



## BOOK REVIEWS

***Corporate Social Responsibility and Economic Responsiveness in India,***  
**by Damien Krichewsky. Cambridge: Cambridge University Press, 2019.**  
**264 pp.**

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**H**ow should we understand the sudden expansion of corporate social responsibility (CSR) as a discourse and a practice in India over the past two decades? This book uses a social systems theory approach to theorize the rise of CSR activity in India. The central argument is that as India has seen greater functional differentiation between the economy, politics, social morality, and so on, tension between the economic logic of the profit-seeking behavior of firms and their negative externalities has grown. As businesses operate more and more on the basis of economic rationality, they are unable to “read” the social context in which they operate. This creates space for political entrepreneurs to mobilize against businesses that create wealth for the few at the expense of the many. Their externalities (pollution, wealth inequality, labor insecurity) left unaddressed will limit the prospects for profit making. That’s where CSR comes in. It makes business responsive to these problems, thus conserving their ability to make profits for the long run. Damien Krichewsky argues that CSR is an intermediate institution that seeks to make the economic logic of business responsive to social needs.

The first part of the book develops this theoretical argument in historical perspective. The second part of the book is a case study of the cement industry, which is deeply involved in global markets through foreign direct investments. The data are based on fieldwork conducted from 2008 to 2011 with LaFarge India. The study looks at the CSR landscape from the perspective of business rather than exploring how other actors see it. The third part of the book looks at the CSR landscape from the policy-making perspective. Most of the evidence is based on 189 interviews the author conducted over a seven-year period.

Chapter 2 considers different definitions of CSR to make the case for it as an intermediate institution. It covers the managerial literature on CSR from the early 1970s onward and the various social meanings of the concept that can be found in India. Krichewsky identifies the voluntary nature of CSR as a key part of the concept even as most other elements vary based on context. In chapter 3, he traces the partial functional differentiation of the economy from other spheres of society during the precolonial and colonial periods. He shows how noneconomic logic formed the basis of economic activity at this time, even as the gradual monetization of

commerce led to growing functional differentiation. The rise of large industrial firms controlled by families is characteristic of this phase, where profit making and other (kinship) concerns mingled. As India transitioned into political independence, the government under Nehru took on an interventionist role in the economy. This period was characterized by import substitution and attempts to nurture public enterprises, even as the dominance of large family-owned firms continued.

In chapter 4, the book traces the ways in which the state began to reorient away from a command economy to one that adopted “pro-business” developmental policies. In the 1980s, companies became more profit driven, while also facing greater critical scrutiny from outsiders about the negative impacts of their operations on human development. This was the moment when CSR concerns and practices grew quickly. Although critics of neoliberalism argue that the state withdrew from the economy, Krichewsky argues that it has moved from directing economic activity to a role in which the state supports business activities. The state under both Congress and Bharatiya Janata governments has “scrapped many of the institutional constraints that were meant to subordinate economic processes to politically defined collective values and interests” (96). He points to the work of academics and civic activists in creating a countermovement that questions the state and elite assumption that economic growth driven by private companies is “development.” Recognizing that the state is not a unitary actor, the author discusses the alliance between activists and the judiciary in establishing a series of social and economic rights alongside claims upon companies. The context of this growth in the power of the private sector *and* the power of its critics give rise to more systematic CSR, according to Krichewsky.

In the fifth chapter, a case study of LaFarge India (a cement maker) is used to suggest that a company adopts CSR policies in response to external pressures from critics of the company who threaten its profit-making abilities. Once CSR has been adopted, it can be used on an ongoing basis to identify threats to the profitability of the firm and to manage these risks in a cost-effective way, without fundamentally changing the nature of business operations. The case study provides a wealth of insight into the ground realities of the tensions that exist between companies and communities, the mixed interests and preferences of bureaucratic and elected officials of the state, and the role of civil society organizations in mobilization. The conflicts and aspirations of CSR officers, workers, and low-level functionaries make for dramatic reading.

Chapter 6 examines the policy-making sphere with regard to CSR in India. Krichewsky offers a narrative in which the German foreign aid agency worked with Indian partners to launch a dialogue about CSR, which resulted in the publication of the National Voluntary Guidelines (NVGs). These NVGs were adopted by the Indian securities and exchange authority as a recommendation for businesses but failed to win over the state. Instead, the Indian government developed its own policy framework on CSR, which was first applied to public-sector enterprises and then expanded to the private sector. Krichewsky identifies members of Parliament as the primary drivers of the mandatory CSR policy India adopted as part of its revision of the Companies Act in 2013.

All of this is taken to advance the theoretical argument that CSR allows firms to increase their economic responsiveness. That is, they are able to use CSR to mitigate the conflicts arising from their profit-driven activities and the backlash those provoke among affected social groups. The book concludes with a call for research into two major questions. The first is to see how democratic politics can serve as an intermediary between economic processes and social processes. The second is a call to understand how civil society and corporate relations evolve in response to the growth of CSR, which is suggested to be a partnership between the two.

This book makes a plausible argument for using a social system theoretical framework to understand CSR in India. Krichewsky lays out the theory, observable implications that flow from it, and some fascinating empirical data. The interplay between theory and empirics is woven throughout the book. That said, I think there are other plausible approaches to understanding CSR in India. For instance, the case study itself shows that although CSR was developed as a way to silence critics and smooth the path for the creation of a new concrete plant, it failed, and LaFarge's Indian subsidiary decided not to build the plant because of political and social opposition. The evolution of the NVGs also shows that, rather than developing from the bottom up as businesses' response to their inability to "see" social problems, the introduction of these guidelines came about as a result of the German foreign aid agency searching for developing country partners. In both cases, one could tell a story of international norm diffusion. That is, CSR in India has grown and become institutionalized at least in part because of globalization. Multinational corporations have brought their norms of CSR to India, and policy makers have been influenced by their contacts with early movers on CSR in more developed states. This book offers empirical data that could equally support this narrative. A more explicit consideration of alternative explanations would have strengthened the author's argument.

Krichewsky's book is the first to offer any theoretical account of CSR in India. It provides a valuable and detailed case study of the development of the policies of one company—LaFarge India—and also of the policy-making process in its voluntary phase. As such, it sets up the coming debate over the function and consequences of India's CSR regime. This country case study is important because India is the first to introduce mandatory CSR and is being closely watched by other emerging markets as a possible model for their own legislation.

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