

MNC'S SOCIAL RESPONSIBILITY: THE ROLE OF
NON GOVERNMENTAL ORGANISATIONS BY
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Abstract

The Corporate Sector, particularly the Multi-National Companies (MNCs) are emerging as a significantly powerful entity of various attributes of society, engaging in almost every citizen directly or indirectly, and with the positive impacts like economic growth and better organisation, emerges a threat of exploitation of human rights of people engaged therewith. The authors are of a view that the positive intervention of Non Governmental Organisations (NGOs) is one of the essentials for safeguarding the rights of people, keeping a check on the accountability of the National and Multinational corporations and instilling in them a sense of Social Responsibility. Moreover there is lack of legal enactments and awareness of Human rights. Our paper attempts to study the role of NGO with reference to MNC's Social Responsibility and Globalization. The paper further analyses the impact of globalization and participation of international personalities in Corporate Social Responsibility. The paper deals with, firstly, "Introduction to MNC's Social Relationship and NGOs", and its national and Global scenario. Secondly, it deals with CSR and Environmental Sustainability along with Multinational Corporation's social responsibility and its conflict with the profits. Thirdly, the authors will discuss the existing National and International Laws regarding accountability of corporations. Lastly, authors have given their own views, highlighting the flaws and strength of the existing models, and suggesting the possible reforms.

How can we decide the ambit of contribution of a multinational corporation for ameliorating the social conditions in the economies where they operate? Where on one side the operation of most of the multinational corporations is in the countries with extreme poverty, inequality, dysfunctional or inadequate institutions, and political systems characterised by undemocratic rule; on the other side, the puissant status of multinational corporations facilitates them in promoting changes in developing countries, individually as well as collectively. The question of corporate responsibility in poor and the countries that are undemocratic, has been addressed by a CMI strategic institute programme (SIP) entitled "Business ethics for multinational corporations in developing countries".¹ This programme (which had been running from 2004 to 2006), has proved to be a great success. The three distinguished perspectives on business ethics are:

- **NORMATIVE PERSPECTIVE:** This perspective asks what a corporation ought to do and what responsibilities does a corporation have and to whom.
- **INSTRUMENTAL PERSPECTIVE:** This perspective studies what responsibilities are profitable and the pursuance of which are in the interest of firms, and how incentives can be given to the firms for fulfilling their other responsibilities.

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¹ Ivar Kolstad, Chr. Michelsen Institute, Corporate Social Responsibility of Multinational Corporations (2007), available at <http://www.cmi.no/publications/publication/?2575>, (Last Accessed on 1st December, 2014).

- **DESCRIPTIVE PERSPECTIVE:** This perspective asks about the actual working of the firms in the area of business ethics.

Responsibilities of Corporations

“The social responsibility of business is to increase its profits”² is an exquisite assertion by the Nobel Prize laureate Milton Friedman. The position of the shareholder on business ethics is that the corporations shall pursue only the interests of the shareholder. The position of a shareholder entails strict special duties towards them, which cannot be defended by any reasonable ethical theory.³ In fact the corporations have responsibilities even to the others than only their shareholders. How can the responsibilities of the corporations be determined and also if such responsibilities shall vary with context, as between operating in the rich and poor countries? The answer to these questions lies in the application of the so-called assignment approach to corporate responsibility which emphasizes on “the optimal division of moral labour between agents, i.e. an efficient division of moral tasks between corporations, state institutions and other agents.”⁴ The attainment of one’s set of ethical objectives by way of delegation and specialization in specific tasks is the fundamental idea behind it.

In developed countries a suitable division of moral labour may be for corporations to pursue ownership returns, leaving distributional and other social concerns to the state.⁵ In cases where the state institutions are dysfunctional or too immured in their capacity for taking up the responsibility assigned to them, there results a breakdown in the division of moral labour in such countries. These responsibilities fall on corporations when other agents (including the state) fail to take on distributional or other social responsibilities.⁶ This can be explained in a better way as for those corporations which operate with an impecunious institutional setting in developing countries; their responsibilities are not restricted only to the maximization of the ownership returns but go far beyond it. This line of thinking also finds its application in the corporations which operate in totalitarian states. Looking from the perspective of human rights, there exist both negative as well as positive duties. Duties apropos non violation of the rights are the negative duties whereas duties apropos creation or contributing to systems of rights protection as well as to aid those ousted of their rights are the positive duties. The negative duties are considered to be universal and the corporations must always treat them with veneration. The division of moral labour can exist for positive duties. Where these duties

² Milton Friedman, The Social Responsibility of Business is to Increase its Profits, The New York Times Magazine, September 13, 1970.

³ Frederick R. Post, American Journal of Business, A Response to “The Social Responsibility of Corporate Management: A Classical Critique”, available at <http://www.bsu.edu/mcobwin/ajb/?p=123>, (Last Accessed on 2nd December, 2014).

⁴ CMI Brief, Corporate Social Responsibility Of Multinational Corporations, available at http://r.search.yahoo.com/_ylt=A2oKmKSFG6BUIhsA0su7HAX.;_ylu=X3oDMTBByN2RnanRxBHNIYwNzcgRwb3MDMQRjb2xvA3NnMwR2dGlkAw--/RV=2/RE=1419807750/RO=10/RU=http%3a%2f%2fwww.cmi.no%2fpublications%2ffile%2f2575-corporate-social-responsibility-of-multinational.pdf/RK=0/RS=xKaEuD6x_3yR1TSeHJe30iTglqg-, (Last Accessed on 2nd December, 2014).

⁵ Idumange John, Rethinking Corporate Social Responsibility in the NDR, available at <http://www.pointblanknews.com/Articles/artopn3020.html>, (Last Accessed on 5th December, 2014)

⁶ Supra Note 4

are borne by public institutions, positive duties of corporations are limited; and where public institutions and others fail to protect rights, these positive duties fall on corporations.⁷

“If a corporation cannot operate without contributing to human rights violations, it should stay out”⁸

A corporation should stay out if it is unable to operate without contributing to the violation of human rights. A corporation has to face demanding positive duties since the government disregards the rights and such rights are also advanced by the international community in an inefficacious manner. All such positive duties are solely dependent on the relative power of the corporation which means the more powerful the country is the more extensive are their duties. A corporation such as Total Oil in Burma, which is a major player in its oil industry, thus has extensive duties to promote human rights in that country.⁹ The above given points are the implications for corporations in a country such as Burma.

Incentives Are Needed As Ethics Can Be Costly

An uncorroborated assertion regarding CSR being profitable is made by the business executives. Empirical Studies on the relationship between CSR and profitability are inconclusive and largely uninformative due to severe methodological shortcomings.¹⁰ Also the idea that CSR plays a vital role in earning profits and is good for it cannot be justified theoretically. Here, most of the responsibilities that are ascribed to the firms will not be voluntarily taken up and persisted by them unless some extra incentives or perks are offered to the firms. The three areas of corporate incentives for CSR, i.e., organizational structure, market structure, and executive pay are the main focus of the programme.

“Norms are formed and reformed through the continued interaction of workers within firms and interaction between firms”¹¹

In certain cases, monopolists are not as responsible as the firms which face perfect competition. This is the result from a model of production plant location in an authoritarian country where on the one hand, there are cost advantages to locating production abroad; on

⁷ Fiduciary Duties for active shareholders, available at <http://www.thefreelibrary.com/Fiduciary+duties+for+activist+shareholders.-a0179423179>, (Last Accessed on 3rd December, 2014)

⁸ CMI Brief, Corporate Social Responsibility Of Multinational Corporations, available at http://r.search.yahoo.com/_ylt=A2oKmKSFG6BUIhsA0su7HAX.;_ylu=X3oDMTByN2RnanRxBHNIYwNzcgRwb3MDMQRjb2xvA3NnMwR2dGlkAw--/RV=2/RE=1419807750/RO=10/RU=http%3a%2f%2fwww.cmi.no%2fpublications%2ffile%2f2575-corporate-social-responsibility-of-multinational.pdf/RK=0/RS=xKaEuD6x_3yR1TSeHJe30iTglqg-, (Last Accessed on 3rd December, 2014).

⁹Total oil, fuelling the oppression in Burma, available at http://burmacampaign.org.uk/images/uploads/total_report.pdf, (Last Accessed on 3rd December, 2014).

¹⁰ Anti corruption resource centre, Incentives for the private sector to refrain from corruption, available at http://r.search.yahoo.com/_ylt=A2oKmLo9PaBUSBsAMBS7HAX.;_ylu=X3oDMTByb2lkZ2kyBHNIYwNzcgRwb3MDMgRjb2xvA3NnMwR2dGlkAw--/RV=2/RE=1419816382/RO=10/RU=http%3a%2f%2fwww.u4.no%2fpublications%2fincentives-for-the-private-sector-to-refrain-from-corruption%2fdownloadasset%2f346/RK=0/RS=GeLovnbptYI61NF4vZGjXZsPxp-, (Last Accessed on 5th December, 2014).

¹¹ Supra Note 10

the other hand, a firm faces consumer reactions reducing demand if the product is produced in the authoritarian country.¹² It has been very surprising that for the given reactions of the consumers the reduction in cost which a competitive firm has to make in order to carry out production abroad in some cases are more than that for the monopolist. This can also be explained the other way round as in certain cases the monopolists and not the firms which face perfect competition are considered to be more prone to setting up their location in the countries which are authoritarian. This result goes against earlier claims in the literature, that monopolists are in a better position to expand CSR activities.¹³

“There may be trade-offs between corporate governance reform, and corporate social responsibility”¹⁴

The remuneration to be paid to the executives can either be fixed or performance-based. The program as a final corollary concluded that the allocation of the efforts by the executives towards CSR under certain conditions decreases with the introduction of pay which is based on the performance. This is an important result, which suggests that there may be trade-offs between corporate governance reform, and corporate social responsibility, which is contrary to much of the received wisdom in this area.¹⁵

Corporate Social Responsibility in Emerging Markets: The Role of Multinational Corporations

The countries which are starting to take part globally by the implementation of reform programmes and are also undergoing an economic improvement are referred to as emerging markets or emerging economies. The term ‘emerging market’ was originally coined by the International Finance Corporation (IFC) of The World Bank to describe a narrow list of middle-to-higher income economies amongst developing countries, with stock markets in which foreigners could buy securities.¹⁶ The meaning of this term has expanded which now includes almost all developing countries which have a Gross National Income (GNI) per capita of \$9,265 or less than it. MNC can be broadly defined as any corporation which conducts its operations in more than one country. It is pertinent to mention here that by MNCs it is not only meant Western or Japanese MNCs, but it also embraces an increase in the number of MNCs in Asia’s, Africa’s, and Latin America’s emerging economies.

¹²International Business Environment, International Business-An Overview, available at <http://www.slideshare.net/tengsonjojie/international-businessenvironment12209431874835998-1>, (Last Accessed on 9th December, 2014).

¹³Ralph Tench, William Sun, Brian Jones, “Corporate Social Irresponsibility: A Challenging Concept”, available at [http://www.emeraldinsight.com/doi/book/10.1108/S2043-9059\(2012\)4](http://www.emeraldinsight.com/doi/book/10.1108/S2043-9059(2012)4) (Last accessed on 8th December, 2014)

¹⁴CMI Brief, Corporate Social Responsibility Of Multinational Corporations, http://r.search.yahoo.com/_ylt=A2oKmKSFG6BUihsA0su7HAX.;_ylu=X3oDMTByN2RnanRxBHNIYwNzcgRwb3MDMQRjb2xvA3NnMwR2dGlkAw--/RV=2/RE=1419807750/RO=10/RU=http%3a%2f%2fwww.cmi.no%2fpublications%2ffile%2f2575-corporate-social-responsibility-of-multinational.pdf/RK=0/RS=xKaEuD6x_3yR1TSeHJe30iTglqg-, (Last Accessed on 1st December, 2014).

¹⁵ Anti Corruption Resource Centre, Incentives for the private sector to refrain from corruption, available at: www.u4.no/publications/incentives-for-the-private-sector-to-refrain-from-corruption/downloadasset/346+&cd=2&hl=en&ct=clnk&gl=in (Last accessed on 11th December, 2014)

¹⁶ Victor Camlek, The New Information Economy: The Changing Landscape, 26 February 2008, available at <http://www.slideshare.net/rotciv/nfais-presentation20080226-f>, (Last Accessed on 9th December, 2014).

According to Fortune Magazine, amongst the 500 top global companies in 2007, seventy are from emerging economies, compared to 47 in 2005.¹⁷ A diverse gamut of terms such as ‘corporate responsibility,’ ‘corporate citizenship,’ ‘corporate social responsibility’, etc, in the recent years are used interchangeably, all expressing the same duty or the idea where a business for the benefit of the society is required to make certain positive contributions. But as far as academic and business literature are concerned the acronym CSR is a term which is accepted more widely rather than CR. However, that with the word ‘social’ the term CSR may seem somewhat narrow and CR in this sense may be more encompassing and potentially more useful.¹⁸

The validity and the usefulness of CSR for the profit-making companies have continuously and for a very long time remained a question. For example, Milton Friedman famously asserted that “the social responsibility of business is to increase its profits.”¹⁹ The question in today’s scenario is not that should a company should practice CSR or not but it has reduced to how a company should practice CSR even though the argument “the business of business is business” is still heard of. With the corporate social agenda becoming an intrinsic part of the 21st century business strategy, the concept of CSR may ultimately cease. CSR plays a dual role both in aiding the companies in making profits and promoting the welfare of the society as well by adopting a strategic vision for CSR where the interdependence between the business and the society is recognized. Strategic CSR realises the dynamic interdependence and the importance of forming a community of interests amongst the firm and its various stakeholders in society.²⁰ This can be better apprehended as, “*CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage.*”²¹ Not only risks but also opportunities are presented by the emerging economies to the MNCs. Almost 2 billion consumers constituting the emerging markets, on one hand are the representatives of an enormous market opportunity for the Multinational Corporations. Today, assiduousness towards the emerging markets is a preeminent way for generating both profits and creating societal value. And on the other hand, MNCs come across various challenges and difficult security problems, and other risks associated with health, environment, etc, when they operate in these countries. Doing business in emerging markets will be difficult because many of them are characterised by either bad or weak public governance and administration, lack of public transparency, high levels of bribery and corruption, poor records on human rights, inadequate environmental, safety and labour standards and high levels of poverty and inequality.²² How can the good

¹⁷ Tom Fortino, Six Major Threats to Preserving Your Wealth, available at: http://fortune.com/contentfrom/2014/12/19/six-threats-to-preserving-wealth/ntv_a/26QBAVSACAFxgFA?prx_ro=s (Last accessed on: 9th December, 2014)

¹⁸ The Synergy Online, New Delhi, 9th December 2014.

¹⁹ Milton Friedman, The Social Responsibility of business is to increase its profits, New York Times Magazine, September 13, 1970.

²⁰ EU Africa Chamber of Commerce, How Corporate Social Responsibility can grow your business, available at <http://eu-africa-cc.org/index.php/fr/news/102-csr-business-law/547-how-corporate-social-responsibility-can-grow-your-business>, (Last Accessed on 10th December, 2014).

²¹ Michael E. Porter and Mark R. Kramer, Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility, Harvard Business Review (December 2006), p. 80.

²² Jane Nelson, Leadership, Accountability, and Partnership: Critical Trends and

practice of CSR by the MNCs continue in the circumstances so capricious in nature? Obviously it is important first to understand what CSR means in the context of emerging economies. CSR should not be seen as a universal but as a local concept.

Multinational Corporations, Social Responsibility and Conflict

“The international business community will increasingly need to promote greater economic inclusion and social justice in its operations, or it will be blamed for contributing to the conditions that lead to violent conflict.”²³

The World Trade Centre and the Pentagon being a part of the same attack cannot be considered as a mere coincidence. A burgeoning link which exists between the public and the private sector in this progressive global economy is symbolized by tying together these pillars of business and government. Such attacks are an evidence of a rising perception that globalization leads to the creation of inequality and poverty which in turn leads to the creation of the motive for violence. The private sector in response is becoming more public-minded whereas the public sector has reciprocated by becoming more business-minded. The events of September 11, 2001, the demise of Enron and a worsening recession clearly demonstrated that good corporate governance at home and abroad, promoting economic inclusiveness and community goodwill are important elements of international security²⁴. This interweaving of roles calls for new partnerships between business and the government, in which sharing skills and expertise can be valuable in promoting regional and global stability.²⁵ The responsibilities associated with the security operations for the purpose of peace keeping rests uniquely with the government, which are actively avoided by the corporate actors. Violence in the failed states becomes the imperious means for expressing grievances and also for securing control over wealth and key economic goods thereby making conflict endemic to such states. While the primary concern of the governments lies in the prevention of violent conflict, an important role is played by the businesses and financial institutions in avoiding or resolving the conflicts associated with production in the economy. These include conflict situations that stem from the breakdown of traditional social frameworks, involving an influx of immigrants and the rapid emergence of cash economies.²⁶ The responsibility for responding to conflict and post-conflict situations also lies on the governments. However, the international organizations, consumers and social investors, the media, human rights groups, and also some corporate executives, have been prompted by globalization and the increasing number of strifes occurring in regions where multinational

Issues in Corporate Social Responsibility, Report of the CSR Initiative Launch Event, Corporate Social Responsibility Initiative, Report No. 1 (Cambridge, Mass.: Kennedy School of Government, Harvard University, 2004), p. 31.

²³ Institute for Economics and Peace, Multinational Corporations, Social Responsibility and Conflict, available at <http://economicsandpeace.org/multinational-corporations-social-responsibility-and-conflict>, (Last Accessed on 5th December, 2014).

²⁴ Alyson J. K. Bailes and Isabel Frommelt, Business And Security, Public-Private Sector Relationships in a New Security Environment, available at: <http://books.sipri.org/files/books/SIPRI04BaiFro/SIPRI04BaiFro.pdf> (Last accessed on: 5th December, 2014)

²⁵ The Legal Dimension To Approach And Promotion of Corporate Social Responsibility, available at: http://www.academia.edu/4417712/csr_and_law (Last accessed on: 8th December, 2014)

²⁶ Renewable Resources and Conflict, available at: http://www.un.org/en/events/environmentconflictday/pdf/GN_Renewable_Consultation.pdf (Last accessed on: 12th December 2014)

corporations (MNCs) operate, for discussing the responsibility MNCs share in promoting peace and avoiding strife. "Corporate social responsibility and business ethics groups assert that corporations have an interest in leveraging their skills and impact to promote stability in their areas of operation, not only because it is the right thing to do, but also because it makes good business sense."²⁷ The more traditional human rights groups make use of international law to ensure that businesses are not complicit in human rights abuses, while conflict resolution groups offer their problem-solving skills and their expertise in identifying root causes of conflict.²⁸ Multinational companies which operate across borders shall bear some responsibility apropos to the effects which their operations will have on the local environment and population, as has been agreed by all these players. The role of business in conflict prevention, crisis management, post-conflict reconstruction and peace building was the focus of several conferences held in 2001 by organizations ranging from large multilateral agencies such as the United Nations, the World Bank and the World Economic Forum to the smaller non-governmental organizations such as the International Peace Academy and Transparency International.²⁹

Examples of Companies with good Corporate Social Responsibility

Previously in this paper our discussion was confined to the pitfalls of companies which do not appropriately manage their CSR strategies as a consequence of which it not only gives an invitation to poor press coverage but also outrages activists and degrades public opinion. We shall now be focusing on the positive aspect of the companies as to how have they managed quite well their CSR strategies and are also reaping the benefits for complying with such strategies. *The company that first comes to mind as an epitome of good corporate governance and is also the bellwether of the IT industry of India is Infosys.* Indeed, Infosys is one of the companies that has set benchmarks for other companies not only in India but all over the world in the way corporate governance and social responsibility are handled and projected to the outside world.³⁰ Elucidating it, it is pertinent to mention here that the companies need to broadcast their achievements in CSR to the public or the world at large as merely following CSR would not be enough. Another example of a company which has distinctly performed in the field of CSR is BIRLA. Another company that has done an exceptional job of portraying itself as a good corporate citizen is the *TATA group* in India and The Body Shop (formerly owned by Anita Roddick) company in the United States.³¹

Even though these companies have different ends of the gamut in context of their product and business lines, but in the public conception these companies are held to be favourable mainly because of the visionary leaders who have led these companies and also due to the eminence and éclat established through decades by doing the right thing. Taken together with Infosys

²⁷ Juliette Bennett, Available at: <https://greencorporations.wordpress.com/the-drivers-of-greening-within-multinational-corporations/> (Last accessed on: 17th December, 2014)

²⁸ Supra note 26

²⁹ The Responsibility To Protect, Report of the International Commission On Intervention And State Sovereignty, available at: <http://responsibilitytoprotect.org/ICISS%20Report.pdf> (Last accessed on: 15th December, 2014)

³⁰ Brian L. Maruffi, "Corporate Social Responsibility and the Competitive Advantage of Multinational Corporations: What is the right Balance?" Available at: http://www.academia.edu/8100283/CSR_and_Competitive_Advantage (Last accessed on: 9th December, 2014)

³¹ The Best Corporate Citizens, available at: http://www.forbes.com/2006/11/26/leadership-CSR-walmart-lead-citizen-cx_mw_1128reputation.html (Last accessed on: 9th December, 2014)

and companies like Sony Ericsson, these corporations reap the benefits of being good corporate citizens in terms of increased revenues and top of the mind brand recall by dint of being model corporate citizens.³² Companies by practising CSR and projecting to the external world an image of good governance accompanied with social responsibility, gives them various tangible and intangible benefits. Quite often we have witnessed the practice of “Green Washing” among the companies where they spin to project such things which do not exist fully or even partially. Not only these companies pursue strategies that are environmentally as well as socially responsible but also endeavour to maintain amicable terms with all its stakeholders (including the suppliers, employees, society at large, consumers and the governmental agencies) that transforms into several perks which are measurable as well as immeasurable in nature to the companies. Leaders from companies holding various conspicuous or big-league positions in the boards and advisory committees get an instant recognition leading to the creation of a “*halo effect*”³³ giving them the same idolatry and adulation from the people as is received by the sports personalities and rock stars.

While not preaching, some of these companies also help other companies in actualizing their visions for society and by being transformational change agents as well as catalysts for CSR.³⁴ CSR being imperative to the business must be practiced with avidity and ardency and not accepted unenthusiastically or with animus. Such a practice helps the companies in the long run as carrying on of a business is not all only about the next quarter.

Case Study on the Bhopal Disaster and its Aftermath in Misapplication of CSR by a MNC

Companies should take this concept of CSR seriously and should not waste time by paying only lip service to it. Indeed, the stakes are high for companies that chose to ignore societal concerns as evidenced in the way companies that have ridden roughshod over social obligations have found to their consternation that the awakening public consciousness demands answers from the companies.³⁵ This paragraph discusses about a particular case of the disaster in the *Union Carbide Plant in Bhopal, India* showing a classic case where the misapplication of the concept of Social Responsibility occurred in handling the disaster and its aftermath.

Here without going into the details of this incident we shall talk about how Dow Corporation which is the current owner of this plant has sought for the eluding of the responsibility and because of its way in which it is attempting to abrogate the societal obligations it is being pilloried by the media as well as the people at large, which is greatly costing the company.

³² The Journal of Global Business Issues Volume 7, Issue 2 Fall 2013, Available at: http://www.researchgate.net/profile/Dr_Arup_Barman/publication/258234792_Alliances_of_Indian_Management_Education_in_the_Vortex_of_Globalization-Excellence_under_Triangles_and_Quadrangles/links/004635277bf4bf125c000000.pdf (Last accessed on: 9th December, 2014)

³³ It is the generalization from the perception of one outstanding personality trait to an overly favourable evaluation of the whole personality.

³⁴ “Introduction to Principles of Management”, available at: www.saylor.org/site/wp-content/.../Principles-of-ManagementNEW.docx (Last Accessed on: 10th December 2014)

³⁵ The Bhopal Disaster and its Aftermath as a Case Study in Misapplication of CSR, available at: <http://www.managementstudyguide.com/case-study-in-misapplication-of-csr.htm> (Last accessed on: 10th December, 2014)

We do not have to look beyond the recent brouhaha over Dow which was one of the sponsors of the Olympics 2012 in London and the worldwide protests by civil society groups and activists which has generated the negative press. Indeed, it has now become the norm for popular opinion to turn against Dow whenever the Bhopal Incident is mentioned.³⁶ Further, there has been outrage over the way in which the Public Relations for the Dow Company have been handled with many critics pointing to the callous disregard that the company has for public opinion of its handling the fallout from the Bhopal Disaster.³⁷ Dow here cannot evade the responsibility by taking the plea that the previous owner of the plant shall be held responsible here and it does not hold any responsibility as far as the disaster is concerned, as in the corporate world a basic fact states that “*adequate due diligence has to be done by companies when they acquire other companies*”³⁸ and here Dow had complete knowledge of the antecedents of the Union Carbide Corporation at the time of acquiring it.

The refusal of Dow in accepting social responsibility and exhibiting good corporate behaviour by way of reaching out to the victims of the disaster depicts the non compliance of its social responsibility by the company. This case is all about Dow bearing some social responsibility from which it cannot turn away. The case of the handling of the aftermath of the disaster is a very real test for governments and corporate watchdogs all around the world in making companies accountable and socially responsible.³⁹ It can be said that the behaviour of the company is in a way which is disregarding the commonsense notions of corporate responsibility and it would be understandable even by a non expert in CSR that Dow shall be made to take up seriously its social responsibility; as it would be an understatement to say that Dow mishandled its social responsibility.

Therefore, the firms should pay full attention to this concept of CSR and also take it seriously by actually striving to work towards fulfilling its objectives.

Conclusion: Views and Suggestions

The authors are of the view that nothing can be forcefully done: influencing someone through tactics is not the solution. NGOs should make sure that Corporations are instilled with the feeling of oneness for the society, and should understand the responsibility they owe towards the society. The NGOs should work to involve both the Corporations and the Government in their campaign. NGOs can act as a bridge between the Government and Private Corporations, in turn bringing in good for the society. More emphasis should be placed upon the educational strategies instead of tactics. Long lasting solutions should be preferred on the comparatively short term plans. Emphasis should also be laid on sustainability. A concept of global social justice should be introduced.

Thus, there is a need of laying concern over the activities of the corporate sector globally. The government all over the world should have a keen interest in developing laws relating to

³⁶ Dr. Madabhushi Sridhar, “The Present And Continuous Disaster Of Bhopal: Environmental Dimensions”, available at: <http://www.legalservicesindia.com/articles/bhopal.htm> (Last Accessed on: 21st December, 2014)

³⁷ Manjeet Kripalani, “Dow Chemical: Liable for Bhopal?”, Available at: <http://www.businessweek.com/stories/2008-05-27/dow-chemical-liable-for-bhopal> (Last accessed on 21st December, 2014)

³⁸ International Journal of Management Cases: Volume 15, Issue 2, Available at http://www.ijmc.org/ijmc/vol_15.2_files/15.2.pdf (Last accessed on: 22nd December, 2014)

³⁹ *Ibid*

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Corporate Social Responsibility and putting a whip upon the unrestrained acts of the companies. If any country lacks pre-framed laws relating to CSR, they should frame a new law to recognize the responsibility of the corporate sectors towards the community and society.

Corporation has to act, not to just be acted upon. Most of them show that they are socially responsible for the company image, but in reality they are not at all concerned about the environment. This kind of behaviour should be put to hold for eternity and the companies should really be made to think upon the problems the environment is facing as a result of their solecism and their indifferent attitude towards mother Earth.