

# Corporate Giants and Their Roles in Combined Community Leadership and Partnership

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## Abstract

Corporate world globally reigns supreme in the arena of market economy. Such companies do business in more than two countries at a time. They are very much welcome to a host country because they bring with them a huge amount of investment and capital.

Multi National Companies have enormous capital and resources under their control. Among the corporate giants are Microsoft, Amazon, Apple, IBM, Accenture, Google, TCS, Wipro, Meta and the like.

The Corporate Companies exhibit their corporate social responsibility (CSR) at the global level. Such companies wish to work for the upliftment of the society in general. So they carry out their competitiveness even after keeping a balance for sustainable development.

The MNCs are working towards social development in the developing and developed countries alike.

**Keywords:** Corporate World, MNC, CSR, business, sustainable development, partnership

Corporate Social Responsibility (CSR) refers to a kind of international private business self-regulation. This aims at contributing societal goals of Philanthropic or charitable nature. Such companies support volunteering or ethically oriented practices with the development of various national and international laws. This has paved the way of a kind of corporate self-supervision. CSR is a kind of a strategic initiative contributing to a brand's reputation.

CSR is a basic feature in the arena of business. The business firms aim at gaining profit from their enterprise. They care much about their establishments and less about the society, the environment and other issues like the human rights, etc. Naturally, they are not ready to contribute much about the society. But there are increasing demands from the environmental groups, economists and civil society that they (MNCs) do something worthwhile to lessen the environmental degradation. Keeping this in mind, the MNCs are concentrating more towards Corporate Social Responsibilities. They are working hard to establish various programmes and master plans to keep a balance in both the areas of profitability and social responsibility.

## FUNDAMENTAL CONCEPT OF MNCs

The fundamental concept of Corporate Social Responsibility around the world differs. It also evolves with the passage of time. In the elemental proposition, CSR is all about responsibilities to society beyond that of making profits for the shareholders (Quak, Heilbron and Vander Yeen, 2012, p.3). A noted CSR scholar and professor at Arizona State University puts stress on the importance of CSR saying that CSR refers to the firm's consideration of and response to issues beyond the narrow economic, technical, and legal requirements of the firm. (Sharma and Mehta, 2012, p.2).

## CONTRIBUTIONS TO SOCIETY

There is a need to make contributions to Society rather than purely focus on profit making. In the present scenario, the Corporate Social Responsibility is, as Abels and Martelli says, is a voluntary way for a company to enhance its public image and reputation by incorporating responsible activities that satisfies a need of society beyond its legal requirements (Abels and Martelli, 2012, p.86).

In the present day, the business players apart from making profits are also concerned about diverse CSR particulars of a company such as environment, ethics, governance and human rights. These factors also affect the fate of the company in the long term. It is a proven fact that there is a competitive advantage for corporations that have a higher reputation and are more socially responsible; they also result in higher returns on investment (Eccles, Ioannou and Serafeim, 2012, p.28)

The findings of Abels and Martelli (2012) reveal that the Return On Assets (ROA) had a high correlation with social responsibility (p.87).

Several MNCs have set up well-developed CSR programmes. They also adhere to their code of conduct to do businesses ethically, help the economy grow, create larger job markets, protect the environment, raise public attention on certain issues and more areas to do welfare to the globe.

Noted economist Milton Friedman in his worthy work "Capitalism and Freedom" asserts that there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game. He adds that, this is to say it engages in open and free competition without deception or fraud (Friedman, 1970, p.6).

Many research studies, however, shows that CSRs in reality boost the company's reputation and increase brand awareness (Kotler and Lee, 2005, p.14). The 2002 Cone Corporate citizenship study has reported that over 80 percent of the citizens of the U.S.A. are willing to switch to another company that support good cause and has a positive image (p. 12).

## ENVIRONMENTAL ISSUES

Again, the said study indicated that it reduces the operating costs. Some companies focus their CSR efforts on environmental issues. These companies also educate their employees to be more environment friendly. They decrease operating cost in the long term as the company saves water, energy or other overhead expenses that are not noticeable (p.17).

Moreover, esteemed companies with positive images retain employees and attract more talent to work in a socially responsible company (p.16). Kotler and Lee (2005) have observed that about 80 percent of people do not like to prefer to work in a company with bad reputation on its CSR practice (p.16).

There are some rays of hope over there. It is significant to consider having a CSR programme in present day's line of work. Sharma and Mehta, again say that CSR needs to be implemented in the organization not just as an image building exercise, but can be a source of competitive advantage to ensure sustainable business development (Sharma and Mehta, 2012, P.1).

## VALUE ADDED BENEFITS

In reality, integrating a socially responsible culture into companies can bring value-added benefits and result in more superior performance. Truly, Eccles, Ioannou and Serafeim say that it leads to a more engaged workforce, a more secure license to operate, a more loyal and satisfied customer base, better relationship with stakeholders, greater transparency, a more collaborative community, and a better ability to innovate (Eccles, Ioannou and Serafeim, 2012, p.28).

Such findings support that a socially responsible company will potentially become a competitive advantaged one in the long run. This will also enable them to be in a win-win situation. This situation is beneficial to the development and reputation of the MNCs while contributing back to the community and protecting the environment.

For an MNC, building reputation and gaining trust from the people are of vital importance. Having a distinguished corporate social responsibility programme is one way to enhance a company's reputation and build a good image.

The “CSR Rep Trak 100,” 2013, measures companies’ reputation through seven dimensions including workplace governance, citizenship, financial performance, leadership, products and services and innovation of all these yardsticks, citizenship, governance and workplace are the major components of CSR (CSR Rep Trak 100,” 2013, p.6).

### **CORPORATE PHILANTHROPY**

The MNCs often engage in one initiative known as Corporate Philanthropy. This initiative, Ioannou and Serafeim say, refers to direct contribution by a corporation to a charity or cause, most often in the form of cash grants, donations and/or in-kind services (Ioannou and Serafeim, 2005, p.144).

To be a good corporate citizen, there is the need of preservation of the environment and the reduction of harmful impact that the company and its supply chain create.

It may be termed as “corporate sustainability”. This is due to the fact that it is closely related to a company’s environmental practices and policies (Lajoux and Soltis, 2013, p.3). With the increase in environmental degradation and more severe global warming, the MNCs are making their commitments for the lessening and eradication of the same.

The activities they indulge in include participating in the environmental projects, utilizing solar power, reducing materials for packaging, implementing a recycling program and many other kinds of green strategies. (Creel, 2010, p.2).

### **ROLE OF CISCO SYSTEMS, INC.**

Cisco Systems, Inc. (Cisco) is an American Multi-National Company. With an aim to adhere to their commitment towards CSR, the company adopts a goal to conserve energy. Cisco used new energy saving technology to build their headquarters in San Jose, California.

The company adopts the minimum requirement in energy conservation standards. The result of this is outstanding. The energy Cisco saves is sufficient enough to provide power to 5,500 households. Cisco’s energy conservation (method) approach lowers their operating costs and minimises the environmental impact (Kotler and Lee, 2005, p.213)

### **ROLE F OF ASC**

Another noted MNC is Aspen Skiing Company (ASC). This company exhibits their ethical commitment to the common people. ASC is the “Go Green initiators in the Skiing industry in sustaining the environment. The company believes that it is part of their corporate principles and important values to be socially responsible to the society.

ASC willingly takes action against their own suppliers to follow their ethical standards. This, in a way, creates a positive role model for other companies to follow (Michelson, 2010, para 4).

## **SOME MNC GIANTS AND THEIR ROLE IN CSR - MICROSOFT**

Microsoft is a leading MNC giant. The company is famous for its philanthropic attributes toward society as a whole. The company secured the first position in Philanthropy in the 100 Best Corporate Citizens List of 2013 ("CR's 100 Best Corporate Citizens, 2013, p.2). Microsoft initiated the Unlimited Potential (UP) programme in 2003. In recent years it collaborates with Digital Divide Data (DDD Newsmakers, 2011, p.6).

The company brings opportunity to about 300 young people in Kenya to have an opportunity to learn businessprocess outsourcing skills. In Asia too Unlimited Potential programme offers computer training to about 2,000 women a year in Japan, implements the programme in vocational schools in Vietnam, increases the number of community technology learning Centres in Saudi Arabia,the Philippines, and Vietnam ("Microsoft Targets Digital Divide", 2006, p.38).

According to the National Geographic survey in 2008 (Kauffeld, Mahlotraand Higgins, 2009, p.23),socially responsible corporations strive to be more environmentally friendly by integrating environmental decisions into their business routines and operations (p. 3).

Microsoft is placed at ninth in CSR's 100 Best Corporate Citizens 2013 ("CR's 100 Best Corporate Citizens 2013", 2013, p.2). Greenpeace commented in the report, "How Clean is your Cloud?" about Microsoft and Amazon overly relying on using coal and other non renewable energy sources in their data centres and labs. Microsoft responded to this by taking immediate action and made remarkable changes in their operations (Hernandez, 2013, p.7)

The company also uses a new software to track the result of carbon emissions and energy consumption ("Microsoft moves to a carbon neutrality", 2013, p.41). The company understands the importance of environmental sustainability.Again, in the long run, the establishment cost will be lower because of renewable energy efficiency and reduced usage of electricity,water andnon-renewable energy resources.

An Indian premier economic research institute"Council of Applied Economic Research" reportedthat CSR initiative of the company has so many positive effects in India. The company opens up an opportunity of 25,000 direct and 1, 50,000 indirect employment opportunities for enhancing the skill among the retailers.The company in 2009 had trained 30,000 retailers in North India alone.

The company has extended its hands in the Disaster Relief and Rehabilitation programmes. It also came forward for the development of Primary Health Care Clinic. It has also initiated Rehabilitation programmes with the help of the NGOs like World Vision India, Plan India and Save the Children, etc. The Company also reconstructed classrooms. Among their social responsibility programme, they have also issued 'Aarogya Health Card' for the visiting patients with the help of a Guwahati based NGO.

Another feature of the CSR work is that the company gives attention to abide by rules and laws regarding local and international labour practice. Employees have right to report any violation without fear of retaliation.

Another striking feature of the company's CSR initiative is that the company is a signatory of the United Nations Global Compact.With this the company is committed to work against corruption and bribery around the world.

Corporate Social responsibility is aimed at compensating the damages done to the countries where their business is going on.Comprehensive CSR initiatives are implemented by the MNCs to maintain sustainable development. Truly, the MNCs need to be ethically and legally responsible and be aware of the environment where they operate their businesses. They need to deliver more philanthropy to the people.

Of late, most of the MNCs try to tie up with many associations those apart from making money focus on a large number of social aspects. Such organisations are not keeping their eyes on profit or money alone. They have a propensity towards maintaining quality of products. They tend to give priority to the company's brand image and provide services. Thus, if the MNCs concentrate on CSR, they can benefit themselves greatly. Their introduction and implementation of CSR can be a great source of competitive advantage. In this way, the MNCs can ensure sustainable development.

There is a need to the integration of Corporate Social Responsibility program. This may better work force relationship. The employees in such a situation get more involved. In the long run, the customers get more satisfaction and their loyalty towards the brand is enhanced.

CSR in a way develops the relationship with the stakeholders and the shareholders. As a result profit is increased.

In fine, MNCs need to accomplish all the necessary works needed for the successful implementation of the CSR.

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