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A Bird's Eye View of Corporate Social Responsibility Theoretical Framework

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Abstract

The Corporate Social Responsibility field presents an array of hypotheses as well as an expansion of methodologies, which are dubious, perplexing and hazy. This paper attempts to describe and classify the various CSR theories and related approaches. The stakeholder theory of CSR emphasises that the prime objective of corporations is to maintain equilibrium between the expectations of all stakeholders through operating activities. This theory presents four dimensions viz. instrumental, political, integrative and ethical related to profits, political performance, social demands and ethical values. Relational theory is based upon the complex firm-environment relationships. This theory primarily focuses on the relationship between the business and the environment. Besides this, the managerial theory emphasizes that all things outside the scope of the organization (external factors) should be considered while making decisions. Legitimacy theory tries to legitimize the corporate actions by engaging in CSR reporting to get the approval from society (societal approach) and thus, ensuring their continuing existence. Social contract theory discussed in the paper expresses the relationship between society and business and implies some indirect obligations of business towards society. Resource dependence theory explains about the procurement of external resources and their influence on the company's tactical and strategic management. Agency theory highlights the separation of ownership and control of the company. This theory tries to resolve conflict between goals of the ownership and management and reconciles different tolerances for risk. A utilitarian theory designates that companies serve as a part of the economic system, where the function is to maximize profit. The in-depth study of these theories represents diverse and complex relationships which are contradictory, controversial and unclear. The findings of this suggest suggests the urgency to formulate a new CSR theory, which would integrate all the dimensions.

Key Words

Corporate Social Responsibility, Corporate Citizenship, Corporate Social Performance, Community Development, Stakeholder Management, Business Ethics

INTRODUCTION

In the wake of globalization, CSR is a subject of growing debate and discussion. There are several explanations available regarding the concept of CSR which will be explored in greater depth throughout the study. Increasing concern regarding CSR has cropped up from both within and outside the corporate sector. Corporations engaged in CSR for many reasons that include the ability to operate now and into the future by acknowledging areas of risk and opportunity that influence their well being. By effectively managing CSR in both internal and external activities, companies benefit through market position, improved research and development, employee development, government relations and risk management (Weiser and Zadek, 2000). Consumers have also developed interest in CSR through more sophisticated demands for accountability and transparency through their purchasing and investment decisions giving rise to new methods of reporting corporate activities (Logan, 1997).

Corporate Social Responsibility (CSR) is a concept that associates corporate sector with social sector. In fact, it advocates a contract between the community and business (Wood, 1991). Expectations of CSR also arise from external stakeholder, like government having explicit requirement or societies having general requirements of social legitimacy (Wood, 1991). Businessmen should oversee the operation of an economic system that fulfils the expectations of the people as their social responsibility. It involves sequentially that the nation's factors of production ought to be utilized in such a manner that production and distribution would improve overall socio-economic prosperity (Fredrick, 1960). It is the social responsibility of the managerial staff of a company to balance the multiplicity of interests, not only strive for higher profits for the stockholders. A responsible company also should consider workers, traders, suppliers, societies, and the state (Johnson, 1971). Social responsibility of a firm embraces the economic, legal, ethical, and discretionary expectations that communities have of firms at a given point of time (Carroll, 1979). Social responsibilities of firms refer to the commitment of firms to follow those policies, decisions, and lines of relations that are desirable in regard to the values and objectives of the community (Carroll, 1999). Now, communities are more conscious regarding choice of product and service and moreover, communities expect that corporations should be morally more conscious towards environment and society (Williams, 2002).

Other requirements of CSR arise from internal stakeholders; revealing relational, instrumental and moral expectations of workers (Aguilera *et al.*, 2007). CSR is a corporation's obligation to function in an economical and environmental sustainable mode, while recognizing the value to the social, economic and environment interests of stakeholders. CSR is holistic notion that can mean different things to different stakeholders and groups (Lee, 1997). CSR is the reflection of a corporation's influence on the stakeholders' quality of life. Thus, CSR is the total of activities undertaken in the interest of community, the activities that are beneficial for both internal and external stakeholders of a corporation (Bloom, 2003). At present, companies are not assuming CSR as a cost to them, but they are considering it as a strategic tool to boost up the performance, fascinate the finest workforce and inspire & enthuse the today and tomorrow leaders (Guarnieri and Kao, 2008). Presently, CSR is considered as a comprehensive business strategy, originating primarily from pressure of stakeholders and performance considerations. Corporations consider their interaction with stakeholder and influence of their activities on community as substantial matters. Business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company (Gautam and Singh, 2010). Nalband and Al-Amri (2013) revealed that the integration of world capital markets in dynamic and vibrant global environment and emerging role of large private sector, CSR has become the prominent topic of institutional reform.

NEED AND OBJECTIVE OF THE STUDY

In order to understand the notion of CSR in the modern perspective, it is necessary to comprehend the various theories related to this subject. In this regard, this study reviews and traces conceptual developmental of CSR theories with the objective to enhance the knowledge on the subject.

RESEARCH METHODOLOGY

The nature of this study is mainly qualitative and exploratory. Looking into the requirements of the objectives of the study, various CSR theories and related approaches have been explored and classified using meta-analyses. A theoretical and conceptual developmental approach has been followed with the purpose to improve knowledge on the subject. So, in the present paper various theories and approaches related with CSR have been analyzed theoretically in the light of available literature and an attempt has been made to reach at a consensus.

REVIEW OF LITERATURE

CSR has remained the highlighting point of debate since the second half of the 20th century. In 1953, Bowen (1953) penned the seminal book titled as "Social Responsibilities of the Businessman". Since then there has been a paradigm shift in terminology from the social responsibility of business to CSR. Furthermore, the arena of CSR has developed considerably. Friedman (1970) revealed that business's sole objective was to make profits for the shareholders and sole social responsibility of business is the utilization of its resources in projects undertaken to escalate its profits so long as is remains within the rules of the game. But with the passage of time the Shareholder's model has been replaced with a 'Stakeholder's Theory' approach (Freeman, 1984). Stakeholders mean all the groups towards whom companies have to fulfil their responsibility. The stakeholder theory's view emphasises that corporations have a responsibility towards community to care about the interests of all stakeholders influenced by their activities (Carroll, 1999). In the era of globalization, with challenges of resources scarcity and environmental pollution; companies are facing enormous pressures to achieve business goals in a more socially responsible mode. CSR is internal to a company; it describes the manner how to design the courses of action and its implementation in regard to the community (Carroll, 1979). CSR involves corporations should value the interests of its stakeholders such as workers, investors, contractors, customers, and the society in going about its business. CSR is the fulfilment of the expectations of stakeholders in order to amplify the corporation's positive influence on its physical and societal environment, while assuring a competitive return for financial stakeholders (Logan, 1997). One of the most prominent writers, Frederick penned that social responsibility in the final analysis implies a public attitude toward society's economic and human resources. It also manifests a desire to observe that those resources are used for broad social ends and not simply for the confined interests of private individuals and companies (Carroll 1999). There are several reasons for corporations to involve in CSR activities that embrace the capability to function now and into the future by recognizing areas of risk, damage or opportunity that influence their well-being. With the effective management of internal and external CSR activities, corporations may have competitive advantage through employee training & development, upgraded research and development, risk management market share and government relations (Weiser and Zadek, 2000).

Matten and Crane (2005) suggested that during such developments a few companies have even started to play a state-like role. Many of the corporations played a role to protect, enable and implement the citizenship rights, which have primarily been assumed the exclusive responsibility of the Government and its agencies (Marshall, 1965). Matten and Crane (2005) further highlighted that these CSR initiatives are taken in those cases where the Government system collapses, withdraws, unwilling or not able to implement basic citizenship rights. As a result, some writers revealed that business organizations have emerged as vital political actors in the global community (Detomasi, 2007). The economic vision of CSR is built on three principles: (a) politics and business should be clearly separated (Henderson, 2001); (b) companies have to earn maximum profits and managers have fiduciary obligation towards shareholders (Sundaram and Inkpen, 2004); and (c) social responsibilities should be fulfilled to enhance the long-term value of the corporation (McWilliams and Siegel, 2001). CSR has been assessed as the value creating contribution for the business (Siegel, 2009) and designated as a strategy i.e. 'enlightened value maximization' (Jensen, 2002). The extensive rationale for a new set of ethical rules for company decision-making, which clearly constructs and sustains an organization's social responsibility, arises from the fact that a business enterprise must repay the society for the benefits received from the society (Gautam and Singh, 2010).

Since the 1970s, companies have concentrated on business ethics in several approaches, such as, initiation of compliance agenda, establishment of ethics committees and codes of conduct, hiring of training programs, preparation and diffusion of value statements. However, profit seeking corporations have been establishing their businesses in developing nations for various rationales, like economy in labour, new markets, and availability of resources, all for the definitive purpose of escalating profits. Unfortunately, much of the corporations in developing nations are not pursuing ethical practices and adhering to environmental and labour standards (Kapstein, 2001). CSR is comprised of the economic, ethical, legal, and discretionary responsibilities that corporations consider towards the stakeholders (Maignan and Ferrell, 2000). Effective analysis of the environment helps the companies to take care of externalities and concerns of social nature, and to frame corrective responses (Crouch, 2006). Crane and Matten (2004) revealed that Stakeholder theory is a notion that capitalizes time and other resources in fulfilling stakeholders' considerations is a justifiable managerial initiative. Murray and Vogel (1997) opined that stakeholders are a group of individuals who can influence or are influenced by, the attainment of a company's mission. Stakeholders, performing either collectively or individually, informally or formally are a pivot element in the company's external environment that can influence the company positively or negatively. Clarkson (1995) highlighted that stakeholders encompass those which are considered crucial for the company such as consumers, investors, workers, contractors and governments who deliver infrastructures.

THEORETICAL PERSPECTIVES OF CORPORATE SOCIAL RESPONSIBILITY

CSR represents a number of theories and different approaches which are complex, unclear and also controversial. The main stress on theoretical contributions to the concept of CSR had been widely harmonized by empirical research and focused on topics such as sustainability, business ethics and corporate citizenship (Garriga and Melé, 2004). There are number of theories have been identified in the literature to enlighten the CSR. These theories are very helpful in understand the theoretical framework of the CSR notion. Developed nations have addressed the foremost issues of CSR in different manners. Friedman (1982) suggested that CSR maximizes shareholder wealth. Theories for instance stakeholder theory (Freeman, 1984) and profit maximization theory (Friedman, 1970) are logical theories. Freeman's (1984) stakeholder theory suggested that a corporation's commitment is not only to maximize profits but also to enhance stakeholders' contentment. Carroll (1991) criticized profit maximization responsibility and expressed that there is a natural fit between the initiative of CSR and company's stakeholders, further elucidated that stakeholders must be satisfied with the corporation's goals. Brummer (1991) described four models in relation to CSR i.e. classical, stakeholder, social demandingness and the social activist.

Stakeholder Theory

Stakeholder theory deals with organizational management and corporate ethics related to the philosophy and ideals in managing an organization (Freeman and Phillips, 2002). It has been originally developed by R. Edward Freeman in his book "Strategic Management: A Stakeholder Approach" (Walsh, 2004). As per Freeman's "a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives" (Mitchell *et al.*, 1997). Foundation of this CSR theory is that corporations should consider not only the requirements of shareholders wealth, but also consider the multi-stakeholder approach by satisfying the other stakeholders (Ruf *et al.*, 2001).

Stakeholders are recognized as the group of people interested in the company's activities. Stakeholders in the form of an individual or group can influence, or is influenced by, the achievement of a corporation's purpose (Freeman, 1984). Freeman *et al.* (2004) expressed that stakeholders are the groups that have an immense importance in CSR, and are indispensable for the existence and success of the company. Clarkson (1995) suggested that social performance of a company can be appraised more efficiently by adopting a framework which follows the management of a company's relationships with its stakeholders as compare to models and methodologies of CSR. In addition, Friedman and Miles (2006) identified stakeholders as consumers, workers, local community, shareholders, financers, media, business partners, trade unions, academics, competitors, social activists, and government, regulators and policymakers. Branco and Rodrigues (2007) emphasized that corporations should consider stakeholder engagement to internalize community's needs, expectations and circumstances in decision-making and corporate strategy.

Stakeholder theory emphasises that the corporation's prime object is to maintain the equilibrium between the expectations of all stakeholders and operating activities (Ansoff 1965). Garriga and Mele (2004) in their review of the CSR literature, classified CSR theories into following four broad categories :

(i) Instrumental Stakeholder Theory

This theory has been utilized to assess the relationship between stakeholder management and various objectives of the company such as profit, return and growth. This theory emphasises that managers should watch the intrinsic worth of multiple stakeholder interests, and should pursue those strategies which fulfil their interests (Donaldson, 1999). This theory does not consider only profits but focuses the interest of stakeholders (like social activities, environment responsibility and charity), whereas, the long run objective is to maximize the shareholder wealth and progress of competitive advantage (Garriga and Mele, 2004; McWilliams and Siegel, 2001). Jones (1995) noted that companies who encourage trust, accommodating relationships and avoid opportunism are more successful as compare to opportunists. For instance, rapid economic growth has led to intense toll on environmental pollution (Ip, 2008), and eventually, the stakeholders in the area who consumed water or breathed the air are disadvantaged as compare to shareholders.

(ii) Political Stakeholder Theory

It focused on the politics and power of the companies and their connection to community. This theory encompasses the idea that companies have social power and they have to exercise that power in responsible manner, otherwise, they may eventually lose their power (Davis, 1973), thus emerging in a type of social contract (Donaldson and Dunfee, 1994), and that these contracts surpass the differences in politics, religion and philosophy (Donaldson and Dunfee, 1999). The political theory envisages following proactive CSR policies to counterbalance the government participation and allows the companies to protect their interests in the public policy sphere (Logan *et al.*, 1997). A government may desire to promote a climate that is supportive and hostile towards corporate giving (Beesley and Evans 1978). This model assumes that corporations can instigate active steps to ensure that they decide how to operate in their best interests.

(iii) Integrative Stakeholder Theory

This theory describes how a firm depends on community for its growth and very survival (Garriga and Mele, 2004). It is the community which provides legitimacy and status to firm, thus, management should consider the community requirements. These theories examined the social responsiveness of firms towards community issues, integration of firm goals in the context of stakeholders' needs and the broad explanation of corporate social performance (Wood, 1991). Indian social and business environment is very different from what has been examined in the western countries. This theory may explain CSR in an international context in a better way, as it watches CSR within the country, cultural and institutional perspectives and examines interdependencies among all the stakeholders as well as addressing the global spread of CSR notion (Guler *et al.*, 2002). Corporations should follow that approaches in which they can express and pursue their social responsibilities among different communities.

(iv) Theory of Ethical Issues

Garriga and Mele (2004) involved ethical concerns between community and firm, with an idea that moral expression and reflection being a part of firm strategy is not only essential but also communally desirable (Windsor, 2006). On the same pattern, normative stakeholder theory denotes what manager should perform in terms of caring stakeholders' interests as having intrinsic worth, though what should be performed to a great extent based on one's perception. Jones and Wicks (1999) noted that both instrumental and normative theorist emphasis that these views need a number of shared values, like compatibility of capitalism and morality, care for others, elimination of ethical egoism and legitimacy of the intrinsic worth of all stakeholders claim.

Relational Theory

Relational theory is based upon the complex corporation-environment relationships. As it has been cleared from the name that it is interrelation between the two and focuses on the analysis of CSR. Relational theory has been further classified into four sub-categories.

(a) Business and Society Relational Theory

Business and society theory has been suggested to mean 'business in society' where CSR appears as a matter of interaction between business and society. The improvement of economic values in a community is measured as emerge of CSR. On the other side a firm's commitment to consider the influences of its decision and activities on the entire social system. The general relationship reflects that social responsibility of firm need to reveal the volume of social power they have.

(b) Corporate Citizenship Relational Theory

Corporate citizenship relational theory is intensely based upon the type of society to which it is concerned. It reflects the way a company may adopt to behave in responsible manner. Basically, it is around the relationship that a company cultivates with its stakeholders, and therefore, the former has to constantly pursuit for commitment and obligation with the latter.

(c) Stakeholder Approach Relational Theory

Stakeholder approach is a strategy to improve the management of the company. It has been referred as an approach to recognize reality with a view to manage the socially responsible behavior of a company. This approach further assumes a company as an interrelated network of different interests where self-creation and society creation occur interdependently; and individuals behave nobly. Garriga and Mele's (2004) analyzed that stakeholder approach is both within the integrative and ethical theories, where the former underlines the integration of community needs and the latter emphases on the right thing to achieve a good community. Mitchel *et al.* (1997) supported that the equilibriums among the interests of the stakeholders are on the priority; and (Freeman and Phillips, 2002) assumed fiduciary duties towards stakeholders of the companies, respectively.

(d) Social Contract Relational Theory

The social contract theory under the relational theory group denotes the fundamental concern of mitigating the ethics of economic activities with a view to have a theoretical ground for evaluating social relations between community and company. Hence, CSR has been derived from the ethical legitimacy the company attains in the community and understanding about CSR is contained in the justification of social activities that legitimize the behavior of the company. Garriga and Mele (2004) investigated and placed the social contract theory under the group of ethical theories, the approaches of which encompass sustainable development (Korhonen, 2003) and universal rights (Annan, 1999). Such approaches of CSR are grounded on employees' right, human rights, and environment concern.

Managerial Theory

The managerial theory emphasizes that all things outside the scope of the organization should be considered while making decisions. Secchi (2007) highlighted the rationality of managerial theory that underlines corporate management in which CSR is approached by the company internally. It sorts the difference between the managerial and practical outlook of CSR. Everything external to the company is considered for managerial decision-making. Managerial theories have been categorised into three categories:

(i) Corporate Social Performance

Corporate social performance aimed to quantity the involvement of social variables towards the economic performance. It is the management of social and economic factors together by the company. It has been established on the assumption that company depends upon community for its development and sustainability. Managerial theory emphasizes that CSR assumes socio-economic variables to Quantity Company's socio-economic performance, in addition to connect social responsibility philosophy to business strategy.

(ii) Social Responsibility for Multinationals

Secchi (2007) referred the multinational companies as 'moral agents', examined on the basis of the ethical values when administrators take decision in the companies, instead of profit maximization. The rationality of CSR for multinational companies is also resultant of the fact that when cultural clashes become relevant due to happenings like strike, dispute, demonstration, boycott, and other negative movements against the employer. There should be a 'code of conduct' which has to be adhering by multinational companies. The success of these initiatives, however, based up on customer expectation and company reputation; the degree of trust, acceptance, and cooperative behavior of the stakeholders and society of employees.

(iii) Social Accountability, Auditing and Reporting (SAAR)

Secchi (2006) elaborated that SAAR is strictly concerned with social performance contribution via accounting, auditing and reporting techniques. SAAR denotes that a company accounts for its performance. By doing so, companies are regulated and controlled in regard to their core business performance while accountable to the relevant society. These three managerial activities are distinct but these are interconnected with each other. These activities are responsible for the social and ethical behavior of a company, which eventually assesses the companies' activities that have social influence. Companies are engaged in SAAR activities for communication and discloser purposes, to have improved stakeholder involvements.

Legitimacy Theory

Legitimacy theory explains the extent of CSR reporting, which highlights that companies will act in whatsoever approach but they are required to protect the corporate image as a legitimate entity (Deegan, 2002). Basically, legitimacy theory is a system-oriented theory where companies are considered as elements of the big social environment within which they survive. Bortree (2009) expressed environmental legitimacy as the faith or belief that the corporate environmental performance of a company is desirable and conform to stakeholders' expectations. Bansal and Clelland (2004) noted that such kind of voluntary disclosure can prevent firm's criticism and is an indicator of their commitment toward environmental concerns. Such kind of disclosures represents impression management, and supports company to earn respect, despite of whether or not the environmental legitimacy is low or high. Preston and Post (1975) posited that company's disclosures respond to environmental factors (political, economic and social) and such disclosures legitimize initiatives. This theory is principally reactive in that it advocates that company's objective is to create congruence between the societal values inherent (or implied) in their initiatives and social norms (Lindblom, 1983).

Social Contract Theory

Social contract is a combination of supposition and rules regarding behavioral patterns among the various components of society. This theory mingles company's attention with stakeholder management. It is a relationship and mutual faith between the stakeholders and company (Weiss, 2008). The nature of the contract may encompass consumers' satisfaction regarding products and services; behaviour of company's representatives; satisfaction of dealer, vendors and distributors; responsibility of the company regarding payment of taxes in the treasury and fair wages to the employees and adequate working conditions. Donaldson and Preston (1995) opined that social contract theory ascertains the general legitimacy of the company and additional alterations and restrictions should not be included in the contract. However, they suggested that the changes must be incorporated within the limitations of the contract.

Resource Dependence Theory

Resource dependence theory explains how the external resources of company influence the behaviour of the company. The procurement of external resources is a significant principle of company's tactical and strategic management (Salancik and Pfeffer, 1978). This theory has proposition in regard to the optimal organization structure, selection of board members and workers, output strategies, contract structure, and various other features of organizational strategy. However, this theory encompasses three core notions (Davis and Cobb, 2010) such as, issues of social context, strategies to increase autonomy and pursue interest power for understanding external and internal organizational initiatives.

Agency Theory

Agency theory denotes the separation of ownership and control of the company; and relationship between principals and its agents. The relationship explains the hiring of an agent by the principal to perform his duties. The theory attempts to resolve the two specific problems: (i) that, there is no confliction between goals of the agent and principal, and (ii) that, the agent and principal reconcile different tolerances for risk. Adams and Mehran (2008) highlighted that such type of problem creates doubts about the value of joint stock companies, which lessen the financial incentives to managers in regard to their performance, if the equity is invested by the owners rather than by managers. Preston and O'Bannon (1997) highlighted that when corporate financial performance is strong, managers might cut social expenditures with a view to maximize their personal gains, whereas, when company's financial performance declines, managers will seek to offset their unsatisfactory results by engaging in prominent social programs, hence, maximizing shareholders as well as their personal gains, pursuant to the managerial opportunism hypothesis.

Utilitarian Theory

A utilitarian theory designates that companies serve as a part of the economic system, where the function is to maximize profit. The notion of CSR emerged after recognition that there is a need for an economics of responsibility and business ethics of a company. Thus, the old idea of laissez faire business emerges to determinism, public control in single hand, and personal responsibility to social responsibility. (Garriga & Mele, 2004 and Jensen, 2002). Such theories are concerned with strategies for competitive advantages. Litz (1996) highlighted that these theories act as basis for developing strategies for the dynamic utilization of company's natural resources for competitive advantage. The strategies also encompass philanthropic initiatives that are socially identified as marketing instruments. Secchi (2007) further categorized the utilitarian theories into 'the social costs of the corporation' and 'the idea of functionalism' theories.

Institutional Theory

Institutional theory has been broadly applied by CSR researchers (Schaefer, 2007 and Aravind & Christmann, 2011) as a theoretical framework to understand the implement CSR. This theory supported the vision that companies may have reasons to implement CSR practices other than their potential to improve companies' competence in terms of CSR (Delmas, 2003). Institutional theory proposed that (a) firms' continued existence based on resources supplied by the institutional environment, and (b) access to resources required for the operations depends upon firms' legitimacy. Meyer and Rowan (1977) highlighted that companies play vital role in setting up standard and values prevalent in communities and describing the current perception of what is legitimate. Institutional theory indicated that because companies follow the structure of the same companies and tackle similar conditions they become similar to each other.

Self-regulation Theory

CSR scholars like (Christmann & Taylor, 2006 and King & Toffel, 2009) have applied self-regulation theory to investigate the conditions essential to implement CSR practices successfully. Companies are not certain of implementing strict rules on their operations, which means that companies may get an advantage or a disadvantage over their competitors. In this regard, companies choose to free-ride and not execute substantially the self-regulatory measures (Lenway and Rehbein, 1991). Potoski and Prakash (2002) argued that CSR measures like International Certifiable Management Standards (ICMS) need to have excludable advantages for companies, i.e. advantages that cannot be achieved by competitors. Companies will try to minimize obligations stemming from the adoption of CSR self-regulatory tools and will only conform to requirements if to refuse would heavily influence their survival.

CONCLUSION

In conclusion, the theories discussed above deal with the social responsibility of business towards the society. Both stakeholder and legitimacy theories are derived from political economy literature which provide overlapping perspectives on the relationship between business corporations and society. In addition to this, resource dependency theories throw light on the role of legitimacy in corporation's ability to get hold of resources. In the light of this perception, corporations follow strategies to ensure they can access the resources they require. Institutional theory, on the other hand, considers the constraints on corporations to match the expectations of stakeholders.

The CSR theories mainly focus on four prime aspects such as (a) fulfilling goals that ensure long-term profits (b) use of business power in a conscientious manner (c) integrating social demands, and (d) ethical contribution towards a good society. The stakeholder theory on CSR emphasized the benefits of different stakeholder viz. owners, employees, customers, creditors, suppliers, community and government in a rational way. Relational theory focused on the complex firm – environment relationships. The managerial theory of CSR highlighted the difference between practical and managerial perspective of CSR. The legitimacy theory highlighted that corporations are components of larger social environment and they follow legitimate rules toward the society to safeguard their corporate image. The social contract theory establishes mutual trust and relationship between corporations and stakeholders.

All the theories discussed above have their own drawbacks and very often produce confusion and skepticism. The problem is especially serious in case of ethical theories, and even within each group of theories. The implication of this study is that there is wide scope for future research on the current topic and in improving the instruments, measures and constituent concepts of CSR constructs in order to provide better guidance to policy makers and managers, as well as academic interest. Modern corporations with multiple objectives and having complex interdependencies require a complete legislation in the light of adequate CSR theories, so that there would be maximum effort to spread CSR among all business people for the balanced development. Thus, the more task ahead for researchers is to develop a new CSR theory which would overcome the limitations and widely acceptable and suitable to business segments and society. This would require an accurate knowledge and a sound ethical foundation.

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