International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online)
Vol. 5, Issue 1, pp: (697-707), Month: April - September 2017, Available at: www.researchpublish.com

Profit Maximization and Corporate Social Responsibility: The Case of Wal-Mart Stores and AXA Group

Professor William Kwame Dadson

Lincoln University of the Commonwealth Pennsylvania, Lincoln University, Pennsylvania, USA

Abstract: **The dominant issue surrounding corporate management today is the concept of corporate profit maximization in relation to corporate social responsibility. The idea of corporate social responsibility (CSR) is a vision of corporate accountability to an array of stake holders which includes shareholders, employees, customers, environmental protection, civil society and the communities. CSR is intended to be an inbuilt and self-regulating mechanism fostering corporate adherence to laws, international norms, and ethical standards and codes of responsibility. Through this mechanism, it is assumed that as a business maximizes profits, it will accept the spillovers of their activities and actively seek to protect, encourage community growth, development, and voluntarily eliminating practices that harm the public sphere, regardless of consequences. The recent corporate scandals have increased public mistrust of corporations as to their ability to maximize profit and at same time be socially responsible.. In this paper we seek to answer the question, "Can a corporation continue maximizing profit and at the same time pursue social responsibility initiatives? We drew on different theories of corporate social responsibility in answering this question. A case study approach was used in this study. The companies studied were Wal-Mart Stores and AXA Group. These companies were selected based on their strong emphasis and commitment to corporate social responsibility. The result of the study indicated that both companies are actively engaged in various social responsibility initiatives both domestically and internationally. The Gold medal award received by Wal-Mart accentuates its overall success in the implementation of its sustainability corporate strategy in which in it ties its profitability strategy to its corporate social responsibility initiatives.**

Keywords: **Corporate, social, responsibility, maximizing, profit, stockholders, community, development, scandals and sustainability.**

I. INTRODUCTION

A. Purpose of the study:

The main focus of this paper is to assess whether corporations can be profit maximizing and concurrently pursue socially responsible activities. The dominant issue confronting corporate management today is the issue of corporate profit maximization in relation to corporate social responsibility (CSR). The idea of corporate social responsibility (CSR) is a vision of corporate accountability to an array of stakeholders which includes shareholders, employees, customers, environmental protection, civil society and the communities. CSR is intended to be an inbuilt and self-regulating mechanism fostering corporate adherence to laws, international norms, ethical standards and codes of responsibility. Through this mechanism, it is assumed thatas a businessprofits ,it will accept the spillovers of their activities and actively seek toprotect, encourage community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality(www.en.wikipedia.org/wiki/Corporate_social). In other words to promote the interest of their stakeholders and the society as a whole. Branco and Rodriguez consider CSR as one of ethical and moral issues facing corporate decision making and behavior. For them, the central question for a company is whether it should undertake certain activities or refrain from doing so because they are beneficial or harmful to society. Social issues deserve moral consideration of their own and should lead managers to consider the social impacts of corporate activities in decision making. Regardless of any stakeholders' pressures, actions which lead to things such as the conservation of the Earth's natural resources or bio-diversity preservation are morally praiseworthy (Branco and Rodrigues, 2007).

The author's review of empirical studies has indicated that they mostly concentrated on the relationship between CSR and overall corporate profitability/corporate financial performance. The studies have yielded mixed results or embroiled in inconsistencies. The are many reasons for the inconsistent evidence of social responsibility and financial performance link. Perhaps , the most obvious reasons stem from the facts thatany managerwith responsibility for profit and losses, is very much aware that, it is extremely difficultto isolatethe effects of investmentsin corporatesocial responsibilityon company'sbottom line. Because so many variables simultaneously influence financial performance (Schmeitz and Epstein, 2004).The empirical work which attempted to find the relationship between corporate social responsibility and corporate financial performance resulted in contradictory results. In inconclusiverelationship results were foundin the work of (Alexander and Buschholz,1978;Abbotand Monsen,1979;Ingram and frazier,1983; and Freeman and Jagi,1986). Some researchers found positive and negative relationship (Kedia and Kuntz 1981; Chen and Metcalf, 1980; Marcus and Goodman, 1986; Lerner and Fryxell, 1988; and Holman, New and Singer, 1990. Negative relationships were reported by the empirical work of (Vance, 1975; Shane and Spiccer, 1983; Jarrell and Peltsman, 1985; Davidson and Worrell, 1988). Others have found positive relationship(Bragdon and Marlin,1972;Moskowitz,1972 and 1975; Belkaoui,1976;Sturdivant and Ginter,1977;Newgren et al,1985;Spencer and taylor,1987;Johnson and Greening,1994; Waddock and Graves, 1994).

The review of empirical work on corporate social responsibility and corporate profitability/corporate financial performance indicated that large number of studies showed a positive relationship. It has become a major concern of both practitioners and academicians with regards to the inconsistencies in the results (Griffin and Mahon, 1997). It is due to these confusions that this study will follow a different pattern by answering the question "whether a ccompany can be profit maximizing and concurrently pursue corporate social responsibly initiatives.

B. International Organizations and CSR:

The concept of CSR has also become a major preoccupation of the United Nations and the World Bank. Corporations are under immense pressure to develop and abide by CSR initiatives and regulations both domestically and internationally or wherever they operate. The United Nations Global Compact in 2000 brought together business and United Nations agencies, labor, civil society and governments to advance ten universal principles in the areas of human rights, labor, environment and anti-corruption. Through the power of collective action, the Global Compact seeks to mainstream the ten principles in business activities around the world and to catalyze actions in support of broader UN goals (Power, 2010).In addition, a number of multinational corporations have responded to this concern by developing codes of conduct that stipulate social, environmental, human rights, and ethical requirements with which suppliers are obliged to comply (Jorgensen and etal, 2003).

C. Corporate Scandals:

The recent corporate scandals have increased public mistrust of corporations as to their ability to maximize profit and at the same time be socially responsible. Scandals such as those of Enron, Arthur Anderson, Fannie Mae, Toyota, and AIG have certainly eroded the public trust in corporations. For many years, this has been the concern of the legal community and economists. Both groups have been examining the role of the large corporation in society and the controversy surrounding the model of corporate governance. For the legal scholars, the concern over the corporate role is whether corporate decision makers should also consider the interests of "stakeholders" other than the shareholders. This stems from the fact that the resulting economic, social, and political power inherent in the corporate form enables them to aggregate a large amount of resources (Lewis D. Solomon, 1990).

II. LITERATURE REVIEW

A. The concept of a corporation:

The notion of corporate social responsibility has been a controversial subject for about two thousand years. The word corporation was derived from the Latin word "Universitas" from which the "University" was derived. Under the Roman Laws, the purpose of "Universitas" was to create institutions for social benefit. They were not profit making institutions and were strictly controlled by the Roman Government. During the medieval ages, it was used to describe specialized associations of students and teachers with collective legal rights usually guaranteed by charters issued by princes, prelates, or the towns in which they were located (Colish 1997). The concept of a corporation as an individual entity began in the 14th century. However, the full recognition under the law as major individual entity, which could be sued and sue was fully developed within the 18th and 19th centuries. By the early 20th century the question of corporate social responsibly has begun to attract the attention of legal and economic scholars. One of the pioneers of CSR was Professor Maurice Clark.In his essay, "The Socializing of Theoretical Economics," John Maurice Clark criticized orthodox economics. He termed their theories as “Euclidean economics". He emphasized that the treatment of business under orthodox economics which asserted the primacy of individualism, free contract, and laissez-faire--produced an "economics of irresponsibility (Clark 1921; Champlin and Knoedler 2004). He was of the opinion that the stress on business excessive individualism could lead to a denial of any responsibility for the public interest. He termed it as an irresponsible economic notion. In its place, he proposed an "economics of responsibility" in which business recognized and accepted its responsibility for the public interest and in which the rest of society worked toward that same end .Two other professors who joined professor Clark in the corporate social responsibilitydebates were Professors Todd and Berle.

In the 1930s, series of articles were published by Professors Adolf Berle, a member of President Franklin Roosevelt Economic Advisors, and Merrick Dodd, a Law Professor, in which they expressed their divergent opinions on CSR. Professor Berle believed that the stockholders’ wealth maximization should be the utmost prerogative of a corporation. He stressed that corporate activity should be evaluated in terms of the extend to which it benefits the company’s shareholder. In short, he strongly concluded that objective measurement of shareholder benefit is wealth maximization through business activities (Berle, 1931and 1932).Contrary to Berle, Professor Dodd’s main concern was the protection of the society. He strongly held the opinion that a corporation operates to serve the public interest by which it furnishes the shareholders with profit maximizing wealth. In other words,a businessexists not only for the sole purpose of making profits for their stockholders, but also as an economic institution withsocialas well as profit maximizing function.(Dodd 1932).Different modelsof CSR have evolved from Clark, Belre and Dodd’s debates. They are the Moderate View, The Classical View, the Stakeholder View and Mute Stakeholders view.

B. The Moderate View:

The Moderate View also known as the Doctrine of Enlightened Self-Interest states that since a corporations profit from social activities, it is important that they contribute to the enlargement of the market, improvement of the workforce and helping the disadvantaged. These social actions will lead to reduction in welfare costs, crime, and wasted human potential. Further, they will aid in the combating of the insensitivity to society’s changing demands thereby reducing the public pressures for government intervention and regulation (Solomon and Collins, 1987). The proponents of this theory strongly believe that corporations should price their products within the legal norms. They encourage, corporations to obey the law, despite the fact that compliance of this duty could reduce profits. Especially, if the compliance costs exceeds the expected social value which could render the company unprofitable. Some of the moderate scholars view the legal compliance as irresponsible. They postulate that obeying the law is not the duty of a corporation and may be irresponsible socially if the return from an illegal act, CSR initiatives, will exceed the expected social value. Especially when the corporate resources are continuously used for non-profit and socially-maximizing activities. Further, since the objectives of investors, employees, customers and general public often are in conflict with corporate goals, managers must be guided by the shareholder interest. However, they cannot remain insensitive to other constituencies and remain consistent with long run interest of the enterprise (Small, 1979).

C. Classical View:

In their dealings with corporate social responsibility, the classical economists separate social functions from economic functions. They are of the opinion that the main obligation of a corporation is to maximize profit for its owners. Carr, a proponent of the classical model asserts that a company has the legal right to shape its strategy without reference to anything but its profits, so long as it stays within the rules of the game legally set out by law (Carr 1968) Milton Friedman, a major proponent of the “Classical view”, established that companies should behave honestly and resist from engaging in deception and fraud. He stressed that the purpose of a company is to make profits for its shareholders. Thus, the responsibility of business is to use its resources to engage in profit making activities so long as it stays within the rules of the game. Further, managers are agents of the shareholders and therefore, they have a responsibility to conduct business in accordance with their interest. Under this postulation, he emphasized that shareholders are the owners of the company and therefore the profits belong to them. In his view, requiring managers to pursue socially responsible objectives may be unethical, because it requires managers to spend money that belongs to the shareholders. Hence, requiring a company to engage in social responsibility activities is harmful to the foundations of a free society with a free-enterprise and private-property system. Social problems should be left for the state to address. (Friedman, M. 1970), Friedman's view on corporate social responsibility was preceded and echoed by Levitt in 1958. Levitt believed that companies should be concerned with improving production and increasing profits while abiding by the rules of the game, which include acting honestly and in good faith. Moreover, social problems should be left for the state to address (Levitt, T. (1958)

David Henderson, an ex-OECD Chief Economist and a critic of CSR, focused on outside interferences in corporate operations. For him, such actions could lead to inefficient resource allocation. His concern is that CSR adversely affects a company's performance. However, his case against CSR rests primarily on the contention that it impairs the performance of business enterprises in their primary role, and would make people in general poorer. He opposes over-regulation, and views increased legislation in this matter to be harmful, and detrimental to business activities. He sees CSR as a leading contributor to ineffective markets, reduced wealth generation and increased social inequity and poverty (Henderson, D. 2005) Although some of the classical theorists were adamant in defending the rights of shareholders' wealth maximization as the sole responsibility of corporate managers, some of them believed that other stakeholders interest must be given due consideration in corporate operations.Carr, a strong defender of the pure profit-making view recognized that if a company wishes to take a long-term view of its profits, "it will need to preserve amicable relations with whom it deals. He emphasized that a wise businessman will not seek an advantage to the point where he generates dangerous hostility among employees, competitors, customers, government, or the public at large." Further, he thought that "decisions in this area are, in the final test decisions of strategy, not of ethics" (Carr 1968).

***D. The Stakeholder View*:**

Stakeholder theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions. The stakeholder view theory emphatically establishes that beyond shareholders there are several agents with interests in the actions and decisions of companies. These include the agents who benefit from, harmed or disrespected by corporate actions. Others whose interest must also be taken into consideration by a company are stakeholders which include creditors, employees, customers, suppliers, and the communities at large. Freeman emphasizes that management should not only consider the interest of its shareholders in the decision making process, but also the interest of anyone who is affected by business decisions (Freeman 1998). In contrast to the classical view, the stakeholder view holds that "the goal of any company should be the flourishing of the company and all its principal stakeholders (Werhane and Freeman, 1999) It is important to stress that shareholders are stakeholders arethe concerns that should be"the logical equivalent of contrasting 'apples' with 'fruit" (Freeman et al, 2004)

Werhane and Freeman correctly characterized the single-objective Shareholder View, as "a narrow view that cannot possibly do justice to the panoply of human activity that is value creation and trade, i.e., business." Whereas the shareholder view sees a unique answer, and attributes one objective function to all companies, stakeholder theory admits a wide range of answers. They also believed that these theories should not be considered as merely an opposing view, in the sense that even shareholder theory can be regarded as a version of stakeholder theory, because stakeholder theory admits many possible normative cores (Freeman et al. 2004). As a particular version of stakeholder theory, shareholder view's moral presuppositions can be seen as including "respect for property rights, voluntary cooperation, and individual initiative to improve everyone's circumstances. These presuppositions provide a good starting point, but not a complete vision of value creation" (Werhane and Freeman, 2004).

E. Mute Stakeholders View:

Some of the problems with stakeholder theory lie in the difficulty of considering "mute" stakeholders such as the natural environment) and the "absent" stakeholders, the future generations or potential victims (M. Capron, 2003). Buchholz explained that the difficulty of considering the natural environment as a stakeholder is real because the majority of the definitions of stakeholders usually treat them as groups or individuals, thereby excluding the natural environment as a matter of definition because it is not a human group or community as are, for example, employees or consumers (Buchholz, 2004). Phillips and Reichart argue that only humans can be considered as organizational stakeholders and criticized attempts to give the natural environment stakeholder status (Phillips and Reichart, 2000). However, it is impossible to ask the opinion of the natural environment or of future generations, and they cannot be members of a consultative committee. Thus, the problem is that only humans are capable of generating the necessary obligations for establishing stakeholder status and of the necessary volition in the acceptance of benefits of a mutually beneficial cooperative scheme (Phillips and Reichart, 2000, p. 191). However, if among the interests of legitimate stakeholders is a concern for the natural environment, it has to be taken into account. Further, the interests of the environment and future generations should contemplated by “being represented in decision-making structures, whether of companies or of society as a whole.” (Jacobs, 1997).

III. METHODOLOGY

A. Methodology:

In order to answer the question we decided to use a case study approach by selecting two companies from the top ten of the Fortune Global 500. The top companies in 2009 (in order) were Wal-Mart Stores, Royal Dutch Shell, Exxon Mobil, British petroleum, Toyota Motor, Japanese Post Holdings, Sinopec, State Grid, AXA, and China National Petroleum. These top ten were the most profitable companies in the world in 2009 in the mist of the financial crisis. The companies selected for the study are Wal-Mart Stores and AXA Group. Their stated commitment to corporate social responsibilities made them good candidates for this study.We opted for case study in order to do in depth analysis of each company’s CSR program as relates to their profit maximizing pursuits. For analysis, we opted for qualitative analysis approach using secondary data.

IV. THE CASES OF WAL-MART STORES AND AXA GROUP

i. The Case of Wal-Mart Stores:

Wal-Mart Stores, Inc., ranked number one on the Fortune 500 list in 2009.Its bargain prices in 2009, lured consumers worldwide under new President and CEO Michael Duke. Wal-Mart continued expanding globally, reaching further into Asian markets, and it completed its biggest Latin-America acquisition, Chile’s largest grocer, Distribucion y Servicio in Chile (Fortune, August 14, 2010).In late 2005, Wal-Mart President and CEO Lee Scott gave his first presentation broadcast to over 1.5 million employees in over 6,000 stores and each of its suppliers. He laid out a detailed summary regarding Wal-Mart’s new CSR sustainability initiative. This was intendedto make a positive impact and greatly reduce the impact of Wal-Mart on the environment in order to become the “most competitive and innovative company in the world” To achieve its CRS objectives, Wal-Mart decided to building value added networks of government agencies, nonprofits, employees and suppliers to “green” its supply chain. The objective of this network approach was to help to lower the overall carbon and environmental footprint and increase profitability while increasing margins, a departure from its previous narrow focus on operations and supply chains, growth, and profits. Through this network Wal-Mart’s goals are to be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain its resources and the environment. (Plambeck, 2007).Tyler Elm, Wal-Mart’s senior director of corporate strategy, and Andrew Ruben, Wal-Mart’s vice president of corporate strategy and business sustainability, directed Wal-Mart’s network leaders to, “derive economic benefits from improved environmental and social outcomes” (Heying and Sanzero, 2009). According to a Stanford Social Innovation Review, “By the end of the sustainability strategy’s first year, the network teamswould havegenerated savingsroughly equal to the profits generated by several Wal-Mart Supercenters” (Plambeck and Denend, 2008).The company believes that these new CSR initiatives are completely aligned with corporation’smodel, missionandculture(Heying and Sanzero,2009)

These initiatives stemmed from the sagging of Wal-Mart’s reputation among consumers and other stakeholders. The public was not very appreciative of its competitive practices and labor policies. Moreover, it had abysmal environmental records. They were nothing to be proud of (Gunther, 2006). The dissatisfaction with its lack of social responsibility with its operations led to loss of customers between 2 to 8 percent (Gogoi, 2006).By pursuing this environmental policy, human and economic development initiatives the intention of Wal-Mart was to differentiate itself from its competitors, maintain a license to grow, bring more efficiency into supply chain system, drive down costs to generate profits and get even better at what it core competencies. To achieve its profit maximizing motives through its new corporate social responsibility policy, Wal-Mart has undertaken several CSR initiatives in China, India, Peru, and USA.

When the Chinese government threatened to shut down a number of textile dye houses in Beijing, including one of Wal-Mart’s suppliers, in order to reduce pollution in time for the 2008 Olympics, Wal-Mart immediately went to the rescue. It worked with one of the NGOs, members of its sustainable network, to formulate a more environmentally friendly process. This action led to the reduction in the toxic output in its suppliers’ factories. It also indirectly helped to save the cotton company, the environment and its employees. Its CSR initiatives in the cotton industry have yielded positive results, especially in the areas of supporting the production of organic cotton. It has enable it to label some of its cotton products, especially those targeting teenagers and infants "free nature of organic cotton ". A very appealing label to parents leading to increase in demand. (Plambeck and Denend, 2008).

In Peru, the Wal-Mart Foundation in collaboration with CARE is undertakingAgricultural Economic Development Initiatives. The aim of this project is to help as many as 2,300 small-scale farmers, mostly women, to ensure that women are actively involved in training workshops, and to enable them to participate actively in decision-making in their family farming operations. The program is expected to increase participants' incomes by 30 percent and create more than 300 new jobs in the region.According to Margaret McKenna, president, Wal-Mart Foundation "Wal-Mart is committed to empowering women to improve their livelihoods and enhance their economic opportunities". These Projects are to ensure women are actively involved in training workshops, (Lamontage and Kuenstler, 2010)".In 2009, Wal-Mart Foundation gave a grant of $1 million to CARE to launch a Cashew Value Chain Initiative in India. This CSR initiative is a remarkable starting point in Wal-Mart's strategy to help elevate women from poverty worldwide. It is believed that this partnership could create women owned-and-operated community-based institutions to provide more equitable and consistent incomes for approximately 750 women in the cashew farming and processing sector in the coastal districts of Tamil Nadu State in Southern India, Cuddlier and Nagapattinam. (Lamontage, 2009)

While Wal-Mart is increasing efforts to address changing community needs in the world, it continues to support U.S. initiatives focused on education, workforce development, economic opportunity, environmental sustainability, and health and wellness. In 2008, Wal-Mart and the Wal-Mart Foundation gave $248 million to numerous national and local charities including the Institute for Higher Education Policy ($4.1 million), Youth Build ($5 million), Children's Miracle Network ($4.7 million), The Salvation Army ($3 million), Special Olympics ($3.6 million), the National Urban League ($1 million) and the National Fish and Wildlife Foundation ($3.4 million). Wal-Mart also continues to support disaster relief efforts and programs for military families. (Hardie, 2009)

Wal-Mart's commitment to sustainable development paid off in 2009.The World Environment Center (WEC) awarded its Twenty-Sixth Annual Gold Medal for International Corporate Achievement in Sustainable Development to Wal-Mart for its commitment to alter the way products are sourced, manufactured, delivered, sold, and disposed. Wal-Mart's Signature Contribution, Building a More Responsible Supply Chain, was cited by the independent international Gold Medal Jury as a bold commitment and an innovative business strategy that is integrated into its business operations and across its global supply chain (Obadiah and Lundberg, 2009. The corporate social responsibility initiatives of Wal-Mart can be termed "well designed initiatives addressing. Major r issues in the world" while at same time using it to realize its profit maximization objectives. We cannot numerate all the corporate social responsibility initiatives of Wal-Mart in this paper they are many and growing by bound (Walmart, 2010).It goes as far as contributing to earthquake victims in Chile. Our research shows that Wal-Mart is very committed not just to the stockholders but also to the other stakeholders.

ii. The Case of AXA Group:

AXA Group is a Global Fortune 500 organization, whose first company was established in 1816. It is a worldwide leader in financial protection and wealth management.AXA isa member of the United Nations Global Compact. It is committed to support Compact, to uphold its 10 universal principles on human rights, working conditions, protecting the environment and fighting against corruption. This commitment underscores AXA's CSR policy (United Nations Global compact, 2009)AXA has built its CSR in the interest of its stakeholders which include all the people organizations that may influence or be influenced by its decisions and activities. These stakeholders are clients, employees, on-employees and shareholders, represent long-standing partners for AXA. The Cooperation between the stakeholders and representatives has recognized AXA's commitment to them. This has enabled AXA to improve its performances by embarking firmly on the path toward social responsibility. In Western Europe, since 2006, AXA has been working closely with two correspondents for the European Works Council, one from France and the other from Germany. In collaboration with the Group's sustainable development department, they are looking at the main environmental and social issues. On the local levels, they have developed close ties with distributor representative associations, trade bodies and NGOs concerned by the sector's activities (Vaulot, 2009)

AXA has an established longstanding tradition of social involvement through its corporate philanthropic activities that benefit communities, society and culture in general. These CSRs has led to AXA being "embedded" in the region, andclearly reflecting its commitment tomeeting local stakeholder expectations.AXA looks at thisregional integration of itsbusiness within thisenvironment as a long-term commitment, built around joint effortswith ongoing consultative relationship between the company and local representatives(AXA Group,2010). AXA sponsors Very Special Kids, an organization which seeks to improve the quality of life for families with a child suffering from an incurable disease in Australia and New Zealand. This organization's focus on quality of life for the whole family does not only provide practical psychological support for the sick child, but also the entire family (AXA Group, 2010).

In Senegal, though AXA Hearts in Action it has enabled volunteers from Belgium, France, Luxembourg, Senegal and Switzerland to join forces in building a school and a maternity ward with back up generators in the Ndelle, about 250 kilometers from Dakar and an elementary school named "Daara de Malika" in the suburbs of Dakar. The maternity ward was built in Ndelle, an area with a history of high rates of prenatal mortality due to a lack of healthcare facilities. Before this Maternity facility was built, women sometimes travelled dozens of kilometers by cart, putting their lives at risk, to reach the nearest clinic or doctor (AXA Group, 2010).In Bristol, England, AXA's sponsorship of the Right to Read Scheme has enabled about 70 employees from AXA Life to volunteer to teach primary school children to read every week. Partnering with the Tower Hamlets Education Business Partnership, similar programs have been established in the London Borough of Tower Hamlets (AXA Group, 2010).

In New York, the funding from Alliance Bernstein, an asset management subsidiary of AXA, has enabled the Anchor Program to support very meaningful education initiatives. The Anchor Program offers young people from disadvantaged backgrounds a chance to pursue quality education while living in a structured and caring environment. Anchor Program has forged partnerships with high schools to build boarding schools for these distressed young people. Their after- school programs, allows the boarders participate in programs that have been specially designed to promote personal fulfillment and the acquisition of scholastic knowledge (AXA Group, 2010). In China, AXA is funding the, Euro-China Centre for Leadership and Responsibility (ECCLAR). The Center is operated by China Europe International Business School (CEIBS).The purpose of this center is to integrate social responsibility and sustainable leadership. ECCLAR is committed to research, education, forum, and network building in order to contribute to the development of responsible leadership in Chinese organizations, and to enhance the capacity of Europeans and Chinese to manage their long- term interdependence for their mutual benefit. (CEIBS Report, 2009)

The AXA Group's performance was rated by Vigeo a European social and environmental rating agency. Vigeo scores reflect the level of commitment to social responsibility on a scale from 0 to 100. Based on the analysis of the relevance and effectiveness of the various policies surveyed. The score represents an absolute rating, positioning the business in relation to the Vigeo rating standards. The rating ranks the company in relation to other firms in their industry. In case of AXA, the insurance sector (34 European companies in 2008), thereby benchmarking the scores for the various companies against one another. The Vigeo ratings on AXA's CSR performance indicated that AXA Group's performance in Human resources, Human rights, Community involvement, environmental activities, and Business behavior received sector's most committed business entity. While its performance in Corporate Governance assigned businesses were in line with average for the sector. Its environmental involvements rating declined below 50 in 2010.On average it received some favorable ratings.

V. CONCLUSION

The results of the study indicate that both companies are committed to corporate social responsibility. They are actively engaged in various initiatives both domestically and internationally. In terms of AXA, the Vigeo rating summarizes its active engagement in the CSR initiatives. However, it needs to improve on its overall record in the area of corporate governance. The Gold medal award received by Wal-Mart accentuates its overall success in the implementation of its sustainability corporate strategy in which in it ties its profitability strategy to its corporate social responsibility initiatives.During the launching of Wal-Mart's new CSR corporate sustainability initiative in 2005, it's President and CEO Lee Scott clearly outlined the goals of the CSR new initiative. He reiterated that its sustainability initiative would make a positive impact and greatly reduce the impact of Wal-Mart on the environment in order to become the most competitive and innovative company in the world. It will also derive economic benefits from improved environmental and social outcomes and enable Wal-Mart to differentiate itself from its competition, maintain a license to grow, bring more efficiency into supply chain system, drive down costs to generate profits and get even better at its core competencies. This they envisaged would lead to the realization of its profit maximizing objectives. The research result indicates that Wal-Mart's concurrent profit maximizing and corporate social responsibility initiatives enabled it to become the most profitable company and the largest retail store in the world. It has also drastically reduced its unfavorable standing among its stakeholders.

AXA has built its CSR in the interest of its stakeholders which include all the people organizations that may influence or be influenced by its decisions and activities. This enabled AXA to improve its performances by embarking firmly on the path toward social responsibility.AXA's success in 2009 was due largely to its management and corporate strategy as positive factors for the ratings. According to Standard & Poor'sAXA's track record of strategic management; itsmix of skilled management teams at the group and local businesses; strategic focus on opportunistic and selective growth; in line with the group's traditional businesses, organizational reshuffling/ governance change; and the creation of transversal departments werelikely to havehelpedthegroup successfully in thepursuit ofits strategic goals(Standard & Poor's, March 2010).

We can safely conclude that a corporation cannot continue maximizing profit without a concurrent corporate social responsibility policy. This was very clear in both cases. The results contradicted some of the Classical View that requiring managers to pursue socially responsible objectives may be unethical. Because it requires managers to spend money that belongs to the shareholders. Hence, requiring a company to engage in social responsibility activities is harmful to the foundations of a free society with a free-enterprise and private-property system. Social problems according to Friedman and Levitt should be left for the state to address. It is obvious that without embarking on serious concurrent corporate social responsibility initiatives, Wal-Mart could have experienced major setbacks in its profitability and growth goals. David Henderson was also wrong in both cases, especially in his view that CSR adversely affects a company's performance and that that it impairs the performance of business enterprises in their primary role, and would make people in general poorer.In the current dynamic global economy and its environment, corporations cannot afford to ignore the interest of other stakeholders and embark on stockholders wealth maximization policy alone. The stockholders wealth maximization policy must be concurrently executed with sound corporate responsibility policy to ensure a company's long term survival. This principle ignored by ENRON, Arthur and Anderson led to their unfortunate demise and the destruction of the careers some of their executives.

In this research, both the Moderate View and the Stakeholders View have prevailed. Especially the Moderate View which stresses that a corporation profits from social activities, therefore it is important that they contribute to the enlargement of the market, improvement of the workforce and helping the disadvantaged. These social actions, they emphasize will help to reduce the costs of welfare, crime, and wasted human potential. The Moderate View is fully supported by the Stakeholders View which correctly characterizes the single-objective view of the shareholder advocates, as "a narrow view that cannot possibly do justice to the panoply of human activity that is value creation and trade, i.e., business."

REFERENCES

[1] Abbot, W.F., and R.J. Monsen (1979)," On the Measurement of Corporate Social Responsibility Self-Reported Disclosures and Method of Measuring Corporate Social Involvement", Academy of Management Journal 22(3); pp 501-555

[2] Alexander, G.J., and R.A. Buchholz, (1978)," Corporate Social Responsibility and Stock Market Performance", Academy of Management Journal 21(3); pp479-486.

[3] Arora, Aparna, Jami Lamontage and Beth Kuenstler," Wal-Mart and Care launched New Initiative to empower Marginalized women in India" CSR Wire Press Release, November 10, 2009.

[4] AXA Group Local and International Commitment, AXA, Group website, August 13, 2010. (www.axa.com/en/ responsibility/strategycommitmen

[5] ---"Employee Volunteering: Corporate Responsibility in Action", AXA Group website, August 14, 2010 (www.axa/ en/responsibility/employeevolunteering)

[6] ---AXA Private Equity Annual Report, 2009(www.axaprivateequity.com/en/Documents/2008 Annual Report AXA Private Equity)

[7] -SRI ratings and Ethics, AXA Group website, August 14, 2010 (www.axa/en/responsibility/employeevolunteering)

[8] Belkaoui, A. (1976),"The impact of the Disclosure of the Environmental effects on Organizational Behavior on the Market", Financial Management 5(4); pp 26-31

[9] Bragdon, J.H., andT.T. Marlin, (1972)" Is pollution profitable", Risk Management 19(2); pp 9-19

[10] Buchholz, R.A. (2004), The Natural environment: Does it Count?" Academy of Management executive 18(2); pp130-133.

[11] Berle, Adolf, (1931),"Corporate Powers in trust", Harvard Law Review 44(1049)

[12] Branco, E.C., and Rodriguez, L.L. (2007)" Issues in Corporate Social responsibility and Environmental reporting Research: An Overview", Issues in Social accounting1 (1); pp 72-90.

[13] Capron, M. (2003)," Economies Ethique Privee: La responsibilite' de enteprese L'Preuve de L'humanisation de la Mondialisation" United Nations Scientific and Cultural Organization, Paris; p15.

[14] Carr, A. (1968) "Is Business Bluffing Ethical", Harvard Business Review 46(January –February); pp 143-153.

[15] Champling, D.P. and J.T. Knoedler, 2004)"J.M Clark and the Economics of Responsibility", Journal of Economic Issues (June 4);

[16] CEIBS Report, (2009) "New Partnership: AXA Sponsors the CEIBS Euro-China Centre for Leadership and responsibility", CEIBS, September 7, 2009. (www.ceibs.edu/media/archive/43980)

[17] Chen, K.H., and R.W. Metcalf, (1980), The Relationship Between Pollution Control Record and Financial Indicators Revisited "The Accounting Review 55(1); pp 168-177.

[18] Clark, J.M. (1921)," The Socializing of Theoretical Economics", Journal of Economic Issues 132

[19] Coolish, M.L. (1997)," Medieval Foundations of Western Intellectual Tradition, AD 400-1400. Yale University Press, New Haven, CT; p26.

[20] CSR Press Releases, (2010) CSR Profile of Wal-Mart Stores, Inc., CSR, August13

[21] Davidson, W. N., and D.C.Worrell, (1988)."The Impact of Corporate Illegalities on Shareholder Returns", Academy of Management Journal 31(1); pp 195- 200.

[22] Fortune 500(Money. Cnn.com/magazines/global500, July 26, 2010

[23] Freeman, M. and B. Jaggi, (1986)," An Analysis of the Impact of Corporate Pollution Included in Annual Financial Statement on Investment decisions", in M. Neimark(Ed) Advance in Public Interest Accounting, New Haven CT: JAI

[24] Freeman, RE, Andrew C. Wicks, and Ridhan Parmar, (2004)," Stakeholder Theory and Corporate Objective Revisited", Organization Science 15(3), May-June; pp 364-369.

[25] Friedman, M. (1970), "The Social Responsibility of Business is to increase its profits", New York Times Magazine (November 13); p126

[26] Gardner, K., (2010) Wal-Mart Contribute $1million in Response to Chile Earthquake, CSR Press Release (February28).

[27] Griffin,J.,and J.F.Mahon,91997),"The CorporateSocialPerformanceand corporateFinancial Performance Debate", Business and Society(March) 36(1);pp5-31.

[28] Gogoi, Pallavi, (2006)"What's with Wal-Mart's Sales Woes" Business Week, (November 29).

[29] Hardie, A., (2009)," Wal-Mart supports Communities around the globe with$423 million in Charitable Contributions" CSR Wire, (April 2).

[30] Henderson,D.(2005)," Misguided Virtue: False Notions of corporate Social Responsibility", The Good Company Economist(January 22);P 5 or LondonInstituteof Economic Affairs,2001,page 171.

[31] Heying, A., and Whitney Sanzero, (2009)," A case of Wal-Mart "Green" Supply Chain Management" picsstergrande.org/Walmartsustainable/. (.March 4).

[32] Holman, W.R., J.R. New, andD.Singer,(1990),"The impact of CorporateSocial Responsiveness on Shareholder Wealth",pp 265-279 in E. Preston(ed) Corporation and Society Research Studies in Theory and Measurement, Dreemwich,CT:JAI

[33] Ingram, R.W. and K.B. Frazier, (1983)," A Narrative Disclosures", Journal of Business Research Vol.11; pp49-60.

[34] Jacob, M., (1997)," The Environment as a stakeholder", Business Strategy Review 6(2); pp 25-28.

[35] Jerrell, G. and S. Peltman, (1985),"The Impact of Product Recalls on the Wealth of Sellers", Journal of Political Economy 93(3); pp 512-536.

[36] Johnson,RA and D W Greening,(1994)," Relationship betweenCorporate SocialPerformance, FinancialPerformance , and Firm Governance",pp 314-318in 1994 Best PaperProceedingsof The Academy of Management.

[37] Jorgenson,H.B. , Pruzan-Jorgensen,P.M., Junck,M. and Cramer, A.,(2003)," StrengtheningImplementation ofCorporate Social ResponsibilityinGlobalSupply Chain", TheWorld Band,(October).

[38] Kedia,B. and E.C. Kuntz,(1981),"The context of Social Performance: AnEmpiricalStudy of TexasBanks", PP 133-154 in L EPreston(ed), Research in CorporateSocial Performanceand Policy,Vol.3, Greenwich,CT:JAI

[39] Lamontage, J. and B. Knuenstler, (2010),"The Wal-Mart Foundation and CARE launch Agriculture Economic Development in Peru", CSR Wire Press Release (February). (Www. Csrwire.com/pressreleases/)

[40] Lamontage, J., (2009), "Wal-Mart Foundation and CARE Team up to Empower Young Women around the World", CSR Wire (May 5).

[41] Lerner,L.D., and GE Fryxell,(1988)," AnEmpirical Study ofPredictorsofCorporateSocialPerformance : A Multi-Dimensional Analysis", Journal ofBusiness ethics 7(;pp 951- 959.

[42] Levitt, T." The Danger of Social Responsibility", Harvard Business Review 36; pp 41-50

[43] Marcus , A.A., and R.S. Goodman,(1986)," Compliance and Performance : Towards acontingency Theory ",PP 193-221 in L.E. Preston and JE Post (eds), Research inCorporate SocialPerformance and Policy,Vol.8,Greenwich,CT:JAI

[44] Morgan, J., (2006)," AXA Rosenberg wins Global Equity Mandate from NCCSF, AXA Rosenberg9 www.axarosenberg.com), November 30.

[45] Moskowwitz, M. (1972)," Choosing Socially Responsible Stocks", Business and Society 10; pp 71-75 ----(1975), "Profiles in Corporate Responsibility: The Ten Worst and the Ten Best", Business and Society Review 13: 28-42

[46] Newgren, K.E., A.A. Rather, M.E. LaRoe, and M.R. Szabo, (1985)," Environmental Assessment and corporate

[47] Ovadiya, I. and Kory Lunberg, (2009)," Wal-Mart Stores to Receive 2010 World Environment Center Gold Nedal for International Corporate Achievement in Sustainable development" World Environment Center (December 7) Performance: A Longitudinal an Analysis using Market Determined Performance Measures", pp 153-164 in L.E.

[48] Phillips, R.A. and J. Reichart, (2000)," The Environment as a Stakeholder? A Fairness-Based Approach", Journal of Business Ethics 23(2); pp 185-197.

[49] Power,G.,(2010), " CorporateSocial Responsibility Profileof United Nations GlobalCompact",CSR Wire, August 12;(www.unglobalcompact.org)

[50] Preston(Ed) Research in Corporate Social performance and Policy, Vol7, Greenwich, CT: JAI

[51] Plambeck, E., (2007)," The Greening of Wal-Mart's Chain Supply ", Chain Supply Management Review 11(5) (July/August); pp18-25.

[52] Plambeck, E. and Lyn Denend, (2008),"Corporate Social Responsibility Environment" Stanford Social Innovation review, (spring).

[53] Schmeitz, K.E., and Marc Epstein, (1990)," Does Corporate Social Responsibility Pay: Evidence from failed 1990 WTOMeeting in Seattle ", Graziadio Business Report, 7(2)/pp1-7.

[54] Shane, P.B.and B.H. Spicer, (1983)," Market Reponses to Environmental Information Product outside the Firma', The Accounting Review 58(3); pp521-538.

[55] Small, M. L., (1979)," Evolving Role of the Director in Corporate Governance", Hastings Law Journal,

[56] Spencer, B.A. and Taylor, G.S., (1987)," A Within and Between Analysis of the Relationship between Corporate Social Responsibility and Financial Performance", Akron Business and Economic Review 18(3); pp 7-18.

[57] Solomon, L. D.and Kathleen J. Collins, (1987)," Humanistic Economics: A New Model for the Corporate Social responsibility Debate", Journal of Corporate Law 332(337).

[58] Standard Poor's Research up date, (2010),"AXA Group Lowered to 'AA'; Capitalization andOperating Performance But not enough to support 'AA' Rating", Standard & Poor's (March 30). www.standardandpoors.com/ ratingsdirect

[59] Sturdivant, F.D. and J.L. Ginter, (1977)," Corporate Social Responsiveness: Management attitudes and Economic Performance", California Management Review 19(3); pp 30-39.

[60] Vance, S.C., (1975)," Are Socially Responsible Corporations Good Investment Risks?" Academy of Management Review 19; pp 450-477.

[61] United Nations, (2009) "Participant Information" United Nations Global Impact (www.unglobalimpact.org/ participant.1048-AXA), November 30

[62] Waddock, SA and S B Graves, (1994)," The Corporate Social Performance- Financial Link "Paper Presented at the National Meeting of the Academy of Management, Dallas, TX. (August)

[63] Werhane, P.H., and R.E. Freeman, (1999)," Business Ethics: The State of The Art", IJMR, (March), p8.

[64] Wishon, D. and Deisha Galberth, (2009)," Wal-Mart Foundation Contributes $500,000 for improving Emergency Preparedness for 54 million Americans with Disability", CSR Wire (July 10).