

Strategic Resource Generation by Indian Firms through Corporate Social Responsibility (CSR) Activities.

Som Sekhar Bhattacharyya¹

Abstract

In this era of Corporate Social Responsibility (CSR) when firms' are expected to do more social and environmental work it is important for firm CSR managers to use firm resources judiciously for the same. It is also important for firm managers to design CSR initiatives such that they in turn generate resources which have strategic importance for the firm. In this article the author provides a set of structures to help managers generate strategic firm resources from the firm CSR initiatives. This article also provides a set criterion to determine the kind of input resources to be utilized for CSR initiatives to secure maximum output side resource advantage. Finally this article provides evidences from India to demonstrate how firms are generating strategic resources from its CSR initiatives benefiting both the firm as well as the society.

Key words

Corporate Social Responsibility (CSR), Intangible Resources, Tangible Resources,

1. Introduction

Four billion people, that is about two third of world population live at less than \$2 a day. About two billion people live at less than \$1 a day. These two factual statements depict the darkness in terms of economic conditions in which a substantial part of humanity lives in Africa, Asia, Latin America and Eastern Europe. If one attempts to evaluate other parameters reflecting quality of life aspects like literacy level, access to drinking water, ability to seek justice, scope to earn a livelihood, access to health facilities and a promise to live a respectable life, one will not touch a even larger part of the world society. But one section of the society (majority in the developed world and a minority population in the developing countries) in the last couple of centuries has established its supremacy in the world socio-economic-political fabric (Dicken, 2003). These are world citizens who are an integral part in institutions related to the government, private sector or other well organized sectors related to the first two. Of the hundred top economies (Gross Domestic Product GDP for nation states and sales turnover for corporate) more than fifty are Multi National Corporations (MNCs) and the rest are nation states (Korten, 2001). After giving a look at the most powerful section (corporate sector) and the weakest parties (general populace in developing countries) in the present day context one can ponder at the efforts needed to eliminate this plethora of socio-economic ills. In the development literature it is widely regarded in the developing countries that the respective national and provincial governments have not been able to deliver the developmental packages satisfactorily (Malan, 2005). Business Sector has become a considerable sector and it enjoys a dominant position even in developing countries. As business houses commands lots of resources and further because of the very nature of business dynamics, these for profit firms are the most efficient and effective institutions in managing and utilizing resources for attaining specific goals and purposes. So in the new paradigm of socio-economic development, it is being widely regarded that if business also takes care of developmental needs of the country then to some extent it will be of great help specially for developing countries like India, where about one third of the population lives below poverty line and where the government and the NGOs has been unsuccessful in delivery of developmental goals (Bhattacharyya, 2008). In India even the region wise differences in development

¹ Dr. Som Sekhar Bhattacharyya Assistant Professor in Strategic Management, National Institute of Industrial Engineering NITIE, somdata@gmail.com

are profound and now about one third of Indian landmass is under naxal movement (which is a manifestation of economic marginalization) a corporate response mostly as Corporate Social Responsibility (CSR) initiatives is very welcome (Bhattacharyya and Sahay, 2007).

2. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is the generic term given to any activity that the corporate sector undertakes to better the condition of the society (Bhattacharyya, 2007). The three philosophies of a stakeholder corporation, business ethics and regulatory environmental frameworks together defined the social and environmental obligations of business. The environmental movement started in the developed west in the 1960s and gained momentum in the 1970s and the 1980s. In the 1990s CSR came into the fore front of management thinking and practice.

Thus from the concept of Stakeholder centric Corporation a school of thought emerged and talked about the social obligations of business. There is substantial literature available about the definition and the wider meaning of CSR (Waddock, 2004). Enough research work has also been done to prove the ambiguity & difficulty in framing a universal Ethical & Social Responsibility of corporations because of cultural relativism (Munshi, 2004; Bhattacharyya, 2007). CSR is difficult to measure because of the following reasons -

1. CSR lacks a universal definition. (It means different things to different people)
2. Many aspects of CSR are not quantifiable thus it is difficult to measure.

According to Harsh Shrivastava and Shankar Venkateswaran for CSR there is no universally accepted definition (Shrivastava and Venkateswaran, 2000). One extreme viewpoint is that a firm which complies with the laws of the land or pays the due taxes where the firm functions can be seen being socially responsible (Friedman, 1970). The other extreme viewpoint is that a firm can be said as socially responsible company, if it undertakes social initiatives without expecting any return or any benefit (Shrivastava and Venkateswaran, 2000). Hopkins (2003) wrote that any CSR initiatives take care of a firm's stakeholders and this is done in an ethical and socially responsible manner.

3. CSR and Firm strategy

Philanthropic CSR doesn't bring any benefit to the firm. This type of CSR has been criticized for the same and has been thought of as unsustainable in the long run (Porter and Kramer, 2006; Bhattacharyya, 2008). There is a debate whether there is any synergy between CSR activities and business strategy. A dominant view is that focus on CSR and business focus are like two directions facing opposite poles. In this paper the viewpoint taken is that one which talks about the convergence between the CSR and business activities. As per D. Grayson and A. Hodges Corporate Social Opportunity (CSO) is seen as such firm socially responsible activities which are commercially viable activities which also advance environmental and social sustainability (Grayson and Hodges, 2004). M.E. Porter and Mark. R. Kramer (2006) advocated that firm CSR initiatives should improve a firm's competitive context that is the quality of the business environment in the locations where the firm functions. According to them, use of CSR initiatives to enhance the competitive context brings social and economic goals into alignment and improves a firm's long term business prospects. Previously Porter and Kramer (2002) also wrote that corporations can design their CSR initiatives to improve the firm's value chain. On similar lines many consultancy firms advocate that CSR initiatives that are aligned to an organization's products and services and with the various stakeholder expectations, add economic, environmental and social value. The focus in this paper is on creating Win-Win situation for both business and the society by the CSR related activities. The attempt is not how much is the proportion of Win-Win (Lantos, 2001) (which party wins more than the other) rather the focus is whether there is a Win-Win proposition possible (Bhattacharyya et al., 2007; 2008). The philosophy is let business make the world a little better place (may be incremen-

tally) while going with their usual business.

4. The need for CSR from the market side

For a classical economist, in a business the factors of market demand, supply of materials, and supply of labor are external to the firm. These factors are supposed to be taken care of by the invisible hands of market forces at work as talked about by Adam Smith. In due course of time some of these factor issues as being outside the control of individual firm were challenged. Advertising created demand for new products and escalated levels of existing demand and even created new demand. Concepts like social marketing or cause marketing have come up and added new dimension to the art of selling. By these methods the company can take care of both the economic and social goals. It can help to boost both its product demand as well as support some good social cause. So the socio-economic work for the society helps in achievement of economic goals of the firm. The Market is the ultimate testing ground of a firm. To succeed in the market, it is of paramount importance to understand the market and the consumers. What the customers or the society perceives about the company, the company may need to measure its image, trust, goodwill etc (Bhattacharyya, 2009a). This leads to the important construct that is of the perception of character of the company in the eyes of the society. Thus CSR became an important aspect of the company, more so in information rich modern day market environment where corporate watch institutes, various NGOs are monitoring the good and bad actions of corporate. Also the consumers are more educated and increasingly becoming more aware. If a corporation does CSR then it will be perceived to have a good character. The company has two types of stakeholders internal and external. Internal stakeholder is primarily the current set of employees and the management. In present day scenario current employees have a lot of opportunities to leave the present job and move towards new jobs in rival companies or move to other industries. The more capable better employees have more of such opportunities. Thus internally in a company if there is a case of violation of human rights, sexual harassments, sudden retrenchment, poor performance appraisal etc. the company's image takes a beating in front of a small but vital group that is the existing employees (Bhattacharyya et al., 2007; 2008). Recently the disturbance of tribals in Kalingnagar in Orissa building a steel plant of an Indian industrial giant led to political uproar, bad characterization of the firm and strikes and demonstrations paralyzing the local economy (Bhattacharyya, 2008). The future dreams of the organization associated with that place is at a loss. This is not a case only associated with developing countries alone. When US firms started outsourcing its business activities to cheaper destinations like the Asian countries and retrenched US based employees in an abrupt manner there was political uproar, strikes and demonstrations surfacing out the bad corporations in front of media and the nation. Future potential employees and others who have interest in the affairs of the company are also affected. Some current employees might get dissatisfied and leave job. It becomes a source of competitive disadvantage to lose good employees further it becomes a source of competitive advantage for its competitors to have such employees on their rolls. So the company takes double bite. Externally if a company does something wrong then it affects a wider portion of the population / society. For example if the company does an environmentally polluting act or breaks the harmony in the lives of the community where it operates then the community will act in such ways that it hurts the interests of the corporation (Bhattacharyya et al., 2007; 2008). There will be theft of corporate properties, sabotages, strikes and demonstrations from various Community Based Organizations (CBOs) and Non Governmental Organizations (NGOs) (Bhattacharyya, 2009b). This may ultimately lead to the company being subjected to strict enquiries and then directed to adhere to compliance standards set by governments and regulators. This whole saga will lead to surge in the cost of running the business as compliance will mean expenditure. What is worse is that the bad name will not only have local repercussions but also will cause international backlash. The products which the company makes or sells could be subjected to consumer boycotts. The market share might decline; Employees will feel bad when their company is making headlines for wrong reasons in front of their friends and family. Financers of the company might think of shunning the company which is unethical or disturbing

(Bhattacharyya and Sahay, 2008). Financial institutions don't want to support such organizations where returns could take a beating because of uncertain business caused by bad name. This brings us to the belief that in modern day the common business sense should be to go for CSR.

5. CSR activities can make win-win situation

In management the business system concept, was developed by McKinsey and Company, it captures the idea that a firm is a series of functions (e.g, R&D, manufacturing, marketing, channels and that analyzing how each is performed relative to competitors can provide useful insights (Porter, 1985). The business system concept addresses broad functions rather than activities; this concept however does not distinguish among the types of activities or show how they are related. Every firm is a collection of activities that are performed to design, produce, market, deliver and support its product. All these activities can be represented using a value chain. According to M.E.Porter a company's value chain activities fall into nine generic categories. Primary activities are those involved in the physical creation of the product, its marketing and delivery to buyers, and its support and servicing after sale. Support activities provide the inputs and infrastructure that allow the primary activities to take place (Porter, 1985). Primary activities consist of Inbound Logistics, Operations, Outbound Logistics, Marketing & Sales and Service in the mentioned order (Porter, 1985). While Support activities includes four activities namely Firm Infrastructure, Human Resource Management, Technology Development and Procurement (Porter, 1985). These are not in any particular order but overlap each of the primary activities in parallel. Everything a firm does should be captured in a primary or support activity. CSR can contribute towards building the value chain of an organization to make strategic sense for a firm (Porter and Kramer, 2006; Burke and Logsdon, 1996). This would be dealt with more detail later.

6. Resource Based View (RVB) and CSR

In the Resource Based View (RVB) school holds the belief that a company's strategy and success can be determined based on the unique resources and competencies which the company possesses (Venugopal, 1999; Barney, 1991; Barney, 1986; Dierickx and Cool, 1989; Wernerfelt, 1984). Resources are fundamental to a company and can be classified into three types Physical resources, Intangible resources and financial resources.

According to RVB line of thinking one firm is more successful than the other because it has different set of resources and its competence to use that resource varies from other firms (Barney, 1991; Wernerfelt, 1984). Such resources and competencies can lead to superior resources only if they are specific to the firm, so they must be valuable to customers and difficult to imitate by competitors. The resource which is valuable must increase revenue or reduce costs for the firm compared with what it would have been without the resource. If transfer of resources from one firm to another firm would have been easy, then any advantage to the firm because of the resource would be quickly washed away. So such resources would then become a necessary but not sufficient condition for success by virtue of competitive advantage. The resource-based view of the firm (RBV) focuses on the need to exploit differences between firm resources to establish unique positions of competitive advantage (Venugopal, 1999; Barney, 1991; Barney, 1986; Dierickx and Cool, 1989; Wernerfelt, 1984). In addition to this since the world is constantly changing, superior returns can be sustained only if new resources are constantly generated over its competitors. Thus firm success is strongly influenced by the resources the company possesses and the unique skills and competences of the firm. Strategy must be concerned with the development and deployment of firm-specific factor resources that will contribute to competitive advantage (Venugopal, 1999; Barney, 1991; Barney, 1986; Dierickx and Cool, 1989; Wernerfelt, 1984). It is important to figure out whether CSR activities can develop such resources and capabilities to gain competitive advantage.

7. How CSR Related Activities contributes to Value Chain (VC) and generates Firm Resources

CSR activities can generate firm resources like physical assets like raw material, financial resources,

intangible resources like firm reputation, political acumen and also help in developing skills of the firm managers and workers (Russo and Fouts , 1997; Branco and Rodrigues, 2006).Also CSR activities could be undertaken to increase the value of the firm in the value chain. Certain CSR activities could be done such that the support activities add extra value in the value chain. Similarly some CSR activities could also be done in such a manner that they add value to the primary activities in the value chain. So for those firms where CSR activities are done in such manner that they reinforce the primary activities and the support activities the over value chain adds some extra value by performing the CSR activities. (Porter and Kramer, 2002; Porter and Kramer, 2006; Bhattacharyya et al., 2007; 2008) This extra margin is attributed due to the prudent choosing of the nature of CSR activities and its implementation. The table-2 depict the above context. The table-2 have been developed by referring from the respective company websites and other company documents.

Table-2 Explaining how CSR related activities can contribute to the firm value chain (VC) and generate various types of firm resources *-

S.No	Details of CSR activity	Contribution to VC /Resource Creation/ Development of Skills
1	Community work (health care , infrastructure, education literacy) near the plant and manufacturing facilities NHPC, TISCO, NTPC, ABG, Reliance, Hero Honda , HLL ,IOCL SAIL, ONGC, Tata Motors, RPG Enterprises, HPCL, Mahindra & Mahindra, Bajaj Auto, L&T, Tata power etc	Reputation in local community an Intangible Resources (IR), Political Acumen and social license to operate.
2	Project Shakti .Joint Micro finance and marketing scheme with women's SHGs. The rural women are made as distributors of HLLs products. They are also helped by the Micro finance initiative.	Intangible Resources (IR) Brand Reputation amongst the villagers+ Marketing & Sales (MS) the villagers addition in Value Chain (VC) + HLLs managers are learning Skills of rural marketing
3	Health & Hygiene Education HLL provides the soaps to rural populace, the govt, NGOs and HLL educates the rural populace on the benefits of using soap. HLL	Marketing & Sales (MS) of soaps in rural India addition in Value Chain (VC) + HLLs managers are learning Skills of rural marketing
4	Fair & Lovely Foundation Scholarships and other concerns of women are addressed. HLL	Advertising of women's toiletries so Marketing & Sales (MS) contribution in Value Chain (VC)
5	E- chaupal for Eucalyptus plantation in AP and Soybeans farming in MP. ITC provides the farmers with various agricultural and related inputs .The farmers in turn provide ITC with raw materials of Eucalyptus and Subabool for making paper and pulp and soyabeans for producing Soya oil.	Generation of tangible Resources(TR) Physical asset the raw material, ITC also sells to rural populace like Rural Mall Sehore so adding to Marketing & Sales (MS) in value chain +HLLs managers are being Skilled, for rural marketing

6	Micro Financial Services ICICI Bank is doing Micro Financial activities with rural populace. ICICI Bank	ICICI Bank is getting Reputation (Intangible Resources (IR)) amongst the rural folks+ ICICI Bank is getting business with villagers so generating financial resource (tangible Resources(TR))+ ICICI Bank is getting Advertised amongst the rural populace thus contributing to Marketing & Sales (MS) in Value Chain (VC) + ICICI Bank staffs are getting Skilled in dealing with rural customers.
7	Framing Finance Policy Issues ICICI Bank	ICICI Bank creates Political Acumen an Intangible Resources (IR) + ICICI Bank Staffs are getting Skills on policy matter.
8	Rashtriya Gramin Vikas Nidhi (RGVN) HDFC bank is helping the rural populace to build their homes HDFC	HDFC is getting Reputation (Intangible Resources (IR)) amongst the rural folks+ HDFC is getting business with villagers so generating financial resource (tangible Resources(TR))+ HDFC is getting advertised amongst the rural populace thus contributing to Marketing & Sales (MS) in Value Chain (VC) + HDFC staffs are getting Skilled in dealing with rural customers.
9	Medical care , Education and Research Cipla	Cipla gets Reputation for its pharma business an Intangible Resources (IR)+Training and expertise development of Cipla staff contribution to HRM in value chain
10	Aditya Birla Group Scholarship for profession courses in Indian elite educational institutions Aditya Birla Group	Aditya Birla Group gets Reputation for its group companies an Intangible Resources (IR) +If it converts into recruitment then it helps in HRM and thus adds to value chain
11	Education and Research Reliance	Reliance Group gets Reputation for its group companies an Intangible Resources (IR) +If it converts into recruitment then it helps in HRM and thus adds to value chain
12	IDTR (Institute of Driving, Training and Research) , Interceptor Vehicle , The Maruti Suzuki Traffic Beat	Intangible Resources (IR) Reputation amongst general populace and +advertisement for potential cus

	Handbook of Safe Driving Maruti	tomers thus contributing to Marketing & Sales (MS) in Value Chain (VC)
13	Developing extensive road infrastructure and network. NHPC , NMDC	Inbound Logistics (IL) of Value Chain (VC) + Reputation in local community an Intangible Resources (IR)
14	Ash Utilization NTPC	Generation of Financial Resource ((tangible Resources (TR) from waste + Raw material inputs for agriculture and other activities.
15	Each time one uses Citibank Woman's Card, Citibank will contribute a percentage of its earnings on your behalf to 2 NGO partners of the woman's microcredit program - Society for Promotion of Area Resource Centers (SPARC) and Friends of Women World Banking (FWWB). Similarly, the WWF Citibank Card is in collaboration with the Worldwide Fund for Nature. and the CRY Citibank Card helps to change a child's life for the better. Citibank	Citibank Woman's Card, Citibank WWF card and the Citibank CRY card. Helps in marketing to a different sector of market thus helping in Marketing & Sales (MS) in Value Chain (VC).
16	Micro Financial Services Citibank is doing Micro Financial activities with needy women group Citibank	Citibank is getting Reputation (Intangible Resources (IR)) amongst the needy women + Citibank is getting business with needy women so generating financial resource (tangible Resources (TR)).
17	Primary health care Ranbaxy	Ranbaxy gets Reputation for its pharma business an Intangible Resources (IR)
18	Medical Research Ranbaxy	Training and expertise development of Ranbaxy staff contribution to HRM in value chain + Medical Research helps in Technology development(TD) thus adding to the value chain.
19	Technology in the Community Intel's products, expertise and initiatives can help provide access to technology around the world (India) Intel	To accelerate the adoption of Intel's wireless communications and computing thus helping in Marketing & Sales (MS) in Value Chain (VC).

Table -3 is a tabulation of the sources of competitive advantage of firms from its CSR activities. While table -2 mentions the firm name to help the reader understand which firm is doing what CSR and to get what gain table-3 provides a generic perspective regarding the same.

Table -3 Sources of competitive advantage of firms from its CSR activities

S.No	Company Activities	Resource	Competitive Disadvantage	Remarks
1	Good Human resource and employee care mechanisms to avoid Violation of human rights, sexual harassments, sudden retrenchment, poor performance appraisal etc (Removing the negative elements)	Intangible Resources (Human Resource) & Financial Resource	Loss of present good employees to its competing firms would be stopped.	In knowledge economy human resource is a strategic Resource. To avoid such malpractices, it only good Human Resource management systems and also it requires the presence of efficient system for monitoring. If this monitoring cost (resource) it will be a Insurance against bigger damage which will drain a large amount of financial and other resources for compensating.
2	Good Human Resource Management	Intangible Resources (Human Resource)	Present employees will be motivated to work. Good employees from other competing firms can get into the rolls of the organization.	Good human resource management and proactive employee care efforts from the part of the organization means that existing employees will be satisfied, good employees will contribute to their work for the company better, with motivation. Better performance will lead to lower monitoring cost, better management productivity thus this will reduce cost of production and other management functions. Also the potential talent in society which can go to any organization will be attracted towards employment opportunities in the company
3	Social marketing or cause marketing will lead to Healthy Corporate Image	Intangible Resources (Good Corporate)	The goodness associated with the Corporate is reflected into the brand Image	This will also reduce the cost dedicated for advertising / brand promotion.

		Image)	of the products of the company. This will help in the increase in sales of the products as well as increase in market share of the products.	
4	Management exclusive and not collaborating with local communities, NGOs and other institutions leads to Bad Corporate Image	Intangible Resources (Corporate Image)	Some corporate houses have adverse relationships with certain NGOs, local communities and other institutions. These NGOs acts in multiple ways to damage the reput of the business. Customers boycott the products, the local communities where the company has business interests denies the company the social license to operate, Because of bad name propagated by the NGOs Government, regulators and Statutory bodies creates provisions, monitoring and compliance systems for the organization.	This increases the cost of doing business for fighting legal battles and complying to compliance standards.
5	Operating Efficiency in manufacturing plants (Environmental Management)	Raw material (Physical Resources) for production purposes.& reduction in requirement of Financial Resources	More product output per unit consumption of resources. Thus lower input level of raw materials. Operating cost also reduces.	Lessening component of cost of raw material in the cost of manufacturing the product because of lessened requirement of raw material. Less consumption of Natural Resources for production means less pressure on the Natural Resources of Earth. Thus the agenda of Sustainable Development is taken care of. Thus operation cost reduces as well as environmental pressure is also reduced.

6	Efficient production process design (Environmental Management)	Resources for production purposes. Less requirement of Physical Resources leads to less requirement of Financial Resources	More product output per unit consumption of resources. Thus lower input level of raw materials. Operating cost also reduces.	Less consumption of resources for production means less pressure on the Natural Resources of Earth. Thus the agenda of Sustainable Development is taken care of. Thus operation cost reduces as well as environmental pressure is also reduced
7	CSR activities like Employee care and welfare, Community/ Broader society care will lead to Healthy Corporate Image	Intangible Resource benefiting to access Financial Resource	It helps in attracting and building relationships amongst various stakeholders like suppliers and financiers.	Hero Honda has negative working capital because it has good reputation and thus suppliers provide them supply side inventory on credit. Also the financial institutions, bankers and general public will also be more keen and proud to finance and help those firms which have got healthy public image. Thus the cost of financing will also reduce for good character companies
8	Unique Product market strategy	General resources	Products having environmentally congruent features, Products manufactured by environmentally sensitive and responsible methods/ process , Products manufactured by socially compassionate people etc has appeal to some segment of consumers. The company can position these products Organic foods grown and harvested from such soil where no chemicals are used either as fertilizers or pesticides etc. Such foods are preferred by educated and rich	In India though the population of such educated and rich customers is small but over time the size of this segment will increase. So firms moving early in this segment will have an early mover advantage.

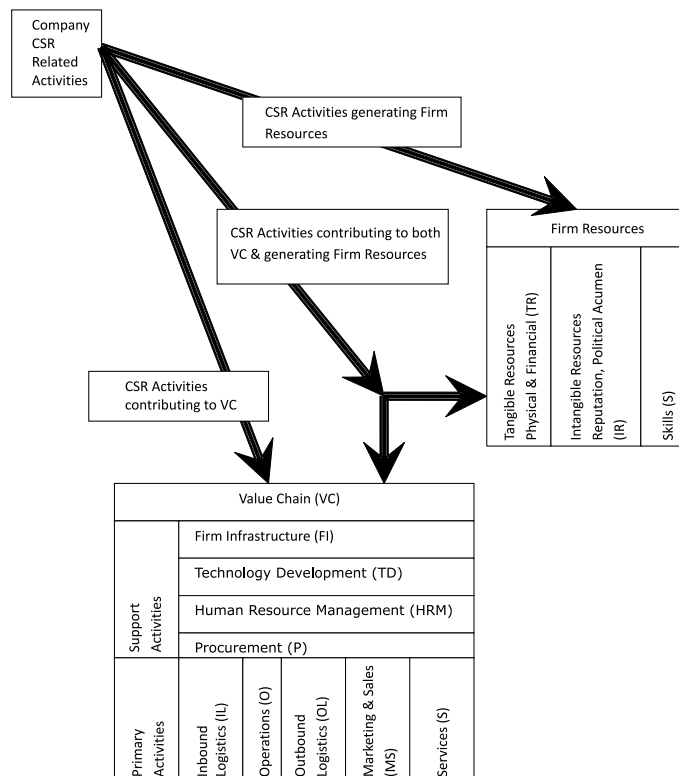
			customers who are environmentally concerned .A firm can focus on this segment of customers will by these products.	
9	Efficient production process design (Environmental Management)	Resources for production purposes. Less quality of requirement of Physical Resources leads to less requirement of Financial Resources	Less requirement of quantity of resources also usage of lower quality of Resources in the production process. So the corporate procurement cost of raw materials is reduced.	Less consumption of resources for production means less pressure on the Natural Resources of Earth. Thus the agenda of Sustainable Development is taken care of. Thus operation cost reduces as well as environmental pressure is also reduced
10	Activities which enhances the positive image of the company. (Setting Proactive Environmental Standards)	Intangible Resource benefiting to access Financial Resource	Financial Institutions, Small Investors Banks are more interested to provide fund for environmentally concerned companies. So both the availability of funds and the cost of financing are lessened.	The cost of doing business reduces as there are less legal battles and less complying required getting environmental compliance standards.
11	Enhance capacity and capability of small & medium sized weak, dispersed or rural Suppliers	Input side value addition to physical resources further benefits Financial Resource	Better quality of Resources w.r.t. to price. Also the timely delivery, reliability and guarantee of delivery of supplies will be enhanced.	Particularly in developing countries it is often seen that few big companies because of their superb efforts and management practices become world class .But Small and Medium Enterprises (SMEs) sometimes the suppliers to these big firms are in moderate state. If these big firms develops the capacity of these small deprived organizations. Capacity building of suppliers means better quality of supplied material at lower price.ITC e- chaupal

12	Innovation in Disposing physical resources	Innovative Disposal of physical resources might create new physical resources might in turn generate financial resources. Use of mine pit as lake. Use of fly ash as building material	Technology change is a very important aspect of modern day, With it brings the added responsibility of responsibly disposing of the old machinery.	This could be a source of new business opportunities
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8. Conclusion

From the discussion above one can infer that if properly designed, CSR related activities can contribute to the value chain (VC) (Porter, 1985) and generating firm resources (from a resource based view). This will result in the synchronization of a firm's social and environmental goals with its economic goal. The discussion could be mapped to develop the Framework of CSR Related Activities, Value Chain (VC) and Firm Resources (Porter and Kramer, 2006; Bhattacharyya 2008; Bhattacharyya et al., 2007; 2008). The CSR can only generate firm resources, only contribute to VC and both generate firm resources also contribute to VC. This has been depicted in figure-1.

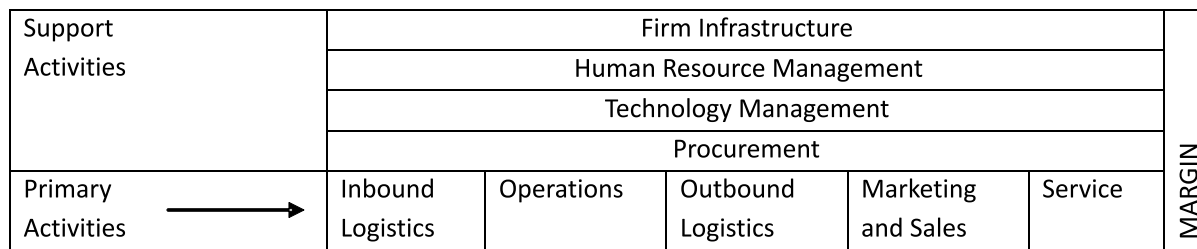
Figure-1, Framework of CSR related activities, value chain (VC) and firm resources



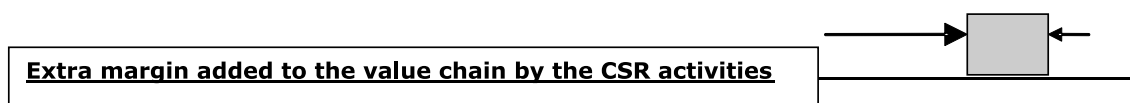
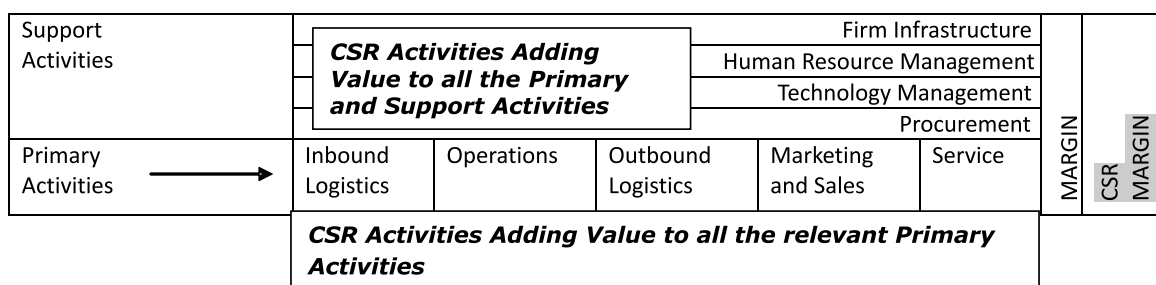
Similarly one can logically and schematically show how CSR related activities contribute to the value chain (VC) and how it may provide the organization an extra margin (called here CSR margin) in the firm value chain. This has been shown in figure-2.

Figure-2, CSR and the value chain

VALUE CHAIN with Support Activities & Primary Activities

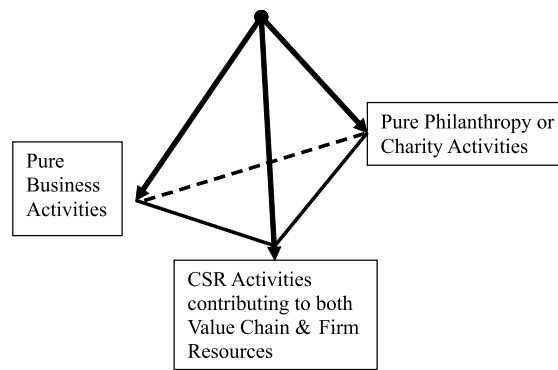


VALUE CHAIN with Support Activities & Primary Activities with CSR Activities



The CSR activities performed by the firm add value to the value chain by contributing to the relevant Support Activities & Primary Activities in the value chain of the firm. This may provide the organization an extra margin (called here CSR margin) in the firm value chain. Also one can create a pyramid of Business and Society Engagement. The prescribed CSR activities performed by the firm (using the general and idle resources possessed by the firm) while adding value to the core business activities of the organization provides extra margin in the value chain of Support Activities & Primary Activities of the firm (Porter and Kramer, 2006; Bhattacharyya 2008; Bhattacharyya et al., 2007; 2008). Thus Competitive advantage is gained by the firm over its competitors who don't undertake the prescribed CSR activities. This has been depicted in figure, 4), where corporate activities were of three types Pure Business Activities, Pure Philanthropy or Charity Activities and CSR Activities contributing to both VC & Firm Resources. Figure -3 provides a bird's eye view of the business and society engagement, wherein corporate activities were of three types Pure Business Activities, Pure Philanthropy or Charity Activities and CSR Activities contributing to both VC & Firm Resources.

Figure-3, The business and society engagement pyramid



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*Note- Table-2 has been prepared based on data from the company website, company annual reports, company CSR reports and other documents by the author.

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