fishermen’s Cove, a property belonging to the Taj group of hotels one of the biggest hotel chains in India owned by the Tata group of companies. The land belonging to the fisher folk along the Kovalam coast was taken over by the Tatas in the early 80s to build a resort based on an oral agreement that in return for land the Tata company would provide the community with basic amenities such as drinking water, rice during the monsoons, take care of the educational needs of the children of the fishing community and payment to the fisher folk for ferrying the hotel guests in their boats. After three decades and a Tsunami (2004) later the dynamics have changed, with things coming to a head between the fisher folk and the Taj management. The fisher folk have lost their land, have no big finances to take on the might of the Tatas and are voiceless. Negotiations between the Ministry of Fisheries and the Kovalam community have reached an impasse with no sight of a solution in the near future.
A second case sighted is the one involving the Nagarhole Wildlife Sanctuary in Karnataka, where the Tatas entered into a contract with the Forest Department of Karnataka to run an eco friendly jungle lodge in the Nagarhole National Park in 1996. The Adivasi community filed a petition against the move on the grounds that the five-star hotel is a non-forest activity and thus needs to be prohibited. The case when argued in the lower courts went in favour of the Adivasis, dictating the company to hand the property back to the tribals. The Tatas appealed to the Supreme Court where once again the ruling went against the Tatas.

Both cases raise an important question regarding the spirit of CSR as evinced by the Tatas. What is clear is that a company like the Tatas too is known to violate laws that are meant to protect the environment and communities. Tata has practiced CSR in most situations with zeal, honesty and passion but this is no guarantee for permanent and continued good behaviour. Tata has used its CSR practices to influence policy makers to gain legitimacy and to divert attention from real problems and issues of the community. There are many who say that the Tatas have used CSR as a pretext for strengthening their existing brand identity.

Case Study 2

Infosys Technologies is a multinational company with headquarters in Bangalore, India. It is the second largest IT Company with over one lakh, five thousand employees. It has offices in 22 countries and development centres in China, Australia, USA and Japan. Infosys was founded on July 2nd 1981 in Pune by N.R.Narayana Murthy and seven other members. It was registered as Infosys Consultants in Bangalore. In 1996, Infosys created the Infosys Foundation (IF) in the state of Karnataka under the aegis of which all CSR activities of the company is carried out. The Foundation covers areas such as health care, social rehabilitation, rural uplift, education, art and culture. The CSR activities of the IF has its presence in many states of India (besides Karnataka), chief of them being- Tamil Nadu, AP, Maharashtra, Orissa, Kerala. The foundation is headed by Sudha Murthy, wife of former chairman Narayan Murthy. One percent of the Infosys profits go to the foundation annually to help in its CSR efforts.
In the field of education the foundation has initiated a programme called Academic Entente to forge academic relationships worldwide through university events, conferences, research collaboration, internship programmes. In 2003 the foundation began a computer literacy programme in rural India that included students as well as teachers. It also began the ‘computer@classroom’ initiative and gifted computers to the village schools. The latest from the group is ‘Project Genesis’, an initiative to train students and increase their employability in the ITes sector. Under this scheme 100,000 students have been trained to date. The Infosys Foundation has set up the Infosys Fellowship Programme to foster excellence in education granting scholarship to worthy students. In the area of Social Rehabilitation and Rural Uplift, the Infosys Foundation has helped destitute women, contributed extensively to the mid-day meal scheme, helped the Devadasis find an alternative lifestyle in Karnataka. The foundation has been an active donor for activities related to art and culture. It has established a strong presence in the field of health care as well with achievements such as a super specialty hospital in Pune, a special ward at Kidwai Cancer Institute, Bangalore, a pediatric hospital in Bhuvaneshwar, Orissa. The foundation has established hospitals in Mysore, Bellary, Gadag, B.R.Hills, Bijapur and Gulbarga. In the cause of environment the foundation has worked on water management, energy conservation and waste management to name a few.

Criticism of Infosys business practices is few in public space. Jack Palmer an Infosys project manager from Alabama raised the issue of Infosys violating immigration laws of United States of America by using the services of B-1 visa holders for long term projects in the US. Palmer has accused Infosys of sending low-end, unskilled workers to the US which is not in accordance with the laws of the country. These employees are paid as per rules governing B-1 visa holders which are in Indian rupees, helping Infosys avoid paying a huge amount of money by way of taxes to the US government. Infosys has also been accused of overbilling its customers for the labour costs of the said employees. Infosys has appealed in the US courts and is awaiting closure. In 2001, a sexual harassment case was filed against Phaneesh Murthy head of sales, marketing and communication at the Infosys, by his secretary Reka Maximovitch.
Infosys had an out of court settlement paying 3 million dollars to the plaintiff and asked Phaneesh to put in his papers. In 2011, Infosys was fined Rs.450 crores by the IT department for wrongfully claiming tax exemption on onshore services by declaring them as software exports. Here too the motives of the company has been suspec.

**Expert Interview**

Dr. Sagarika Golder, Associate Professor, Department of Media Studies, Christ University, handling PR and Integrating Marketing had this to say about CSR in India. Many companies practiced CSR as a PR or marketing ploy, to build a strong brand identity. She used the term ‘green washing’ in the context of CSR, stating that companies practiced CSR to make people overlook the limitations of the company and focus more on the ‘good deeds’. On CSR being linked to PR, she agreed readily that CSR was an extension of PR, providing good visibility to the company practicing it. She was of the opinion that there was no harm in CSR being used for brand building since in the final analysis people did get something out of it; this was a mutually beneficial relationship. On the issue of growing suspicion and skepticism attached to CSR these days, Prof. Golder said it was because of the nature of the work that the corporates indulged in. She cited the example of Shell Oil Company that had been the worst contributor to environmental pollution, which had cleverly used CSR to divert public attention from disaster to development projects. The Shell Oil Company’s brand took a severe beating in the early 1990s, necessitating a great deal of CSR projects which really helped to re-consolidate their position as a brand to reckon with. Their CSR actions were good but intentions were suspect. She said CSR had to gain credibility from the general public to be accepted readily. With time and more companies adopting CSR practices this would become a reality. Prof. Golder was in favour of voluntary CSR and negated the government move for mandatory CSR. She agreed that CSR in India had led to development and change, especially in rural areas where companies like Infosys had been doing creditable work. Her final word on CSR was that it was beneficial to the community and there were more positives to CSR than negative. Prof. Golder strongly agreed that CSR is used by most companies as a brand building
exercise which provides for a strong corporate identity (Golder, 2012).

**Dominique D’Souza**, Media Relations Officer and Legal Advisor, Zee Films Ltd Mumbai, was of the opinion that big businesses were indulging a great deal in CSR as a way to build brands, paving the way for creating a healthy corporate identity. He said there was a lot of good happening due to CSR but it was also sometimes used wrongly. In their zeal to build and sustain their brands corporates sometimes undertook measures that were not entirely honest. He was in favour of voluntary CSR, not mandatory. A city like Mumbai saw companies like Reliance doing CSR in the field of education. He cited the efforts of Reliance in allowing underprivileged children attend the Dhirubhai Ambani School and thereby create opportunities for a section of the community. Mr.D’Souza was of the opinion that the CSR projects of the Dhirubhai Ambani Group helped to build a positive image around the company (D’Souza, 2013).

**Conclusion**

It is clear from the various secondary sources that Corporate Social Responsibility is a management philosophy and not just a gimmick. CSR is being consciously adopted by most corporates for a variety of reasons: some do it as an altruistic, selfless act of giving back to society without expecting anything in return, with companies like the Tatas and Infosys taking the lead. However it very apparent that despite the companies carrying out CSR for the good of society, there are several sections of the community/society who are skeptical about the nature and content of CSR, with claims that are contradictory to that made by the corporates. Despite CSR gaining credibility over the years, many are of the opinion that CSR is also done as mere posturing. Since CSR is definitely an extension of Public Relations this adds to possibilities of CSR being an act carried out for establishing the brand identity. but it has gone beyond the cosmetic nature of PR and has created a special niche for itself. It is still evolving.
CSR is better for being voluntary and not mandatory.
Development is clearly seen where CSR has been done continuously, consistently and over period of time.

Tata and Infosys are seen as good examples of CSR done by the corporate sector. Tata has a huge history with regard to CSR, which is wide spread, long term and sustained. Tata has a presence all over India.

The CSR initiatives of Infosys do not have great history, having been initiated a little more than a decade ago. They do not cover wide areas, concentrating on few select fields. The presence is more in Karnataka rather than other parts of India.

Both companies have their critics, yet both companies have learned to look ahead and use CSR positively.

Both the companies have contributed significantly to the development of the community through their CSR programmes. Though the companies have carried out CSR initiatives without expecting monetary benefits they have reaped the fruits of these initiatives, in that the company reputation has become stronger with a high premium being attached to their brand name and brand identities.

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