

**MULTILEVEL CORPORATE RESPONSIBILITY: A COMPARISON OF GANDHI'S
TRUSTEESHIP WITH STAKEHOLDER AND STEWARDSHIP FRAMEWORKS**

Jaydeep Balakrishnan

Ayesha Malhotra

Loren Falkenberg

Haskayne School of Business
University of Calgary
2500 University Drive, N.W.
Calgary, Alberta T2N 1N4
Canada

Accepted for publication in the *Journal of Business Ethics*, June 2015

MULTILEVEL CORPORATE RESPONSIBILITY: A COMPARISON OF GANDHI'S TRUSTEESHIP WITH STAKEHOLDER AND STEWARDSHIP FRAMEWORKS

Abstract

Mohandas Karamchand “Mahatma” Gandhi discussed corporate responsibility (CR) and business ethics over several decades of the 20th century. His views are still influential in modern India. In this paper, we highlight Gandhi’s cross-level CR framework, which operates at institutional, organizational, and individual levels. We also outline how the Tata Group, one of India’s largest conglomerates, has historically applied and continues to utilize Gandhi’s concept of trusteeship. We then compare Gandhi’s framework to modern notions of stakeholder and stewardship management. We conclude that trusteeship has strong potential to help firms and their stakeholders achieve shared value by: (a) considering the interactions between individual, organizational, and institutional factors and; (b) paying attention to a range of multi-level (reciprocal) stakeholder obligations.

Keywords: Corporate Responsibility, Corporate Social Responsibility (CSR), Gandhi, Trusteeship, Stakeholder Theory, Stewardship Theory, Multilevel, Business Ethics, Ethical Leadership, Emerging Economies, Tata

INTRODUCTION

Corporate responsibility (CR) is an important feature of the capitalist system by which corporations visibly fill the gap between society's expectations and their regulatory obligations (Carroll, Lipartito, Post, and Werhane, 2012; Freeman and Velamuri, 2005; Goodpaster, 2013; Margolis and Walsh, 2003). Management researchers and practitioners have systematically studied CR, and the related concept of corporate social responsibility, in Western economies since the 1950s (Carroll & Buchholtz, 2012; Crane, Matten, and Spence, 2014). They are now turning their attention to CR in developing economies, for three key reasons. First, the concept of CR is quite extensive within emerging economies (Visser, 2008). Second, several firms from these economies have large global footprints, which give them the ability to impact CR in other parts of the world. Third, concepts from emerging economies have potential to improve the knowledge and practice of Western CR (Baskin, 2006; Mitra, 2012; Visser, 2008).

In this paper, we examine the CR framework discussed by Mohandas Karamchand 'Mahatma' Gandhi, a leading political and social reformer from one of the world's largest emerging economies - India. Gandhi proposed a "trusteeship" model, in which business managers and stakeholders integrate various rights and responsibilities into economic value creation, to create a just and prosperous society. One hundred years after Gandhi returned from South Africa to lead the struggle for Indian independence, his CR concepts are still influential on the Indian corporate scene. For example, the Indian billionaire and founder of one of the world's largest IT firms (Wipro), Azim Premji, has explicitly acknowledged being influenced by Gandhi's views. Recently, Premji became the first Indian to join the Giving Pledge Organization promoted by Bill Gates and Warren Buffett (The Economic Times, 2013).

Importantly, the Indian public feels that firms espousing Gandhian ideals are more socially responsible than those that ignore his views (Mitra, 2012; Kumar, Murphy, and Balsari, 2001).

In the West, Gandhi is recognized as a great *social* reformer but there is also growing academic and practitioner recognition of his views on ethical business leadership (Gopinath, 2005; Quinn, 1996). For example, in his TED talk, Ben Dunlap discussed Sandor Teszler, a textile industrialist in South Carolina who integrated employees of different races in his factories. Professor Dunlap stated that: “In one fell swoop, Mr. Teszler had integrated the textile industry in that part of the South. It was an achievement worthy of Mahatma Gandhi, conducted with the shrewdness of a lawyer and the idealism of a saint” (Dunlap, 2007). Recent books such as *Gandhi CEO* (Axelrod, 2010) also discuss how Gandhi’s approaches to leadership, institutional management, and problem solving apply to today’s business leaders. Given its global relevance, Gandhi’s CR framework merits further academic attention.

We have two primary aims for this paper: (a) to show how Mahatma Gandhi was an early proponent of corporate responsibility; and (b) to highlight how his ideas are currently relevant for global CR scholarship and practice. We begin by outlining Gandhi’s CR related views at the institutional (societal), organizational, and individual levels, focusing on his “theory” of trusteeship. We also provide a brief illustration of how the Tata Group, a leading Indian corporation, has practiced trusteeship for over a century. Next, we compare Gandhi’s ideas with two relevant conceptualizations of CR – the stakeholder and stewardship views. Our comparison highlights three key aspects of Gandhi’s framework that have the potential to enrich the current theory and practice of business ethics and CR.ⁱ We conclude with ideas on how Gandhi’s ideas are fruitful for research and practice in the 21st century.

The Concept of Corporate Responsibility

Organizations are increasingly being held responsible for social issues in addition to maximizing shareholder wealth (Margolis and Walsh, 2003), particularly since the revenues of some multinational companies exceed the gross domestic products of specific countries in which they operate (Carroll et. al, 2012). Business responsibilities have been debated for centuries including whether firms should provide health care, support education, arts and culture, and influence the economic redistribution of wealth (Carroll, et. al, 2012). Western views of *corporate responsibilities* are founded on the views of John Locke and Adam Smith, and the construct of *corporate social responsibility* (CSR) has been systematically examined since the 1950s (Carroll & Buchholtz, 2012; Crane, Matten, and Spence, 2014).

Starting in the 1980s, the stakeholder approach to business has challenged scholars and practitioners to avoid “artificially” separating the economic functions of business from its social responsibilities (Parmar, Freeman, Harrison, Wicks, Purnell, and De Colle, 2010). Authors such as Freeman and Velamuri (2008) and Freeman and McVea (2001) emphasize that such a separation results in corporate social responsibility being seen as “either an ‘add-on’ luxury that can only be afforded by the most successful businesses, or as damage limitation insurance, rather than as a core input to corporate strategy” (Freeman and McVea, 2001, p. 7). Stakeholder theory builds on concepts from corporate planning, systems theory, CSR, and organizational theory to develop an “integrated” framework for corporate responsibility (Freeman and McVea, 2001). Further, Freeman and Velamuri (2008) argue that the idea of “*company stakeholder responsibility*” should supplant the concept of “*corporate social responsibility*,” particularly since the latter may exclude the CR of small, unincorporated businesses.

In this paper, we utilize a broad definition of *corporate responsibility*, similar to Goodpaster (2013, p. 598), who states that:

“Corporate responsibility” (is) an umbrella phrase for a number of different identifiers that, while not synonymous, overlap considerably: business ethics, corporate social responsibility (CSR), corporate citizenship, corporate community involvement, stakeholder management, sustainability, and many more.”

We agree that CR should be conceptualized and practiced in a more integrative way (Freeman and Velamuri, 2008; Garriga and Melé, 2004). We believe that our juxtaposition of Mahatma Gandhi’s views with stakeholder and stewardship theories helps the CR literature move to a better integration of business with social responsibilities.

GANDHI’S MULTILEVEL FRAMEWORK FOR CR

In their recent review, Aguinis and Glavas (2012) emphasize that researchers should integrate the main levels of CSRⁱⁱ - the “*institutional*” level (society, polity, regulation, and external stakeholders), the *organizational* level, and *microfoundations*, i.e., how CSR is related to individual actions and interactions. Their examination of 181 articles in 17 broad-based management journals reveals that: (a) only 5% of the articles look at two or more of these levels of CSR; and (b) only 4% of the same articles examine the micro foundations of CSR. Aguinis and Glavas provide the following recommendations for CSR researchers. First, given that researchers working at different levels of analysis tend to use different theories,ⁱⁱⁱ they recommend pursuing multilevel research that juxtaposes/integrates different conceptual streams. Second, they urge researchers to look at underlying *individual-level* processes to improve our understanding of CSR. Third, while the business case for CSR currently dominates organizational level research, a broader set of motives - normative, instrumental, and relational – likely influence individuals’ CSR engagement and, in turn, corporate-level outcomes (Aguilera, Rupp, Williams, and Ganapathi, 2007). Thus, it is important to investigate how

interactions *across levels* facilitate or impede CSR (Aguinis and Glavas, 2012). More generally, there have been calls for increased cross-level research in management disciplines (Hitt, Beamish, Jackson, and Mathieu, 2007; Molloy, Ployhardt, and Wright, 2010). Aguinis, Boyd, Pierce, and Short (2011, p. 397) underline that: “practitioners who face day-to-day management challenges are interested in solving problems from all levels of analysis.”

Mahatma Gandhi’s approach to CR and social change is very much a multi-level one. Below, we review how he explicitly connected elements of corporate responsibility with the institutional structures of ethical capitalism and individual-level ethics (Sethi, 1985). We summarize his interconnected concepts at the institutional, organizational, and individual levels in Figure 1.^{iv}

Insert Figure 1 about here

A handful of scholars have related Gandhi’s approach to Western CR concepts. For example, Balasubramanian (2010), Gopinath (2005), and Upadhyaya (1976) focus on how Gandhi’s trusteeship concepts may be translated from *individual* level norms into principles supporting ethical governance and stewardship in modern corporate forms of business. In this paper, we move beyond these works by *systematically* comparing Gandhi’s concepts with those in two leading CR theories - *stakeholder and stewardship views* - at *three different levels of analysis*. We also: (a) highlight the role of less-studied concepts such as “reciprocal obligations” in CR; and (b) relate Gandhi’s ideas to recent management thinking on business ethics and leadership (Cameron, 2011; Donaldson and Dunfee, 1999; Pfeffer, 1998).

Institutional Foundations for CR

Gandhi strongly believed that, when individuals balance self-interest with pro-social goals in the context of a free market system, poverty would be sharply reduced. First, he explicitly recognized the value of private entrepreneurship. Gandhi (1942b, p. 420) stated that: “We must not under-rate the business talent and know-how which the owning classes have acquired through generations of experience and specialization.” Second, Gandhi outlined how business attention to stakeholders and social needs may create “shared” value in a capitalist system. He said that:

“If a good road is constructed in a city the value of the buildings appreciates. If the roads in Ahmedabad (a large city in India) are widened and kept clean, the adjoining land will rise in value. In addition to this, there is an economic gain which follows from improved health of the people and the resulting increase in their vitality and lifespan’ (Gandhi, 1925c, p. 468).

Third, Gandhi argued for minimal government intervention in the market. He said that:

“I look upon an increase of the power of the state with the greatest fear because, although, while apparently doing good by minimizing exploitation, it does the greatest harm to mankind by destroying individuality which lies at the root of all progress” (Fischer, 1962, p. 304).

At the same time, Gandhi had explicit views on the need to integrate moral principles into economic transactions. He stated that:

“The economics that disregard moral and sentimental considerations are like wax works that being life-like still lack the life of the living flesh. At every crucial moment these new-fangled economic laws have broken down in practice. And nations or individuals who accept them as guiding maxims must perish” (Gandhi, 1921, p. 344).

Several contemporary management thinkers share Gandhi’s views on ethical capitalism. For example, Pfeffer (1998) laments the “overreliance” on economic models at the cost of social and moral considerations, which makes these models less realistic with respect to actual organizations and society. Paine (2003) notes a recent shift in corporate positions from amoral

to moral stances and she argues that, while certain economic theories may support amoral positions, business practice has outpaced economic theory. Her empirical work shows that the rationales for corporate responsibility range from self-interest to consistency with fundamental human values. She finds that higher-level values involve: (a) going beyond what is “legitimate” to what is “human;” and (b) considering a broader range of stakeholders. Further, in their work on “integrative social contracts,” Donaldson and Dunfee (2002, p.1857) argue that rational actors in any society would likely agree on the need for “a framework of morality as a foundation for economic interaction.”

Organizational Level Trusteeship

A central aspect of Gandhi’s economic views is his concept of trusteeship, which dealt with wealth, the conditions under which it may be enjoyed, and its advancement of social welfare (Parel, 2006). In essence, Gandhi advocated that private entrepreneurs run businesses as trustees and use the wealth they create to improve society, after keeping a reasonable profit for themselves.^v Gandhi made it clear that trusteeship goes beyond material wealth; business owners should also share their non-material knowledge and talents with society (Varma, 2012).^{vi}

Gandhi spelled out both the rights and the reciprocal obligations of business stakeholders, in his trusteeship system (Ghosh, 1989). He argued that trusteeship would lead to cooperative industrial relations and reduced agency problems because: “Capital and labor will be mutual trustees and both will be trustees of consumers... each believes his own interest is safe guarded by safe guarding the interest of the other.” (Gandhi, 1938b, p.162). In a speech to textile industrialists, Gandhi (1928, p. 145) stated that:

“What I expect of you, therefore, is that you should hold all your riches as a trust to be used solely in the interests of those who sweat for you and to whose industry and labor you owe all your position and property. I want you to make your laborers copartners of your wealth.”

In the same speech, he added:

“From the moment your men come to realize that the mills are theirs, no less than yours, they will begin to feel towards you as blood-brothers, there would be no question of their acting against the common interest and the need for having a heavy supervisory establishment over them” (Gandhi, 1928, p. 146).

Gandhi specified that businesses should support workers’ rights, which include earning a decent “minimum living wage”, having a clean working environment, and facilities for cheap, nutritious food, medical treatment, sanitation, and elementary education for their children (Dasgupta, 1996; Koshal and Koshal, 1973). He also spelled out the reciprocal obligations of an industrial employee, which included taking a personal interest in his/her work, rendering proper and honest service for the wages he/she receives, taking pride in the working of the firm, and maintaining familial relationships with management/owners (Koshal and Koshal, 1973).

More generally, Gandhi (1927, p. 250) asked laborers “to regard themselves as trustees for the nation for which they are laboring.” Gandhi also argued that it was a worker’s right and duty to ensure the proper working of the trusteeship system by realizing that the business depended on him/her and taking non-violent action against workplace injustice.^{vii} For the settlement of industrial disputes, Gandhi preferred arbitration to strikes, reflecting his own success as the chief advisor to a labor union in India (Koshal and Koshal, 1973).^{viii} Emphasizing the power of an *individual or a small group* to effect *organizational* change, Gandhi (1938c, p. 343) stated that: “a small body of determined spirits fired by an unquenchable faith in their mission can alter the course of history”^{ix} Quinn (1996) shares these views; he posits that individuals can (and should) change organizations when firms lose alignment with their external environments. Deep change involves strong moral systems and it moves organizations from transactional to transformative states. Quinn (1996) uses Gandhi’s life to show how individuals may develop vision and diagnose organizational

problems. For example, even if the quest is uncertain, when a leader has vision and follows through with action, others will follow the leader (Quinn, 1996).

Gandhi provided three reasons for proffering trusteeship as the centerpiece of an ethical *economic system* (Dasgupta, 1996). First, trusteeship would be voluntary and, thus, provide a more ethical solution to poverty than communism and socialism, which are based on the forcible expropriation of property (Dasgupta, 1996; Ishii, 2001).^x Second, Gandhi believed that trusteeship's combination of benevolence and self-interest would lead to sustainable economic development. Third, given that human abilities are unequally distributed, trusteeship would provide strong impetus for nation building and development in a poor nation like India. In essence, trusteeship elevated the role of wealthy entrepreneurs in India's nation building process (Rolnick, 1962).

Individual Level Foundations for Trusteeship

Gandhi's views on business responsibilities in a free market were strongly connected to his views on the rights and duties of an individual in society. He viewed individuals as the central entities in his multilevel approach to social issues (Diwan and Gidwani, 1985; Gopinath, 2005). Below, we outline individual rights and duties emphasized by Gandhi and his pragmatic approach to individual decision-making.

Gandhi was deeply committed to a norm of *equal opportunity*, which included the right to earn a living as well as the duty to work to the best of one's ability.^{xi} He emphasized that owners/managers and employees had reciprocal obligations to ensure *justice* in economic exchanges. For laborers, Gandhi (1920b, p. 165) stated that: "It is simple enough to understand that your right is to receive the hire for your labor and it is equally simple to know that your duty is to work to the best of your ability for the wages you receive." Further, Gandhi (1932, p.

216) recognized the responsibility of owners/managers to provide meaningful work, stating that: “Where body labor is performed for mere wages, it is possible that the laborer becomes dull and listless. No one tells him why things are done: he himself has no curiosity and takes no interest in his work.”

Gandhi also focused on the concept of *swaraj*, which emphasized self-reliance and self-respect at the individual, community, and national levels. Related to this, he sponsored a resolution on Fundamental Rights and Economic Change, to be implemented once Indians achieved self-rule from the British. It included a living wage for workers, limited hours of work, protection of women, maternity benefits, protection against the economic consequences of old age, sickness and unemployment, child labor and the right to organize (Dasgupta, 1996).

Even though Gandhi believed that entrepreneurs should be rewarded for their economic success, he argued for the *moderation of individual wants* (i.e., *aparigraha*).^{xii} This did not mean that the poor should be content with poverty; he stated that:

‘If by abundance you mean everyone having plenty to eat and drink and to clothe himself with, enough to keep his mind trained and educated, I should be satisfied. But I should not like to pack more stuff in my belly than I can digest and more things than I can every usefully use. But neither do I want poverty, penury, misery, dirt and dust in India’ (Gandhi, 1938a, p. 2).

Further, Gandhi believed that feeding able-bodied people without requiring them to earn their livelihood was mere self-indulgence; hence, he emphasized that simple charity is not a long-term solution to poverty (Dasgupta, 1996).

Another principle relating to Gandhi’s notion of a just society was *swadeshi*, which refers to preferring and serving one’s own country or local community in order to foster development. Gandhi encouraged the purchase of swadeshi products and services. This may sound like protectionism but his focus was on providing for Indian workers and the Indian

economy during British Colonial times.^{xiii} In practice, Gandhi recognized the value of two parallel markets - one for the mass production of complex goods and one for local production – along with market pressures to ensure that quality goods were sold in both types of markets. He also emphasized the exercise of ethical preferences by consumers (over government sanctioned tariffs), consistent with his principles of voluntarism and non-violence or *ahimsa* (Dasgupta, 1996).

Gandhian ideas about individual rights and obligations were very much aimed at social justice and nation building (Mitra, 2012) and he proposed a pragmatic approach to their application. He famously stated that life: “is a bundle of duties, very often conflicting. And one is called upon continually to make one’s choice between one duty and another” (Gandhi, 1925b, p. 379). Gandhi (1933, p.2) also recognized the influence of lifelong learning on an individual’s ethical views when he stated that:

“In my search after Truth, I have discarded many ideas and learnt many new things...when anybody finds any inconsistency between any two writings of mine, if he has still faith in my sanity, he would do well to choose the later of the two on the same subject.”

In their recent work, Donaldson and Dunfee (1999, 2002) provide a two-level framework for business ethics, based on implicit social contracts found between business and society (Garriga and Melé, 2004). First, they outline the importance of universal norms for sound ethical decisions. These “*hypernorms*” are fundamental principles that represent convergent thinking across different religious, political, and philosophical arenas, including the rights to freedom of physical movement, ownership of physical property, nondiscriminatory treatment, political participation, minimal education, and subsistence (Donaldson and Dunfee, 1999). Next, Donaldson and Dunfee (1999) argue that economic actors must have some “moral free space,”

i.e., business ethics should recognize the diversity of *local norms*, which are rooted in particular firm, industry, community, or national/regional contexts. Ultimately, they ask economic actors to test whether *local norms* are: (a) “*authentic*” or representative of the local community; and (b) “*legitimate*” in terms of their consistency with universal norms. Most of the norms proposed by Gandhi (equal opportunity, non-violence, justice, and swaraj etc.) could be characterized as “hypernorms,” framing the conduct of trustees at individual, organizational, and institutional levels. Other norms such as *swadeshi* might be “local,” i.e., rooted in a social context of nation building. Donaldson and Dunfee (1999)’s key insight is that hypernorms are relatively stable but local norms change over time and space. These ideas fit well with Gandhi’s normative but pragmatic framework for CR.

Summary and Limitations

Trusteeship is the cornerstone of Gandhi’s ethical version of a capitalist system with micro-foundations in the form of rights and duties such as the limitation of wants, non-violence, self-reliance, and social justice. It asks business owners and managers to eschew excess consumption. It is based on Gandhi’s fundamental principle of non-violence because it harnesses the talents of entrepreneurs while avoiding the conflict endemic in socialism and communism. Gandhi also emphasized that business trustees should help the less fortunate attain economic self-reliance. Finally, he deemphasized pure charity when he said that: “If the trusteeship idea catches, philanthropy, as we know it, will disappear” (Gandhi, 1942a, p. 116). Trusteeship has been critiqued for being utopian with limited practical guidance for owners, managers, and other stakeholders of the firm (Dwivedi, 1982; Kelkar, n.d.; Koshal and Koshal, 1973; Sen, 1991; Varma 2012). Gandhi himself was aware of the practical difficulties of the theory. He admitted to agency problems when posing the question: “If however, in spite of the utmost

effort, the rich do not become guardians of the poor in the true sense of the term and the latter are more and more crushed and die of hunger, what is to be done?” (Gandhi, 1940, p. 260) The answer according to him was non-violent, non-cooperation (Dasgupta, 1996). Gandhi also expected trusteeship to be implemented in a pragmatic way, and he stated that:

“You may say that trusteeship is a legal fiction.... Absolute trusteeship is an abstraction like Euclid’s definition of a point is equally unattainable. However if we strive for it we shall be able to go further in realizing a state of equality on earth than by any other method” (cited in Dasgupta, 1996, p. 119-120).

Gandhi also did not fully elaborate on the implementation of trusteeship (Sen, 1991; Sethi, 1985). For example, he did not specify how much wealth a trustee should retain versus return to society. In 1935, he offered a broad recommendation that a rich person should retain 5% to 25% of his/her wealth. He also put an upper limit on wealth retention by stating that “not even an exploiter must think of taking 85%!” for himself (Kelkar, n.d.). Although Gandhi did not provide detailed guidance on the types of social investments that business owners should make, he stipulated that they should provide fair wages and living conditions for workers, engage in ethical industrialization, and ensure the poorer sections of society were fed, housed, and educated properly. Below, we illustrate how the Tata Group interprets the trusteeship concept.

Trusteeship at the Tata Group

Several Indian firms - large, small, public, and private - have explicitly stated that their CR is consistent with Gandhian trusteeship principles (Bimal and Puranik, 2004; Elankumaran, Deal, and Hashmi, 2005; Mitra, 2012; Sivakumar, 2008). Cappelli, Singh, Singh and Useem (2010) also find that Indian business leaders have a sense of “social mission” that extends beyond many Western conceptions of CSR. The Tata Group, one of the largest and most global Indian firms, provides a noteworthy example of trusteeship in practice.^{xiv} As early as 1868, its

founder, Jamsetji Nusserwanji Tata, predicated any business activity on its payoffs to society (Branzei, 2010). He famously stated that: “In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence” (cited in Branzei, 2010, p. 3).^{xv}

The Tata Group is one of India’s largest conglomerates. Headquartered in Mumbai, it employs close to 600,000 people and operates in over one hundred countries (Tata, 2014a). The Group’s 2010 revenues were equivalent to 3.2 percent of India’s GDP (Deshmukh and Adhikari, 2010) and its 2013-14 revenues equaled \$103.27 billion. It spans seven major sectors of the economy and owns several large, multinational firms, such as Corus Steel, Tetley Tea, and Jaguar/Land Rover (Tata 2014b). The firm has adopted a holding company structure - Tata Sons Company is the main investor in a complex, interlocking set of companies, which are partially owned by outside investors.

The Group is now in its fifth generation of stewardship under the Tata Family. Interestingly, 85% of the Tata family’s original shares in Tata Sons were transferred to two charitable trusts by the mid-20th century (Khanna, Palepu, and Danielle, 2006). Further, between 8 and 14% of the Group’s annual net profits have been distributed to social causes through these charitable trusts (Branzei, 2010). The trusts have invested in scientific and technological education in India as well as in NGOs, which engage in social development activities. Interestingly, when Jamsetji Tata gave grants to students who wanted to pursue higher education abroad, he stated that: “Though I can afford to give, (but) I prefer to lend” (cited in Lala, 1981 p. 138). This statement is very consistent with Gandhi’s ideas of swaraj or self-reliance.

More important than its philanthropic activities, is the Tata Group's approach to dealing with different stakeholders. As advocated by stakeholder theorists a century later, Jamsetji Tata's idea was to integrate economic and social CR. In 1895, he stated that:

We do not claim to be more unselfish, more generous or more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholders our own, and the health and welfare of the employees, the sure foundation of our success" (Lala, 1981, p. 37).

In particular, the Group attempts to treat its *employees* with dignity and respect (Sivakumar, 2008). Decades before the mandates of Indian law, Tata Steel instituted an eight-hour workday (putting it a year ahead of a similar move by the Ford Motor Company) and it provided educational training, paid leaves, profit sharing, retirement plans, maternity leaves, and various other benefits to its employees. Interestingly, Donaldson and Dunfee (1994) discuss the implicit "micro" contract between Tata Steel and its employees, in which the firm has pledged to hire at least one of each employee's children. While this norm is locally authentic and broadly legitimate, it may violate Western standards against nepotism. ^{xvi}

The Tata Group attempts to have high standards for its *customer relationships*. Jamsetji Tata himself stated that: "Our production has continued to be of the same high quality, and therefore command(s) the best reputation from customers" (cited in Sivakumar, 2008; p. 356). The Group has emphasized fair play with *competitors* and given importance to the needs of *shareholders and other providers of capital* (Sivakumar, 2008). It also has a strong concern for the *communities* it operates in. For example, in the early 1900s, Tata Steel created the planned and environmentally friendly urban town of Jamshedpur for its workers, while improving the lives of disadvantaged people in the area. (Sivakumar, 2008).

Two other features of trusteeship at the Tata Group are its participation in *national institution building* and emphasis on *individual obligations*. When India was under British rule, Jamsetji Tata dreamt of an industrialized, prosperous, and independent nation (Sivakumar, 2008). He selected many of his new ventures with the intent of helping India's development, focusing on three areas - steel, hydroelectric power, and technical education/research – in addition to building large textile mills, a luxury hotel, an international shipping line, and investing in basic agricultural research. His motto of “what came from the people, must go back to them many times over” remains ingrained in the Tata Group's activities (Elankumaran, Seal and Hashmi, 2005).

This commitment to nation building continued during the term of the longest serving CEO of the Tata Group, the late Jehangir R.D. Tata (J.R.D.). In 1955, J.R.D. stated that:

“Those in whom fate has placed control of the means of production, with or without personal wealth of their own, should treat the control and powers, which they exercise as a trust for the people.” (Witzel, 2010 p. 45)

In practicing trusteeship, J.R.D. founded the Tata Institute of Fundamental Research, the Tata Institute of Social Sciences (TISS), the Tata Memorial Hospital, and the Tata Energy Research Institute. J.R.D. also motivated other Indian CEOs to see themselves as trustees for society, particularly because the Indian government had a reduced social welfare role relative to governments in Western nations (Arora and Puranik, 2004; Nohria, Mayo, and Benson, 2014).

Finally, the Tata Group has emphasized organizational and individual level ethical obligations. Its fifth Chairman, Ratan Tata, globalized the firm after the 1990s liberalization of the Indian economy. In 1998, he also formalized its existing principles into a global “Code of Conduct.” Employees at all levels of the organization were asked to act on norms such as working in the national interest of any country in which they operate, promoting a competitive open market economy, being good corporate citizens, and safeguarding the interest of a range of stakeholders

(Maheshwari and Ganesh, 2006).^{xvii} This Code of Conduct exemplifies the reciprocity emphasized in Gandhi’s CR framework.

In sum, the Tata Group practices trusteeship along with stewardship and stakeholder management.^{xviii} Underscoring this, one of its senior leaders, Ram Ramdorai, remarked that:

“Our leadership system is based on the creation of wealth that is held in trust for the people and used exclusively for them, thus completing the cycle of giving back to the people what came from them” (Deshpande and Schulman, 2009, p. 2).

COMPARISON WITH STAKEHOLDER AND STEWARDSHIP FRAMEWORKS

We now compare and contrast Gandhi’s trusteeship with two leading views of CR – stakeholder theory and stewardship theory – as summarized in Table 1. Consistent with the CR literature, we use the terms theory, view, and framework interchangeably in referring to the three frameworks. We begin by summarizing basic features of the stakeholder and stewardship views as well as the relevance of all three views for the CR literature. Next, we compare goals, assumptions, and CR concepts at three levels of analysis – institutional, organizational, and individual – and also outline the treatment of cross-level relationships in each framework.

Insert Table 1 about here

Stakeholder and Stewardship Frameworks

Stakeholder theory posits that managers may or should take into account a range of groups and individuals that “can affect, or are affected by,” the actions of the firm (Freeman, 1984; Laplume et. al, 2008).^{xix} The stakeholder concept has been useful in helping scholars identify and specify CR (Parmar et. al, 2010) and it is one of the most important components of CSR theory (Crane et. al, 2014).

Donaldson and Preston (1995) proposed three justifications for using a stakeholder model of the modern corporation: descriptive, instrumental, and normative, with the core of the theory being normative. The *descriptive* justification for using the stakeholder model is that it represents the reality of how managers operate, i.e., real-life managers do practice stakeholder management. The *instrumental* justification for the model is that practicing stakeholder management should result in higher firm performance and survival. Finally, the *normative* justification provides a moral or fairness imperative for attending to diverse stakeholder interests. Scholars such as Freeman and Velamuri (2008) have argued that instrumental value creation and normative behavior are inseparable. Notwithstanding this, foundational scholars such as Freeman accept the “pragmatic” delineation of stakeholder theory into its normative, instrumental, and descriptive parts (Jones and Wicks, 1999; Parmar et. al, 2010).

As pointed by Davis et. al (1997), *stewardship* theory rests on a model of man as a steward, who values pro-societal and pro-organizational behaviors more highly than individualistic, self-serving behaviors. Stewardship has been conceptualized as “the extent to which an individual willingly subjugates his or her personal interests to act in protection of others’ long-term welfare” and it is a broader concept than altruism (Hernandez, 2012). While early views of stewardship focused on managers as stewards of the firm, with their own survival needs (Davis et. al, 1997), recent research on “ethical stewardship” emphasizes that individuals at different levels such as owners, managers, and employees may adopt pro-social values and behaviors in “covenantal” relationships with each other (Caldwell and Karri, 2005). These moral commitments or social contracts (Donaldson and Dunfee, 1999) extend from the firm out to other levels of society such as the industry or community (Hernandez, 2012).

Preston (1998) has pointed out that the key strength of the stewardship model is that it offers a different set of managerial motivations than agency theory, i.e., motives that could lead a firm to attend to interests of all relevant stakeholders. Given this potential synergy, a few researchers recommend integrating stakeholder and stewardship theories (Laplume et al., 2008; Preston, 1998). The literature on ethical stewardship answers this call by building on both *virtue ethics* and *stakeholder theory* (Caldwell and Karri, 2005; Caldwell, Hayes, Bernal, and Karri, 2008; Caldwell, Hayes, and Long, 2010). Caldwell et. al (2008) define *ethical stewardship* as a theory that:

“...integrates long-term wealth creation, a commitment to the transformational interests of stakeholders, and creating organization systems that reinforce both instrumental and normative organizational goals” (Caldwell et. al, 2008, p. 154).

Relevance of The Three Frameworks

Gandhi's framework contributes to current CR research and practice through its linkages across institutional (societal), organizational and individual levels. In particular, Gandhi developed a multi-level concept of “shared value” (Porter and Kramer, 2011) by specifying how various individual, organizational, and societal stakeholders may increase social value by attending to a set of reciprocal rights and obligations. Gandhi's views have been highly influential in the Indian corporate context (Kumar et al., 2001; Mitra, 2012). By examining them, we gain valuable insights into the CR practices of rapidly globalizing firms such as the Tata Group.

Several scholars like Crane et. al (2014) argue that *stakeholder* theory is influential because it is the dominant theoretical response to the neoliberal idea that firms should *not* engage in CSR (Margolis and Walsh, 2003). It has two primary advantages over other CR frameworks: (a) stakeholder management is a more “concrete” way to specify CR because of its managerial and strategic orientation (Parmar et. al, 2010); and (b) by eschewing the “fallacy” of separating

business issues from social ones, stakeholder theory stresses that CR is inherently value creating in a capitalist system (Parmar et. al, 2010).

Stewardship theory has received less attention than stakeholder theory in the CR domain but it provides an important normative basis for stakeholder theory (Preston, 1998). Very similar to Gandhi, stewardship theorists explicitly propose that corporate managers balance their *fiduciary* (trustee) duties to shareholders with their *non-fiduciary* moral duties to other stakeholders (Hernandez, 2008). In societies such as Japan, stewardship theory provides a more realistic description of managerial behavior than agency theory (Lee and O’Neil, 2003). Further, ethical stewardship is an ethical *and* instrumental alternative to agency perspectives on corporate governance (Caldwell and Karri, 2005).

Goals and Assumptions of Each Framework

Normative goals. *Trusteeship* theory is fundamentally driven by normative goals at the individual, organizational, and institutional levels. *Stewardship* theory is also strongly normative. Stewards are bound to others via moral contracts, in micro and macro contexts (Hernandez, 2012), and they practice virtue-based ethics based on their commitment to society (Caldwell and Karri, 2005). They value norms such as cooperation, reciprocity, and intergenerational fairness (Davis et. al, 1997; Hernandez, 2012). An intra-organizational covenant is “a specialized form of a relational contract between an employee and his or her organization” that views employees not purely as means to an end but as entrusted to promote valued causes (Caldwell, Bischoff, and Karri, 2002; Hernandez, 2012).

Donaldson and Preston (1995) argue that the normative branch of *stakeholder* theory should become the *central core* of the theory. In their review of stakeholder research, Parmar et. al (2010) conclude that normative concerns matter. They state:

Although effective management of stakeholder relationships helps businesses survive and thrive in capitalist systems, it is also a moral endeavor because it concerns questions of values, choice, and potential harms and benefits for a large group of groups and individuals...(p. 406).

However, these authors show that stakeholder theory does not have a single or comprehensive moral doctrine; instead, it has a series of different narratives with normative cores such as Kantian capitalism or the doctrine of fairness (Parmar et. al, 2010).

Instrumental Goals. In justifying *trusteeship*, Gandhi pointed out that altruism and self-interest are compatible and conducive to social progress (Dasgupta, 1996). In a 1934 speech to businessman, he said: “What benevolence would not teach them today, selfishness would teach them tomorrow. Experience shows that altruism and self-interest can be blended in trade” (Gandhi, 1934, p. 152). Also, Gandhi referred to the reputational benefits of trusteeship behavior in saying that the ethical trustee “will be richer for his reputation” (Varma, 2012, p. 206).

Instrumental outcomes are a key justification for *stakeholder* theory (Margolis and Walsh, 2003). Its founder, Freeman (1999) argued that the business field needs more instrumental theories and less normative ones that are divorced from reality. Further, Margolis and Walsh (2003) state that instrumental reasoning has a “grip” on stakeholder theory. This is reflected in Post, Preston, and Sachs’ (2002) definition of stakeholders as those entities that contribute, voluntarily or involuntarily, to the wealth creating activity or capacity of a firm. ^{xx}

Stewardship theory proposes that a steward’s personal needs may be met in working for the collective good (Davis et. al, 1997; Hernandez, 2012). Also, creating the greatest good for multiple stakeholders has a “long-term” impact; it allows a firm to maximize shareholder profits,

achieve balanced professional growth and job security for employees, and honor its corporate social responsibility relationships (Caldwell and Karri, 2005; Hosmer, 1996). Practitioner oriented work by Pfeffer (1998) and Cameron (2003) shows the importance of valuing people in meeting the long-term instrumental goals of a firm. Further, stewardship behaviors may emerge when individuals respond to issues of inter-generational concern such as environmental degradation; this is a phenomenon known as intergenerational reciprocity (Hernandez, 2012).

In sum, while stakeholder theory is strongly motivated by instrumental goals (Margolis and Walsh, 2003), stewardship theory has a longer-term view of instrumentality. Gandhi integrates normative and instrumental goals, in both the short and long-term.^{xxi}

Behavioral Assumptions. *Gandhi* disagreed with social theorists who regard conflict as an immutable law of nature. He assumed a level of honesty and pro-social behavior by individuals and collectivities (Dwivedi, 1982). Nevertheless, Gandhi also recognized that: (a) trustee behavior is influenced by contextual factors; (b) only a subset of individuals may behave as trustees; and (c) people may adopt trusteeship to varying degrees.

Stakeholder theory posits that there is a complex psychology of actors in business, i.e., people have varied and time-varying values (Freeman and Phillips, 2002). Although *stewardship* is built on pro-social, cooperative, and long-term oriented behavior, extant research shows that not everyone behaves like a steward (Hernandez, 2012) and that context matters. Lee and O’Neill (2003: p. 222) state that:

“Managers, then, are neither naturally opportunists nor stewards. In effect, managerial behavior is nested in a system of intertwined forces, some reinforcing and some countervailing each other.”

Institutional Level Concepts

Gandhi's ideal economic system was a free market one, with private property and minimal government intervention.^{xxii} He explicitly linked this macro system with voluntary trusteeship and individual principles such as the moderation of wants. Overall, Gandhi viewed society as the *key* stakeholder in business and he wrote extensively about the role of business/industrialization in local, national, and global economic development (Ishii, 2001).

Freeman and Phillips (2002) have addressed the role of the *stakeholder* model in the capitalist economic system and “reconnected” the theory to its libertarian and entrepreneurial roots. Their “genre” of stakeholder theory is based on principles of freedom, property rights, and voluntarism (Freeman and Phillips, 2002); in this respect, it is similar to Gandhi’s approach.^{xxiii} In response to criticisms that stakeholder theory plays into the hands of special interests (Jensen, 2002), Freeman (2008) also stated that:

“The key insight of stakeholder theory is that capitalism works because there is a jointness to the interest of at least customers, suppliers, employees, communities, and financiers. The role of the manager or the entrepreneur is to create value for each and all. Where there is conflict, innovation kicks in and more value gets created.” (Quoted in Laplume et. al, 2008; p. 1179).

Thus, capitalism is a system for social cooperation as opposed to a system of pure competition (Parmar et. al, 2010; p. 418). Freeman and Phillips (2002) also articulate a “principle of stakeholder responsibility” that claims that *all* parties to a social contract or agreement must accept responsibility for the consequences of their actions or the harm they cause to others. According to Freeman and Phillips (2002), the application of this reciprocal responsibility principle reduces the need for government regulation.^{xxiv} While these ideas resemble those in

trusteeship, Gandhi was more specific about the reciprocal obligations (rights and duties) of different stakeholders.^{xxv}

As a corporate governance model, *stewardship* is grounded in a capitalist system. Business ethics scholars have used social contracts theory to look at ethical, reciprocal stewardship behavior by firms, industries, and other economic communities (Caldwell and Karri, 2005; Donaldson and Dunfee, 1994, 1999; Hernandez, 2012). They have evaluated institutions such as “local” cultural norms, which may either increase or reduce stewardship behavior (Lee and O’Neill, 2003) and the associated need for government regulation (Davis et. al, 1997; Donaldson and Dunfee, 1999). For example, Donaldson and Dunfee (2002) show how changing “local” institutions may challenge the long-term effectiveness of the U.S. capitalist system. They allude to the need for government (and stakeholder) enforcement of the rules of the game via context-specific regulation; for example, in order to attenuate conflicts of interest found in the U.S. banking system. Overall, the connections between stewardship and macro systems are underexplored and there is limited work on the role of government, and business-government relationships, in the stewardship literature.

Organizational Level Concepts

Given that most Indian businesses were family owned and managed during Gandhi’s time, he did not discuss the separation of ownership from management control. Scholars have now extended *Gandhian trusteeship*, by specifying that the modern manager should recognize the mutual interests of different stakeholders and manage them (ethically) to create shared value (Balasubramaniam, 2010; Gopinath, 2005; Upadhyaya, 1976).

Stakeholder management, by definition, involves governance. Parmar et.al (2010) state that:

First, from a stakeholder perspective, business can be understood as a set of relationships among groups that have a stake in the activities that make up the business...It is the executive's job to manage and shape these relationships to create as much value as possible for stakeholders and to manage the distribution of that value (pp. 405-406).

Stewardship theory's normative model for organizational governance specifies that managers may/should behave as stewards whose motives are aligned with the objectives of their principals (Caldwell and Karri, 2005; Davis et. al, 1997; Hernandez, 2012). Stewards in "loosely coupled, heterogeneous organizations with competing stakeholders" (Davis et. al, 1997, p. 25) must make decisions that are in the best (long-term) interest of the whole group. Organizational contextual factors and individual psychology are antecedents to managerial and employee stewardship behavior (Davis et. al, 1997; Hernandez, 2012; Lee and O'Neill, 2003).

Ethical stewardship is seen as a special case of leadership encompassing: (a) one-on-one relationships with followers consistent with the dyadic theory of Evans (1975); (b) transformational leadership (Bass, 1990); (c) social contracts (DePree, 1989); (d) empathy for the follower (Primeaux et. al, 2003); (e) long term vision (Hosmer, 1996); and (f) constant management of meaning (Pava, 2003). Leaders significantly impact stewardship in family and non-family owned firms via formal and informal mechanisms for creating trust and commitment (Caldwell et. al, 2008; Caldwell et. al, 2010; Davis et. al, 1997; Hernandez, 2012; Pearson and Marler, 2010). They also create a healthy balance between an employee's identification with the organization's values and his or her attention to the values of external stakeholders (Caldwell et. al, 2008; Hernandez, 2012).

Individual Level Concepts *Gandhi* defined a trustee by his/her pursuit of moral principles. He envisioned trustees at all levels of the organization and also in the broader society, for example, in their roles as consumers. *Gandhi* pointed out that:

“As soon as an individual looks upon himself as a servant of society, earns for its sake, spends for its benefit, then purity enters into his earnings” (Gandhi, 1940, p. 260).

Gandhi detailed the individual rights (necessities of life, freedom of religion, civil property, civil disobedience, and equal opportunity) and duties (moderation of wants, self-reliance, ethical local consumption, and non-violence) that facilitate trusteeship. He also stressed that duties have priority over rights.

We now turn to the microfoundations of *stakeholder* theory. First, descriptive stakeholder theory conceptualizes individuals and groups in the context of stakeholder “relationships” or “transactions” (Freeman, 1984). It looks at the salience of individual stakeholders in terms of their legitimacy, urgency, and power in relation to the firm (Laplume et. al, 2008; Mitchell, Agle, and Wood, 1997) and at the specific types of influences they have on the firm (Frooman, 1999). Overall, empirical research at the individual level is limited to a few leadership and strategic HRM studies (Parmar et. al, 2010; Reynolds, Schultz, and Hekman, 2006). To quote Reynolds et. al (2006: p. 1): “Stakeholder theory is widely recognized as a management theory, yet very little research has considered its implications for individual managerial decision-making.” Second there is no consensus or detailed guidance on the *individual* level normative principles supporting stakeholder theory (Laplume et. al, 2008).

Scholars are beginning to dig deeper into the micro-foundations of *stewardship*. Stewards at all levels of the organization engage in social contracts with each other and with entities such as firms (Caldwell and Karri, 2005; Donaldson and Dunfee, 1999; Hernandez, 2008 & 2012). As mentioned above, scholars look at how organizational context and individual values affect the adoption of individual level stewardship (Davis et. al, 1997; Hernandez, 2008 & 2012). In a normative sense, they define stewardship via moral principles such as inter-generational fairness

and mention that “duties and virtue, rightly applied to the individual” enable each person in an organization to contribute to organizational stewardship (Caldwell and Karri, 2005).

Multi-Level Relationships

We find that *Gandhi* provides the best example of a multi-level CR framework (Aguinis and Glavas, 2012) by explicitly connecting individual rights and obligations, trusteeship in business firms, and various principles of ethical capitalism, including value creation and service to the community and nation. In contrast, the *stakeholder* model is primarily a theory of *organizations* (Parmar et. al, 2010). Stakeholder researchers have looked at macro factors affecting stakeholder variables but they pay less attention to micro foundations and cross-level models of stakeholder behavior (Aguinis and Glavas, 2012; Reynolds et. al, 2006). Further, while *stewardship* scholars recognize the importance of macro contexts and multi-level relationships, they mainly focus on bidirectional relationships between individuals and organizations.

Academics and practitioners are now calling for a broader conception of CR, for example, through the creation of “shared value” (The Economist, August 30, 2014). To quote Porter and Kramer (2011, p. 64), companies must create “economic value in a way that also creates value for society by addressing its needs and challenges.” They should go beyond social responsibility, philanthropy, and sustainability by addressing social needs through new forms of product design, value chain activities, and strong geographic clusters that involve a range of stakeholders (Porter and Kramer, 2011). Shared value mechanisms include the support of worker’s rights and serving society through economic development initiatives (Porter and Kramer, 2011).

These ideas very much echo Gandhi’s ideas from a century earlier but there is a fundamental difference between trusteeship and shared value. While the shared value concept focuses on the obligations of business (with some limited attention to the responsibilities of government and

NGOs), Gandhi emphasizes that the fulfillment of reciprocal obligations of stakeholders at three interrelated levels - institutional, organizational, and individual – will help create shared value. Further, he lays out a range of specific (mutual) obligations (and rights) in his work. We believe that CR researchers may greatly benefit from using Gandhi’s *multi-level* obligation concepts to refine and test the idea of shared value.

In comparison to Gandhi, stakeholder and stewardship scholars are less specific in their discussion of reciprocal stakeholder obligations. Freeman and Phillips (2002) state that:

“A...feature of this (social responsibility) principle is that it applies reciprocally to all stakeholders. If an entrepreneur, manager, or firm has responsibility for the effects of its actions, so too, do customers, communities, suppliers, financiers, and employees. Firms are not the sole carriers of responsibility in today’s world” (Freeman and Phillips, 2002, p. 342). Goodstein and Wicks (2007) make convincing arguments for shifting the emphasis from *corporate* responsibility to *stakeholder* responsibility, based on the ideas that stakeholders: (a) need to reciprocate benefits received from firms; (b) recognize their interdependence with firms; and (c) behave in morally accountable ways. They conclude that *future* research and practice should connect stakeholder rights with responsibilities as well as *detail a set of norms* for stakeholder conduct, reflecting different company and institutional contexts. We note that Gandhi furthered this agenda decades ago.

Stewardship scholars point to a “sense of mutual obligation” underlying covenantal relationships between *individuals* and *organizations* (Caldwell and Karri, 2005; Hernandez, 2012). Hernandez (2012, p. 174) points out that:

“The covenantal relationship is a reciprocal promise based agreement, containing both transactional and psychological elements. Individuals recognize their fiduciary obligations to protect the interests of stakeholders and believe they are morally obliged to pursue these interests.”

Further, *ethical stewardship* builds on the work of thinkers such as Block (1993) and DePree (1989), who discuss how leaders should empower employees, so that each employee is obligated to “manage” the firm (Block, 1993; Caldwell and Karri, 2005). Block (1993: 84-85) states that: “The conversation is about purpose, ownership, and responsibility. Shifting these concerns from the exclusive province of the management class and distributing them among the people doing the core work.” However, stewardship scholars focus on *intra-firm* organization-employee relationships unlike Gandhi, who looks at institutional, organizational, and individual levels. For example, Pearson and Marler (2010) use leader member exchange theory to develop antecedents of reciprocal stewardship (in family and non-family owned firms) without commenting on the *specific* rights and duties underlying that reciprocity.

DISCUSSION

Gandhi’s key ideas may be summarized as follows: (a) the individual and organization will flourish in an ethical capitalist system, wherein both contribute to nation building in an entrepreneurial, ethical, and non-violent way; (b) the business owner and/or manager should create wealth in service of society, while attending to his/her own needs and balancing different stakeholder goals; (c) each individual in society has specific rights and duties; and (d) all stakeholders have reciprocal obligations to each other in the trusteeship model.

As summarized in Table 1, the trusteeship, stakeholder, and stewardship frameworks share similar behavioral assumptions. Whereas trusteeship and stewardship have well developed normative foundations, stakeholder theory places greater emphasis on instrumental goals (Freeman, 1999; Margolis and Walsh, 2003). It appears that trusteeship provides a balanced

approach to reconciling pro-social goals with individual self-interest, in both the short and long term.

Compared to stewardship theory, Gandhi and a handful of stakeholder theorists such as Freeman and Phillips (2002) look more closely at the *institutional system*.^{xxvi} At the *organizational level*, all three theories detail the governance aspects of CR and look at the role of managers/leaders in balancing conflicts between different stakeholders. Finally, while trusteeship and stewardship are quite well specified at the *individual level*, the stakeholder approach does not have deep micro foundations (Reynolds et. al, 2006). Gandhi also provides a more integrative discussion of cross-level relationships, especially in regards to the role of *multi-level reciprocal obligations* in creating a just and prosperous society.

Gandhi's work creates some interesting and important avenues for future CR research and practice. Researchers may pursue cross-disciplinary *research* on companies that attempt to foster a multi-level approach to CR, in both developed and emerging economy contexts. First, they may delve into the *antecedents* of the complex CR initiatives undertaken by firms such as the Tata Group, which also have a legacy of family ownership and control. For example, case-based evidence suggests that national contexts as well as the cultural backgrounds and cognitive mindsets of founder CEOs will influence whether and how succeeding generations of owners and managers adopt multi-level CR concepts (Sivakumar, 2008). The research may build on the micro-level antecedents examined by stewardship scholars (Caldwell et. al, 2008; Hernandez, 2012) to understand why some firms focus on shared value (Porter and Kramer, 2011) while others do not.

Second, researchers may also look at the *processes* through which multi-level CR evolves or dissipates (Aguinis and Glavas, 2012). An interesting avenue is to uncover the dynamic

interrelationships (between individuals, business, and society) underpinning CR initiatives, using the lenses and methods of business historians. For example, in her study of the “Bombay Plan”, Kudaisya (2014) looks at: (a) the complex processes that led Indian businesses to align themselves with nationalistic aspirations in the 1940s; and (b) how this alignment was undermined in later decades and then revived in the 1990s.

Third, scholars should measure the *societal value* created by integrative, multi-level approaches to CR (Freeman and Velamuri, 2008; Garriga and Melé, 2004). CR studies may utilize a variety of constructs and methods from corporate strategy, history, public policy, and economics to tease out shared value outcomes. Further, it is important that scholars continue to: (a) examine the *cumulative* impact of Gandhi’s ideas on Indian business and society; and (b) study the extent to which Indian multinational firms are currently exporting these ideas.

In terms of *practice*, Gandhi’s reciprocal obligations concept has strong potential to improve CR processes and outcomes. Specifically, when stakeholders attend to their mutual rights and duties, as envisaged by Gandhi, shared value is likely to increase dramatically and there may be: (a) less need for costly government regulation; and (b) reduced litigation around stakeholder interactions. Gandhi’s hefty legacy and moral legitimacy is likely to support shared value practices, especially in emerging economies such as India. His ideas on reciprocal obligations should be discussed (and debated) afresh in educational institutions, the media, and institutional forums such as professional associations.

Another interesting direction is to closely integrate responsible leadership with trusteeship. Pless (2007) describes “responsible leadership” as “the art of building and sustaining social and moral relationships between business leaders and different stakeholders based on sense of justice, a sense of recognition, a sense of care, and a sense of accountability for a wide range of

economic, ecological, social, political, and human responsibilities.” Cameron (2011) enhances this concept by pointing out that the responsible leader will also act in a “good” manner. The definition of “good” may be controversial but a leader who upholds universal standards of rightness, correctness, and goodness is a “virtuous leader” (Caldwell et. al, 2008; Caldwell et. al, 2010; Hernandez, 2008). The different principles underlying Gandhi’s trusteeship concept could help refine the concept of a virtuous leader, and more importantly, guide leadership across the *multi-levels* of interaction between business and society.

CONCLUSION

We have discussed the economic views of Mahatma Gandhi, particularly his concept of trusteeship, which encapsulates his views on corporate responsibility. Gandhi’s economic views are important because they have influenced the corporate sector in India, which is now among the fastest growing major economies in the world (International Monetary Fund, 2015; Mitra, 2012). Gandhi has also begun to influence Western thinking on corporate governance and business leadership (Balasubramanian, 2010; Gopinath, 2005; Pfeffer, 1998; Quinn, 1996; Upadhyaya, 1976). We showed that Gandhi was one of the earliest proponents of CR and illustrated how a leading Indian corporation, the Tata Group, has had notable success in practicing trusteeship. We also compared Gandhi’s framework with modern views on CR, focusing on stakeholder and stewardship theories. We outlined how trusteeship provides a more integrative, multi-level framework compared to the other two theories. Moreover, Gandhi’s framework combines self-interest with pro-social behavior, as exemplified by his ideas on the (reciprocal) rights and obligations of both business owners/managers and other stakeholders such as employees. We outlined key directions for future research and practice including how

Gandhi's stakeholder reciprocity principles may globally increase shared societal value. In closing, we believe that Gandhi's framework is still very relevant and fruitful for the worldwide research and practice of corporate responsibility.

Acknowledgement

We are grateful for the generous advice and suggestions we received from Antony Parel, Alain Verbeke, Jaana Woiceshyn, Won-Yong Oh, Liena Kano, Oleksiy Osiyevskyy, Mohammad Keyhani, Safaneh Mohaghegh Neyshabouri, the Gandhi Society of Calgary as well as anonymous reviewers for the Academy of Management's Annual Meetings. We also thank Domènec Melé and two anonymous reviewers for the Journal of Business Ethics for their insights and constructive feedback, which greatly helped improve this manuscript.

FIGURE 1
Multilevel Corporate Responsibility: Gandhi's Framework

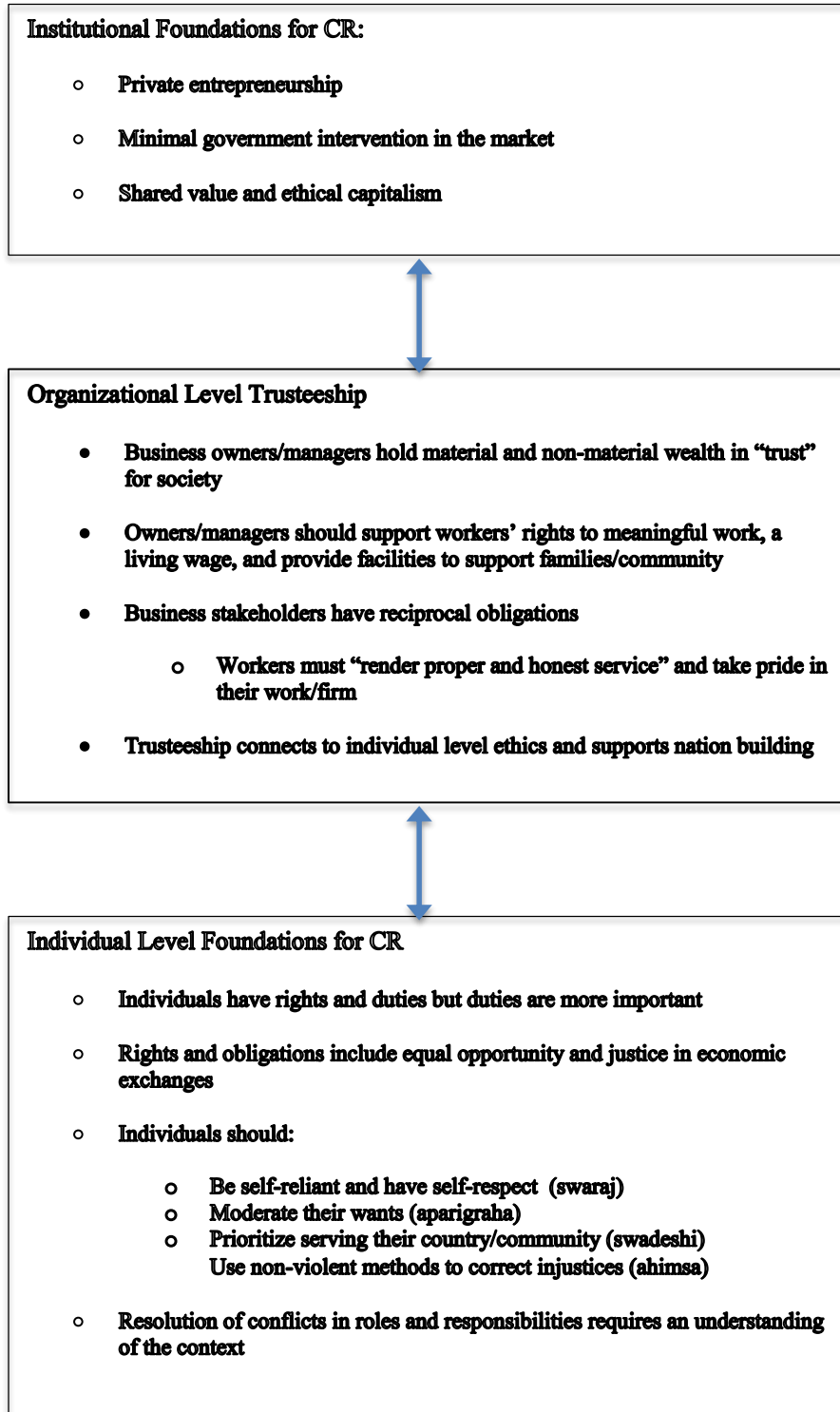


TABLE 1
Responsibility Frameworks

**Comparing the
Three Corporate**

	Trusteeship	Stakeholder	Stewardship
Contributions and Relevance	<ul style="list-style-type: none"> • Early contribution (1920s-1940s) to defining corporate responsibilities • Principles are still influential in Indian business arena • Links institutional, organizational, and individual level concepts • Expands the concept of shared value through reciprocal responsibility principles 	<ul style="list-style-type: none"> • Dominant response to neoliberal views against CSR • Basis of significant descriptive research • Integrates economic and social aspects of CR • Provides strategic and managerial specifications of CR 	<ul style="list-style-type: none"> • Provides a normative basis for stakeholder theory • Provides a realistic alternative to agency theory • Ethical stewardship combines ethical virtues with long-term wealth creation
Normative and Instrumental Goals	<ul style="list-style-type: none"> • When trustees balance self-interest with pro-social goals, ethical capitalism (a fair and just society) develops • Balancing self-interest with pro-social goals leads to greater <i>short and long term</i> wealth creation 	<ul style="list-style-type: none"> • Stakeholder management involves values, choice and assessment of harms/benefits • Stakeholders are entities that affect the wealth creating capacity of the firm - attending to their interests is a strategic imperative. 	<ul style="list-style-type: none"> • Stewards are bound to each other in moral contracts and they practice virtue-based ethics. • When organizational actors prioritize pro-social over self-serving behaviours, <i>long-term</i> social welfare and business performance improve
Behavioral Assumptions	<ul style="list-style-type: none"> • Honesty, pro-social behaviour • Self-interest • Contextual variations in individual behaviour 	<ul style="list-style-type: none"> • Complex psychology - varied and time-varying values/behaviour 	<ul style="list-style-type: none"> • Pro-social, cooperative, and long-term oriented behaviour • Contextual variations in values and behaviour

Institutional Level Concepts	<ul style="list-style-type: none"> • Free market system with private property, minimal government, and shared value. • Voluntary redistribution of wealth • Society as a key stakeholder in business 	<ul style="list-style-type: none"> • One “genre” reconnects the theory to its libertarian and entrepreneurial roots. • Businesses need to focus on creating value rather than societal redistribution • Underlying principles of stakeholder cooperation and responsibility 	<ul style="list-style-type: none"> • Ethical capitalism • Stewards should respect social contracts and acknowledge government regulation • Connections between stewardship and the institutional system are under-explored.
Organizational Level Concepts	<ul style="list-style-type: none"> • Owners/managers balance interests of different stakeholders in pursuit of shared value • Managers protect employees’ rights and help them gain self-reliance • Employees have rights <i>and</i> duties; they must use non-violent methods to respond to injustices 	<ul style="list-style-type: none"> • Managers manage and shape stakeholder relationships to maximize societal value • All parties to a social contract must accept responsibility for the consequences of their actions 	<ul style="list-style-type: none"> • Owners, managers and employees engage in social contracts • Managers make decisions in the best (long-term) interest of the whole group • Antecedents to stewardship include organizational context and individual traits. • Leaders shape ethical stewardship
Individual Level Concepts	<ul style="list-style-type: none"> • All individuals are trustees in society (owners, workers, consumers etc.) • Trustees respect moral principles. Rights and duties work together but duties have priority. 	<ul style="list-style-type: none"> • Individuals (and groups) engage in stakeholder relationships • Individuals have different salience in terms of their legitimacy, urgency, and power • Limited work on microfoundations 	<ul style="list-style-type: none"> • Stewards at all levels of organization engage in relational contracts • Principles include intergenerational fairness and reciprocity • Organizational context and individual values affect behavior
Multi-Level Relationships	<ul style="list-style-type: none"> • Very clear connections between the three levels • Fulfillment of reciprocal obligations at all levels leads to shared value and just society. 	<ul style="list-style-type: none"> • Organizational focus - limited attention to individuals and cross-level interactions. • Stakeholder reciprocity is an important concept but is not fully detailed. 	<ul style="list-style-type: none"> • Organizational and individual levels are well connected but institutional system is under-explored • <i>Intra-firm</i> reciprocity is emphasized

REFERENCES

- Aguilera, R.V., Rupp, D.E., Williams, C.A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *Academy of Management Review*, 32(3): 836-863.
- Aguinis, H., Boyd, B. K., Pierce, C. A., & Short, J. C. (2011). Walking new avenues in management research methods and theories: Bridging micro and macro domains. *Journal of Management*, 37(2): 395-403.
- Aguinis, H. & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38(4): 932-968.
- Arora, B. & Puranik, R. (2004). A review of corporate social responsibility in India. *Development*, 47(3): 93-100.
- Axelrod, A. (2010). *Gandhi CEO*. New York, NY: Sterling Publishing.
- Balasubramanian, N. (2010). Governing the socially responsible corporation: A Gandhian perspective. In A. Gupta (Ed.), *Ethics, business and society: Managing responsibly*. (pp. 157-181). New Delhi, India: SAGE Publications India Pvt. Ltd.
- Baskin, J. (2006). Corporate responsibility in emerging markets. *Journal of Corporate Citizenship*, 24: 29-47.
- Bass, B.M. (1990). From transactional to transformational leadership – learning to share the vision. *Organizational Dynamics*, 19(3): 19-31.
- Bimal, A. & Puranik, R. (2004). A review of corporate social responsibility in India. *Development*, 47(3): 93-100.
- Block, P. (1993). *Stewardship: Choosing service over self-interest*. San Francisco, CA: Berrett-Koehler Publishers.
- Branzei, O. (2010). Tata: Leadership with trust. *Richard Ivey School of Business Publishing*, Western University, London, Ontario.
- Caldwell, C., Bischoff, S. J., & Karri, R. (2002). The four umpires: A paradigm for ethical leadership. *Journal of Business Ethics*, 36(1-2), 153-163.
- Caldwell, C., Hayes, L. A., Bernal, P., & Karri, R. (2008). Ethical stewardship—implications for leadership and trust. *Journal of Business Ethics*, 78(1-2), 153-164.
- Caldwell, C., & Hayes, L. A. & Long, D.H. (2010). Leadership, trustworthiness, and ethical stewardship. *Journal of Business Ethics*, 96(4), 497-512.

- Caldwell, C. & Karri, R. (2005). Organizational governance and ethical systems: A covenantal approach to building trust. *Journal of Business Ethics*, 58(1-3): 249-259.
- Cameron, K. (2003). Ethics, virtuousness, and constant change. *The Ethical Challenge: How to lead with unyielding integrity*, N.M Tichy and A. McGill (Eds.). San Francisco, CA: Jossey Bass, 185-194.
- Cameron, K. (2011). Responsible leadership as virtuous leadership. *Journal of Business Ethics*, 98(1): 25-35.
- Cappelli, P., Singh, H., Singh J., & Useem, M. (2010). *The India way: How India's top business leaders are revolutionizing management*. Cambridge, MA: Harvard Business Press.
- Carroll, A.B. & Buchholtz, A.K. (2012). *Business & society: Ethics, sustainability and stakeholder management*, 8th ed. Mason, OH: South-Western Cengage Learning.
- Carroll, A. B., Lipartito, K. J., Post, J. E., & Werhane, P. H. (2012). *Corporate responsibility: the American experience*. Cambridge, UK: Cambridge University Press.
- Casey. P. (2014). *The Greatest company in the world?: The story of Tata*. London, UK: Penguin.
- Crane, A., Matten, D. and Spence, L.J. (2014). *Corporate social responsibility: Readings and cases in a global context*. London, UK: Routledge.
- Dasgupta, A. (1996). *Gandhi's economic thought*. London, UK: Routledge.
- Davis, J.H., Schoorman, F.D. & Donaldson, L. (1997). Toward a stewardship theory of management. *Academy of Management Review*, 22(1): 20-47.
- DePree, M. (1989). *Leadership is an Art*. New York, NY: Bantam Doubleday Dell Publishing Group.
- Deshmukh, R. and Adhikari. A. (2010). Tata Power: Corporate social responsibility and sustainability. *Richard Ivey School of Business Publishing*, Western University, London, Ontario.
- Deshpande, R. & Schulman, S. (2009). Tata Consultancy Services (A). *Harvard Business School Publishing*, Cambridge, MA.
- Diwan, R. & Gidwani, S. (1985). Elements of Gandhian economics. In R. Diwan and M. Lutz (Eds.). *Essays in Gandhian Economics*. Gandhi Peace Foundation, New Delhi.
- Donaldson, T. & Dunfee, T. W. (1994). Toward a unified conception of business ethics: Integrative social contracts theory. *Academy of Management Review*, 19(2): 252-284.

Donaldson, T., & Dunfee, T. W. (1999). *Ties that bind: A social contracts approach to business ethics*. Boston, MA: Harvard Business School Press.

Donaldson, T., & Dunfee, T. W. (2002). Ties that bind in business ethics: Social contracts and why they matter. *Journal of Banking & Finance*, 26(9), 1853-1865.

Donaldson, T. & Preston, L. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20(1): 65-91.

Dunlap, B. (2007). Ben Dunlap talks about a passionate life, *The Life-long Learner* series, *TED Talks*. http://www.ted.com/talks/ben_dunlap_talks_about_a_passionate_life

Dwivedi, R. S. (1982). The Gandhian trusteeship system with special reference to labour relations. *Indian Journal of Industrial Relations*, 17(3): 429-439.

The Economic Times. (2013, February 20). Azim Premji first Indian to sign up for Gates-Buffett charity. Retrieved from http://articles.economictimes.indiatimes.com/2013-02-20/news/37200540_1_azim-premji-bloomberg-billionaires-index-gates-buffett on October 17, 2014.

The Economist. (2014, August 30). *A new type of partnership*. <http://gelookahead.economist.com/new-type-partnership/>. Retrieved, April 20, 2015.

Elankumaran, S., Seal, R. & Hashmi, A. (2005). Transcending transformation: Enlightening endeavours at Tata Steel. *Journal of Business Ethics*, 59(1-2): 109-119.

Evans, P.B. (1975). Multiple hierarchies and organizational control. *Administrative Sciences Quarterly*, 20: 250-259.

Fischer, L. (1962) *The essential Gandhi*. New York, NY: Vintage Books.

Freeman, R.E. (1984). *Strategic management: A stakeholder approach*. Boston, MA: Pitman.

Freeman, R. E. (1999). Divergent stakeholder theory. *Academy of Management Review*, 24(2), 233-236.

Freeman, R.E. & McVea, J. (2001). A stakeholder approach to strategic management. http://papers.ssrn.com/sol3/Papers.cfm?abstract_id=263511. Retrieved, April 20, 2015.

Freeman, R. E. & Phillips, R. A. (2002). Stakeholder theory: A libertarian defense. *Business Ethics Quarterly*, 12(3): 331-349.

Freeman, R. E., & Velamuri, S. R. (2008). A new approach to CSR: Company stakeholder responsibility. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1186223. Retrieved, April 20, 2015.

- Frooman, J. (1999). Stakeholder influence strategies. *Academy of Management Review*, 24(2): 191-205.
- Gandhi M.K. (1920(a), August 16), *The Hindu*. Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol 18, p. 165. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India..
- Gandhi, M.K. (1920(b), August 16). *The Hindu*. Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol. 18, p. 165. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India.
- Gandhi, M. K. (1921, October 27). The secret of it. *Young India*, III, 43, 344.
- Gandhi, M. K. (1925a, March 12). Swadeshi and nationalism. *Young India*, VII, 11, 88.
- Gandhi, M. K. (1925(b), November 5). A hotch-pot of questions. *Young India*, VII, 45, 379.
- Gandhi, M. K. (1925(c), November 22). *Navjivan*. Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol 28, p. 468. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India.
- Gandhi, M. K. (1927). *My experiments with truth, Part IV*. Navjivan Publishing House, Ahmedabad, India p. 250
- Gandhi, M. K. (1928. May 10). Capital and labor. *Young India*, X, 19, 145-146.
- Gandhi, M. K. (1932). Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol 50, p. 216. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India.
- Gandhi, M.K. (1933, April 29). Inconsistencies?. *Harijan*, I, 17, 2
- Gandhi M.K. (1934, July 8). Speech to Businessmen, Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol 58, p. 152. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India.
- Gandhi, M.K. (1938(a), February 12). Interpretation of Wardha education scheme. *Harijan*, VI, 1, 2.
- Gandhi, M.K. (1938(b), June 25). Non-violence the only insurance. *Harijan*, VI, 20, 162.
- Gandhi, M.K. (1938(c), November 19). In the balance. *Harijan*, VI, 41, 343
- Gandhi, M.K. (1940, August 25). Equal distribution. *Harijan*, VIII, 28, 260.
- Gandhi M.K., (1942(a), April 12). The theory of trusteeship. *Harijan*. IX, 13, 116.

Gandhi M.K. (1942(b), December 13). Talk with Pyarelal, Compiled in *The Collected Works of Mahatma Gandhi*. 1984 Vol 76, p. 420. New Delhi, India: Publications Division, Ministry of Information & Broadcasting, Government of India.

Garriga, E., & Melé, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of Business Ethics*, 53(1-2), 51-71.

Ghosh, S. (1989). Trusteeship in Industry: Gandhiji's Dream and Contemporary Reality. *Indian Journal of Industrial Relations*, 25(1): 35-44.

Goodpaster, K. E. (2013). Tenacity: The American pursuit of corporate responsibility. *Business and Society Review*, 118(4), 577-605.

Goodstein, J. D., & Wicks, A. C. (2007). Corporate and stakeholder responsibility: Making business ethics a two-way conversation. *Business ethics quarterly*, 375-398.

Gopinath, C. (2005). Trusteeship as a moral foundation for business. *Business and Society Review*, 110(3): 331-344.

Harrison, J. S., Bosse, D. A. & Phillips, R. A. (2010). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic Management Journal*, 31(1): 58-74.

Hernandez, M. (2008). Promoting stewardship behavior in organizations: A leadership model. *Journal of Business Ethics*, 80(1): 121-128.

Hernandez, M. (2012). Toward an understanding of the psychology of stewardship. *Academy of Management Review*, 37(2): 172-193.

Hitt, M. A., Beamish, P. W., Jackson, S. E., & Mathieu, J. E. (2007). Building theoretical and empirical bridges across levels: Multilevel research in management. *Academy of Management Journal*, 50(6): 1385-1399.

Hosmer, L. T. (1996). Chicago, IL: Irwin. *The ethics of management*.

International Monetary Fund. (2015). <http://www.imf.org/external/pubs/ft/weo/2015/update/01/index.htm>. Retrieved, April 18, 2015.

Ishii, K. (2001). The socioeconomic thoughts of Mahatma Gandhi: As an origin of alternative development. *Review of Social Economy*, LIX(3): 297-312.

Jensen, M.C. (2002). Value maximization, stakeholder theory and the corporate objective function. *Business Ethics Quarterly*, 12(2): 235-256.

Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. *Academy of Management Review*, 20(2): 404-437.

Jones, T. M. & Wicks, A. C. (1999). Convergent stakeholder theory. *Academy of Management Review*, 24(2): 206-221.

Kelkar, R. (n.d.) *Trusteeship*: Written by M.K. Gandhi. Retrieved October 16, 2014 from <http://www.mkgandhi.org/ebks/trusteeship.pdf>

Khanna, T., Palepu, K. and Danielle, M.W. (2006). House of Tata, 1995: The next generation (A). *Harvard Business School Publishing*, Cambridge, MA.

Kolge, N. and Sreekumar, N. (2011). Gandhi's criticism of industrialization and modernity; an environmental perspective. In S.K Joseph and B. Mahodaya (Eds.), Gandhi, Environment and Sustainable Future. *Institute of Gandhian Studies*: Wardha, India. Retrieved on April 23, 2015 from <http://www.gvpwardha.iecit.in/documents/books/env/4.pdf>

Koshal, R. K. & Koshal, M. (1973). Gandhian economic philosophy. *American Journal of Economics and Sociology*, 32(2): 191-210.

Kudaisya, M. (2014). The Promise of Partnership": Indian Business, the State, and the Bombay Plan of 1944. *Business History Review*, 88(01): 97-131.

Kumar, R., Murphy, D.F. & Balsari. (2001). Altered images: The 2001 state of corporate responsibility in India poll. *Tata Energy Research Institute* (now The Energy and Resources Institute), New Delhi, India. Retrieved on October 20, 2014 from <http://www.terieurope.org/docs/CSR-India.pdf>

Lala, R. M. (1981). *The creation of wealth*. New Delhi, India: Penguin Books India.

Lala, R. M. (2007). *The romance of Tata Steel*. New Delhi, India: Penguin Books India.

Laplume, A.O., Sonpar, K. & Lutz, R.A. (2008). Stakeholder theory: Reviewing a theory that moves us. *Journal of Management*, 34(6): 1152-1189.

Lee, P.M. & O'Neill, H.M. (2003). Ownership structures and R&D investments of U.S. and Japanese firms: Agency and stewardship perspectives. *Academy of Management Journal*, 46 (2): 212-225.

Maheshwari, S. K. & Ganesh, M. P. (2006). Ethics in organizations: the case of Tata Steel. *Vikalpa*, 31(2): 75.

Margolis, J.D. and Walsh, J.P. (2003). Miseries loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48(2): 268-305.

Mitchell, R. K., Agle, B. R. & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4): 853-886.

- Mitra, R. (2012). My country's future: A culture – centered interrogation of corporate social responsibility in India. *Journal of Business Ethics*, 106: 131-147.
- Molloy, J. C., Ployhart, R. E., & Wright, P. M. (2010). The myth of “the” micro–macro divide: Bridging system-level and disciplinary divides. *Journal of Management*, 37: 581-609.
- Nayyar, P. (1952, October 25) Gandhiji's doctrine of trusteeship. *Harijan*, XVI, 35, 301.
- Nohria, N., Mayo, A.J. & Benson, M. (2014). J.R.D. Tata. *Harvard Business School Publishing*, Cambridge, MA.
- Paine, L. S. (2003). *Value shift: Why companies must merge social and financial imperatives to achieve superior performance*. New York, NY: McGraw-Hill.
- Parel, A.J. (2006). *Gandhi's philosophy and the quest for harmony*. Cambridge, UK: Cambridge University Press.
- Parmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L. & De Colle, S. (2010). Stakeholder theory: The state of the art. *The Academy of Management Annals*, 4(1): 403-445.
- Pava, M. (2003). *Leading with meaning: using covenantal leadership to build a better organization*. New York, NY: Palgrave Macmillan.
- Pearson, A. W. & Marler, L. E. (2010). A leadership perspective of reciprocal stewardship in family firms. *Entrepreneurship Theory and Practice*, 34(6): 1117-1124.
- Pfeffer, J. (1998). *The human equation: Building profits by putting people first*. Boston, MA: Harvard Business School Press.
- Phillips, R., Freeman, R. E. & Wicks, A. C. (2003). What stakeholder theory is not. *Business Ethics Quarterly*, 479-502.
- Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge, MA. Harvard University Press.
- Pless, N.M. (2007). Understanding responsible leaderships: role identity and motivators. *Journal of Business Ethics*, 74: 437-456.
- Porter, M.E. & Kramer, M.R. (2011). Creating shared value. *Harvard Business Review*, January-February: 63-77.
- Post, J. E., Preston, L.E., & Sachs, S. (2002). Managing the extended enterprise: The new stakeholder view. *California Management Review*, Vol. 45(1): 6-28
- Preston, L. (1998). Agents, stewards, and stakeholders. *Academy of Management Review*, 23(1): 1-9.

- Primeaux, P., Karri, R. & Caldwell, C. (2003). Cultural insights to organizational justice – a theoretical perspective through a subjective lens. *Journal of Business Ethics*, 46(2): 187-199.
- Quinn, R.E. (1996). *Deep change*. San Francisco, CA: Jossey-Bass.
- Reynolds, S. J., Schultz, F. C. & Hekman, D. R. (2006). Stakeholder theory and managerial decision-making: Constraints and implications of balancing stakeholder interests. *Journal of Business Ethics*, 64(3): 285-301.
- Rolnick, P. J. (1962). Charity, trusteeship, and social change in India. *World Politics*, 14(3): 439-60.
- Sen, R. (1991). In the name of trusteeship. *Indian Journal of Industrial Relations*, 26(4): 412-424.
- Sethi, J. D. (1985). Gandhian critique of modern economic theory. *Gandhi Marg*, 78: 327-339.
- Sivakumar, N. (2008). The business ethics of Jamsetji Nusserwanji Tata – A forerunner in promoting stakeholder welfare. *Journal of Business Ethics*, 83(2): 353-361.
- Tata. (2014a). http://www.tata.com/aboutus/sub_index/Leadership-with-trust. Retrieved, November 15, 2014.
- Tata. (2014b). <http://www.tata.com/businesses/sectorsindex/Business-sectors>. Retrieved, November 15, 2014.
- Transparency International. (2014). http://www.transparency.org/research/cpi/cpi_1998/0/. Retrieved September 15, 2014.
- Upadhyaya, R. B. (1976). *Social responsibility of business and the trusteeship theory of Mahatma Gandhi*. New Delhi, India: Sterling Publishers.
- Varma, R. (2012). Gandhi's theory of trusteeship: An essay in understanding. In S.K Joseph (ed.), Contextualizing Gandhian thought: Essays in honor of and by Ravindra Varma, *Institute of Gandhian Studies*: Wardha, India. Retrieved on October 16, 2014 from <http://www.gvpwardha.iecit.in/documents/books/thought/iii3.pdf>.
- Visser, W. (2008). Corporate social responsibility in developing countries, In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility*. Oxford, UK: Oxford University Press. pp. 473-479.
- Witzel, M. (2010). *Tata: The evolution of a corporate brand*. New Delhi, India: Penguin Portfolio.

ENDNOTES

ⁱ First, Gandhi provides a useful multilevel perspective, in which he integrates the individual, corporate, and social/institutional factors affecting CR. Second, he provides a pragmatic balance between normative and instrumental motivations for CR, i.e., between pro-social ideals and individual self-interest. Third, Gandhi emphasizes the reciprocal obligations of the firm and its stakeholders in creating social and economic value.

ⁱⁱ Aguinis and Glavas (2012, p. 2) define CSR as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance.”

ⁱⁱⁱ For example, institutional and organizational level research relies more heavily on instrumental theories vs. studies at the individual level, which rely on normative and psychological theories.

^{iv} Much of the Gandhi’s actual work, such as his writings and speeches, may be found at the “The Gandhi Heritage Portal” (www.gandhiheritageportal.org).

^v He also expected business owners and society to become stewards of the natural environment (Kolge and Sreekumar, 2011).

^{vi} Beyond a moral basis, trusteeship also has religious and legal bases. First, Gandhi stated that “God, as the originator of everything is the owner, lord, and master of the material universe. Humans are only its trustees” (Parel, 2006). Second, he borrowed the idea of trusteeship from jurisprudence (Dwivedi, 1982; Dasgupta, 1996; Gopinath, 2005). In law, trusts are organizations that are formed for a stated purpose (profit or non-profit), where management is in the hands of individuals who do not run them for personal gain.

^{vii} His advice to industrial employees was to “understand your own rights, understand the method of enforcing those rights and enforce them” (Gandhi, 1920a, p. 165). He also stated that: “No person can amass wealth without the cooperation, willing or forced, of the people concerned.” (National Voice, p. 232, in Dwivedi, 1982).

^{viii} Nevertheless, he also supported strikes as a means of passive resistance or non-violent non-cooperation (satyagraha). He distinguished between “authorized” and “unauthorized” strikes, pointing out that authorized strikes should have just cause, have “practical” unanimous support, and eschew using violence against non-strikers. He also felt that the conduct of strikers could be regulated (Ibid, p. 203).

^{ix} It is perhaps another indication of recognition of Gandhi’s global influence that an aircraft manufacturer in Canada has only this quote displayed prominently in their main reception.

^x In the context of pre-independence India, trusteeship was a clever and instrumental way to better unite industrialists with poorer sections of society to realize political independence and economic development (Dwivedi, 1982; Rolnick, 1962).

^{xi} In particular, Gandhi believed in a concept of “bread labor,” which emphasized an individual’s duty to earn bread by physical labor.

^{xii} Thomas Piketty’s (2013) thesis is that the rate of capital return in developed countries is persistently greater than economic growth and that this will lead to increasing income inequality. While Piketty favors wealth redistribution through a global tax on wealth, Gandhi argues for pure moral suasion.

^{xiii} Gandhi was not against trading with other countries, saying that: “..for I buy from every part of the world what is needed for my growth. I refuse to buy from anybody anything however nice or beautiful if it interferes with my growth or injures whom Nature has made my first care” (Gandhi, 1925a, p. 88).

^{xiv} In 2007, the Tata Group won a Carnegie Medal for Philanthropy and, in 2009, the Reputation Institute ranked it 11th globally among the most reputed companies.

^{xv} It is not entirely surprising that the Tata Group practiced a form of trusteeship as Jamsetji Tata was influenced by some of the same Western and Indian thinkers who influenced Gandhi (Witzel, 2010). Further, when Jamsetji set up his second textile mill, in 1886, to produce high quality yarn (to compete with imported yarn), he called it the Swadeshi Mills. Swadeshi was the same concept Gandhi later used to promote local development. Jamsetji’s son, Ratan, was one the first financial benefactors of Gandhi during the latter’s struggle for civil rights in South Africa.

^{xvi} Interestingly, Gandhi himself mediated in a 1925 dispute between management and labor at Tata Steel. In this context, he stated that: “...my identification with labor does not conflict with my friendship with capital” and that: “...I hope that the relations between this great house and laborers who work under their care will be of the friendliest character” (Lala, 2007, p. 39).

^{xvii} It is important to note that this was a significant step in a country that ranked 66th (out of 85 possible ranks) in the 1998 Corruption Perceptions Index (Transparency International, 2014).

^{xviii} For a very recent discussion of CR at the Tata Group, see Casey (2014).

^{xix} By doing this, managers may address three interconnected problems in business: (a) the problem of value creation and trade; (b) the problems of the ethics of capitalism; and (c) the problem of the managerial mindset (Parmar et. al, 2010).

^{xx} Jones (1995) has also proposed that his instrumental version of stakeholder theory serves as an integrating theme for business and society.

^{xxi} So far, we have shown the normative and instrumental parallels between Gandhi’s trusteeship and stewardship/stakeholder theories. Stakeholder and stewardship models also have descriptive goals, as they are used to research individual and organizational behavior (Donaldson and Preston, 1995; Hernandez, 2012; Harrison, Bosse, and Phillips, 2010). Gandhi did not pursue

descriptive research but Indian scholars have conducted a handful of case studies on the antecedents and outcomes of trusteeship (Ghosh, 1989; Sen, 1991; Dwivedi, 1982).

^{xxii} In later years, Gandhi was said to have argued for government promotion and regulation of trusteeship, if necessary, as a way to spread its reach in Indian society (Nayyar, 1952).

^{xxiii} Crane et. al (2014, p. 159) have pointed out that costs of approaches other than voluntarism are far too high.

^{xxiv} It should be noted that authors such as Freeman and Phillips (2002), Phillips, Freeman, and Wicks (2003), and Parmar et. al (2010) stress that stakeholder theory is an *organizational* theory. They delineate the theory from a “liberal stakeholder economy” approach, which favors significant roles for the government in terms of production and wealth redistribution.

^{xxv} Laplume et. al (2008) argue that integrating stakeholder theory with institutional theory may help reinvigorate the model. Since Gandhi grounded trusteeship in early to mid 20th century Indian institutional and political contexts, his work may also serve as a model for integrating modern CSR with broader institutional contexts.

^{xxvi} The majority of stakeholder theorists are not explicit about macro-foundations.