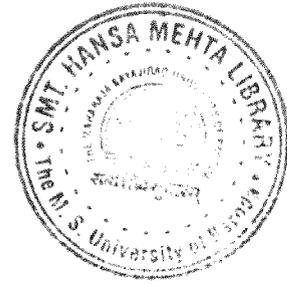


P R E F A C E



Globalization, economic liberalization, political transition and technological transformation have created fundamental and rapid changes in society. These have changed the expectations of business behaviour in terms of influencing changes that will eliminate economic inequality, environmental degradation, and social injustice – issues that affect our development parameters. On the International scenario, governments and their international arms including the agencies grouped under the umbrella of the United Nations, have not been able to get rid of underdevelopment and poverty from this world. And whether they like it or not, corporations have to be involved in development and should be seen as agents of development. Large corporations, with their power and economic strength, have taken a dominant position in society and influence what happens in society for years to come. With this power comes monumental responsibility and need to recognise their obligations.

The concept of Corporate Social Responsibility (CSR) as a postulate for ethical behaviour of business and as a basis for good corporate citizenship has been discussed within all the segments of civil society. Though, there is no universally agreed statement of just what CSR means and implies, and ideas on the subject are still evolving, a common body of doctrine has now taken shape and won general approval among those who favours the approach. Over and above business world, Corporate Social Responsibility (CSR) has been taken up by academics and commentators, including faculty members in business schools where it is increasingly struggling to find an honoured place in the curriculum.

Outside the business milieu also, CSR is typically favoured, and often demanded, by 'public interest' non-governmental organisations (NGOs), many of which are leading and forceful critics of businesses in general and multinational corporations (MNCs) in particular.

It is the highly centralized nature of multinational corporations that is often the cause of international concern. Although they have the ability to stimulate the flow of investment, technology, profits, etc, they do not tend to experience a sense of loyalty to, or responsibility for, the citizens of the countries in which their subsidiaries reside. Hence, they are often more likely to close branch/plants abroad in times of economic downturn than to close plants at home. Logically, they tend to establish subsidiaries in countries where conditions are most favourable to their business operations. In their negotiations with the government of the host country, their ability to pick up and leave provides them with a great deal of leverage over states dependent on the jobs they provide. Host governments do have some bargaining power, but, particularly in developing nations, where economies are often weak, the concerns of the host government is more of investment than over how the MNC operates in their country. Therein lays the risk of exploitation. After all, some of these large corporations are more important economic actors in global affairs than are many states.

At the same time, any business including MNCs is not development agencies. They are profit-seeking organizations which have particularly made them object of great controversy. Over the evidences of large-scale corporate irresponsibility and fraud across the globe, there is insistence that business can