

**CORPORATE SOCIAL RESPONSIBILITY
PRACTICES, PERCEPTIONS AND IMPLICATIONS: A
STUDY IN THE INDIAN CONTEXT**

**Submitted in fulfilment of the requirements for the award of the
Doctor of Philosophy**

By

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05/Ph.D/10

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January 2018

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I, hereby certify that the thesis titled “Corporate social responsibility practices, perceptions and implications: A study in the Indian context” and submitted in fulfilment of the requirements for the award of the degree of Doctor of Philosophy is an authentic record of my research work carried out under the guidance of Prof. (Dr.) S.K.Garg and Dr Archana Singh. Any material borrowed or referred to is duly acknowledged.

The matter presented in this thesis has not been submitted elsewhere in part or fully to any other University or Institute for the award of any degree.

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SUPERVISOR'S CERTIFICATE

This is to certify that the thesis titled “Corporate social responsibility practices, perceptions and implications: A study in the Indian context”, submitted in fulfilment of the requirements for the award of the degree of Doctor of Philosophy is an original research work carried out by Ms Upali Arijita Biswas, under our supervision. The matter presented in this thesis has not been submitted elsewhere in part or fully to any other University or Institute for the award of any degree, to the best of our knowledge.

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ACKNOWLEDGEMENTS

Words are insufficient to express my gratitude to my supervisors Prof. S.K. Garg and Dr Archana Singh for their constant suggestions and encouragement throughout the tenure of the research work and without whose patient co-operation, meticulous guidance and uninhibited support, this thesis would not have been possible.

My heartfelt gratitude to Mr Gimms Andrews, Mr Khurram Nayaab, Mr Binay Kumar, Mr Ameen Kulkarni, Ms Anuradha Mukherjee, Ms Celin Thomas, and Mr Uday Das for the time they took off from their busy schedule to advise, support and encourage me during the process of my work. My special thanks to all the respondents, from across the country, who spared me their time and attention to provide valuable insights, by acquiescing to participate in the questionnaire survey. I am deeply indebted to them for their enthusiastic guidance and for enriching my thoughts in this field from different perspectives.

I owe an enormous debt of gratitude to Prof. P.K. Suri, Dr Rajan Yadav, Dr Shikha N. Khara, and Dr Vikas Gupta for their tireless support and encouragement during the course of my research. I express my sincere thanks to my fellow research scholars who have always shared ideas, lifted my spirits and extended their help to enable my research. I am also very grateful to the academic staff at Delhi School of Management, the library and the administrative section for their cooperation and help in my endeavour.

Last but not the least, my heartfelt thanks to my parents who have been the pillar of strength and a source of constant encouragement to me through my life and whose blessings have moulded me into the individual I am.

UPALI ARIJITA BISWAS

EXECUTIVE SUMMARY

The concept of corporate social responsibility (CSR) has existed for a significant time in management discourse. Factors like globalisation, increasing concern for the environment, energy and resource shortages, cases of unethical practices by corporates and the role of information and communication technology and the media in bringing transparency to corporate activities have brought a lot of focus on CSR. CSR is the acknowledgement of the social and environmental impact of the company's business operations. This thesis, adopts Kotler and Lee's [(2005), p.7] view on CSR that asserts CSR as "making long-term commitments to specific social issues and initiatives; providing more than cash contributions; sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals".

In recent years, the Indian government has sought greater involvement from organisations in overcoming social, economic and environmental challenges. It has led to the introduction of voluntary CSR guidelines, followed by mandatory CSR spending and reporting provisions of the Companies Act, 2013. The dearth of CSR studies in the developing country context, India's unique socio-economic and political positioning towards CSR, the evolving nature of CSR in the country, increased participation by Indian organisations in the CSR effort in the country and the role of internal and external factors in CSR adoption, all serve to act as a motivation for this study. The aim of this thesis is to, therefore, explore different facets of CSR, like motivation for CSR and CSR reporting, CSR activities, the role of the government and non-governmental organisations in CSR, CSR implications for business and society, identification of barriers to and incentive for CSR adoption and trends and activities likely to prevail in the future.

The research requires the use of existing CSR information of the companies, to understand CSR practices and trends. The present study undertakes the content analysis of annual reports of 42 non-financial companies, listed on the Nifty 50 index of the National stock Exchange (NSE) over the period 2004-2011. The analysis elucidates the motivation for CSR, CSR activities, nature of CSR reporting and the role of NGOs, in a context where regulatory intervention in CSR was non-existent. A questionnaire survey of CSR personnel included responses from 108 CSR managers, 43 CSR consultants and 40 NGOs, having work experience with companies listed the NSE's CNX 100 index. Apart from complementing the findings of the analysis of annual reports, the survey helped explore the CSR facets in an

environment where the influence of governmental intervention in the CSR scenario was visible. The collected data was analysed using SPSS (version 16) and the statistical tools like principal component analysis, multiple regression, ANOVA and mean.

The findings of the study suggest that motivation for CSR is, primarily, a combination of stakeholder and normative influences and community, environment and energy related CSR activities have been popular with Indian organisations for some time. The implications of CSR, for the company and for society, like inclusive growth, also received attention. With the aim to simplify CSR measurement, the study goes on to propose the CA-AHP model of assessment and identifies Key Performance Indicators in CSR assessment. The thesis concludes with a triangulation of results from primary and secondary studies across chapters. The thesis adds to CSR literature, in particular to literature emanating from India, and advocates an outlook where CSR can be beneficial for the companies, society and the environment.

RESEARCH PAPERS PUBLISHED

1. Biswas, U.A., Garg, S. and Singh, A. (2016) 'The need for regulatory intervention in corporate social responsibility in India: evidence from corporate social disclosures', *International Journal of Indian Culture and Business Management*, Vol. 12, No. 3, pp.293–317.
2. Biswas, U.A., Garg, S. and Singh, A. (2016) 'Government intervention and corporate social responsibility in India', *International Journal of Indian Culture and Business Management*, Vol. 13, No. 4, pp.450–473.
3. Biswas, U.A., Garg, S. and Singh, A. (2016) 'Examining the possibility of achieving inclusive growth in India through corporate social responsibility', *Asian Journal of Business Ethics*, Vol 5, No.1, pp.61-80. DOI 10.1007/s13520-016-0055-5
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6. Biswas, U.A., Garg S.K. and Singh, A. (2013) 'Corporate social responsibility practices, perceptions and implications: a study in the Indian context'. Research proposal presented at *6th Doctoral Colloquium at IIM Ahmedabad*. 8-9 January 2013. Ahmedabad, India.

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ABBREVIATIONS USED

(α)	Cronbach Alpha
df	Degrees of freedom
AHP	Analytic hierarchy process
ANOVA	Analysis of variance
ASSOCHAM	The Associated Chambers of Commerce of India
BOP	Bottom of the Pyramid
BRR	Business responsibility report
BS	Backward sections
BSR	Business for Social Responsibility
CBFL	Computer based functional literacy
CFP	Corporate financial performance
CG	Consumer goods
CII	Confederation of Indian Industry
CPSC	Consumer product safety commission
CPSE	Central public sector enterprises
CSD	Corporate social disclosure
CSP	Corporate social performance
CSR	Corporate social responsibility
DIRF	Dynamic industry reporting factor
DPE	Department of Public Enterprises
DTA	Debt to total assets
EEOC	Equal employment opportunity commission
Employee H&S	Employee health and safety
EPA	Environmental protection agency
EPS	Earning per share
EQA	European quality award
ESOS	Employee stock option scheme
EVA	Economic value added
FICCI	Federation of Indian Chambers of Commerce & Industry
GoI	Government of India
GRI	Global reporting initiative

HUL	Hindustan Unilever Limited
IICA	Indian Institute of Corporate Affairs
IM	Industrial manufacturing
IRF	Industry relevance factor
ISO	International Organisation for Standardisation
IT	Information technology
ITC	The Indian tobacco company
KLD	Kinder, Lydenberg and Domini
KPI	Key performance indicators
KMO	Kaiser-Meyer-Olkin
LPG	Liberalisation, privatisation and globalisation
MBNQA	Malcolm Baldrige national quality award
MCA	Ministry of Corporate Affairs
MNC	Multinational companies
MSA	Measure of sampling adequacy
MSMEs	Micro, small and medium enterprises
NC	Neighbouring community
NGO	Non-governmental organisation
NSE	National stock exchange
OBC	Other backward castes
OSHA	Occupational Safety and Health Administration
PAT	Profit after Tax
PC	Physically challenged
PCA	Principal component analysis
PPP	Public-private partnerships
PSU	Public sector units
R&D	Research and development
RBI	Reserve Bank of India
RDAP	Reaction, defence, accommodation, pro-action
ROA	Return on assets
ROE	Return on Equity
ROI	Return on Investment
SC	Scheduled Castes

SEBI	Securities and Exchange Board of India
SME	Small and medium-sized enterprise
SPSS	Statistical Package for Social Sciences
SRI	Socially responsible investing
SRRI	Social and Rural Research Institute
ST	Scheduled Tribes
TCS	Tata consultancy services
TERI	Tata Energy Research Institute
TA	Total asset
TQM	Total quality management
UNGC	United nations global compact
UNIDO	United nations industrial development organisation
VIF	Variance inflation factor
WBCSD	World Business Council for Sustainable Development

CHAPTER 1 - INTRODUCTION

1.1 Introduction

The growing acceptance that business cannot be considered chiefly as a means to only improve the economic condition of specific individuals (Agarwal, 2008), has led companies worldwide to explore “ways in which industrial development and environmental protection, can all coexist symbiotically” [Beamon, (1999), p.333]. This phenomenon, has led to an increased interest in corporate social responsibility (CSR) (Young and Thyl, 2009) that is “founded on a stronger recognition of the role of business as an active partner in a world of scarcity and dwindling resources” [Jamali and Mirshak, (2007), p.244]. Other factors like globalisation, environmental pollution, increasing pressure from society, energy and resource shortages, the role of information and communication technology and the media in bringing transparency to corporate activities (Crane et al., 2008; Gao, 2011) and cases of unethical practices by corporates have also enhanced the interest in CSR. Despite its recent prominence, the concept of CSR has not emerged recently. Rather, over the years, it has witnessed a transition from mere compliance to value creation. Bowen (1953) [as cited by Carroll, (1999), p.270], largely credited to have given one of the earliest definitions of social responsibility, described CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and values of our society”. Adding further dimensions to CSR, within the context of management, Keith Davis (1960) introduced social responsibility as the “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”, socio-economic obligations as “economic development affecting public welfare like providing full employment” and socio- human obligations as the “development of human values like morale, cooperation, motivation”, etc. With many authors and researchers referring to CSR as moving beyond strict economic consideration, Friedman (1970) provided a radically different field of thought, which viewed engaging resources to enhance profits, while keeping within the regulations, as the only social responsibility of business. In an attempt to decrease ambiguity in the concept of CSR (Frederick, 1994), concepts of social responsiveness (Blowfield and Murray, 2011; Frederick, 1994), corporate social performance (CSP) (Wood, 2010) and more recently corporate citizenship (Shinkle and Spencer, 2012) have been proposed by various researchers. International organisations, business bodies and researchers, have also defined CSR from their own perspectives. The

CSR movement can, thus, be seen as “an unplanned combination of environmentalists, social progressives, left-leaning economists, professional administrators, socially-conscious investment gurus and other folks who collectively defy easy categorization” [Strugatch, (2011), p.45]. The effort to define and understand CSR has generated a variety of perspectives and views about CSR (Vaaland et al., 2008).

The broad view generated by CSR has spurred the need for the various facets of CSR like activities, motivation, stakeholders, implications, to be discussed in different national contexts, particularly in developing countries. This thesis investigates CSR in India from a macroscopic perspective. An emerging global economy, India’s vast natural, and human resources can fuel rapid socio-economic change in the country, which combined with a cultural heritage that encourages philanthropy, and greater stakeholder interest in socially responsible behaviour has the ability to change the country’s CSR scenario. The study adopts a comprehensive view of CSR, which represents a company’s “responsiveness to its perceived societal obligations” [Brown and Dacin, (1997), p.68]. The exploration of various facets associated with CSR is, therefore, undertaken in the light of Kotler and Lee’s [(2008), p.7] definition, which views CSR as “making long-term commitments to specific social issues and initiatives; providing more than cash contributions; sourcing funds from business units as well as philanthropic budgets; forming strategic alliances; and doing all of this in a way that also advances business goals”.

1.2 Different aspects of CSR

The following sub-sections introduce the different aspects of CSR that are of interest to the study.

1.2.1 Perceptions about CSR

Over the years, many researchers have contributed to the area of CSR. In trying to elucidate the concept (CSR), they have attempted to explain why organisations need to pursue responsible practices and subsequently defined the nature of responsibilities that should be associated with CSR. Dodd (1932) and Brown and Dacin (1997), among others, emphasised that CSR gained prominence because of societal expectations that require businesses to move beyond mere profit thinking. This school of thought subscribed to the concept of social legitimacy (Moir, 2001), which was “based on the notion that business operates in society via a social contract where it agrees to perform various socially desired actions in return for approval of its objectives, other rewards and its ultimate survival”

[Guthrie and Parker, (1989), p.344]. Another school of thought alluded to firms having adopted CSR as a fundamental purpose or mission of their existence (Galbreth, 2009) or under stakeholder pressure (O'Dwyer, 2003). Researchers (see Davis, 1973) also advocated adopting CSR to ensure long-run self-interest, public image viability, avoidance of Government regulation, adherence to socio-cultural norms and stakeholder interests and coupling the resources at the disposal of businesses, to accomplish social benefits and economic gains. The debate on why CSR was essential for organisations grew to encompass not only perspectives about the responsibilities of an organisation but also the possible benefits that responsible behaviour could accrue. Substantial CSR literature has been dedicated to understanding the tangible and intangible gains from CSR (see Chomvilailuk and Butcher, 2010; Maignan et al., 2005; Murray and Vogel, 1997; Skudiene and Auruskeviciene, 2012; Strugatch, 2011). Having a clear conceptualisation of the motivational inputs driving the organisational commitment to CSR is, therefore, necessary, not only to, maximise positive impact on select stakeholder issues (Maignan and Ralston, 2002) but to elucidate the concept of CSR as well. Apart from examining the motivations for CSR, researchers have also analysed the perceptions of managers, company directors, employees about the relevance of legal, economic, and ethical responsibilities in CSR.

1.2.2 CSR practices

The broad conceptualization of CSR, in literature, is also reflected in the presence of diverse domains of socially responsible behaviour (Sen and Bhattacharya, 2001). Studies analysing CSR disclosures by different companies, in various countries, have classified CSR activities under some common categories like community, employee, environment, product (Chaudhri and Wang, 2007; Hackston and Milne, 1996; Gray et al., 1995b; Raman, 2006; Sen and Bhattacharya, 2001) and other less common categories like diversity and non-U.S. operations (Sen and Bhattacharya, 2001) and South Africa (Gray et al., 1995a, 1995b). The increasing emphasis on CSR has also enhanced the diversity of activities companies are expected to undertake as CSR. More and more companies are adopting CSR, either voluntarily or under pressure and their claims about the nature of CSR activities undertaken and subsequently reported, are drawing the attention of various stakeholders. Starting in the 1970s, a lot of literature has been generated in the area of corporate social disclosures (CSD) (see Abbott and Monsen 1979; Freundlieb and Teuteberg, 2013; Haron et al., 2006; Ullmann, 1985), which provides significant information about the different categories that

CSR activities have been classified under as well as the nature of reporting undertaken by organisations in these CSR categories.

1.2.3 Implications of CSR

Increasingly CSR activities like cause-related marketing have been found to have an impact on branding (D'Costa and Colaco, 2014; Kamarapu, 2015), which in turn has the potential to influence customers. Other researchers [see Khan et al., (2009), p.346] have posited that CSR facilitates “improved corporate image and relations with stakeholders, better recruitment and retention of employees, improved internal decision-making and cost savings and ultimately, improved financial returns”. The possibility of benefits continues to act as a motivation to adopt CSR (Maignan and Ralston, 2002), but it is also likely to be influenced by how CSR is viewed by stakeholders. While the trend of organisations acknowledging their responsibilities towards society and environment is encouraging, there seems to be a growing scepticism about the success of CSR and more importantly, about business’ attitude towards CSR. In their hurry to jump on to the CSR bandwagon, most corporate responses have been cosmetic and relegated to public relations, and media campaigns or anecdotes about uncoordinated initiatives and embellished CSR reports showcasing companies’ activities for society and the environment (Porter and Kramer, 2006). ‘Greenwashing’ is common, as companies tend to create a false image of their products, services or practices as beneficial to the environment and society. This undermines CSR practices and leads to erosion of support from stakeholders like consumers, non-profit organisations, media and the public at large (McDermott, 2009). It is, thus, quintessential for organisations to realise the real potential and long-term impact of their CSR activities on the organisation and society.

1.2.4 Role of the government and NGOs

In recent times, the role of two stakeholders, the government and non-governmental organisation (NGO), has received significant attention in the context of CSR. The question of whether the government should intervene in the CSR scenario and the nature of intervention has been a point of contention and debate. Governments have enforced both, mandatory as well as voluntary measures to create an environment for it to inhibit organisations from rampantly utilising and thus destroying environmental resources and damaging the ecosystem irrevocably (Fox et al., 2002). Pre-existing political-economic institutions and cultural norms, combined with the political process of a nation, determine how CSR is interpreted in a nation and adapted by the government to fit the requirements of its market economy (Gjølberg, 2010). Political expectations have manifested in countries like Australia, Germany, United

Kingdom and the United States in the form of voluntary guidelines for CSR reporting while others, like Denmark, France, Indonesia, Malaysia, and Sweden have implemented mandatory CSR reporting requirements (KPMG, 2014; Siregar and Bachtiar, 2010). The government can play a significant part in middle and low-income countries, by harnessing CSR efforts to help deliver positive benefits for public policy and priorities (UN DESA, 2007). India, for example, has seen the government implement voluntary CSR guidelines, followed by the mandatory regulations, through provisions in its Companies Act, 2013. However, despite the growing interest that governments have taken in CSR, CSR literature addressing the role of the government is largely restricted to developing nations (see Albareda et al., 2006; Kerr et al., 2008; Knudsen et al., 2015). One way to address the dearth of literature in this respect is to reassess the classifications of the governmental instruments of intervention, defined previously by authors like Fox et al. (2002), Steurer (2010), Ward (2004), etc., in the light of stakeholder expectations in developing countries and the current study intends to provide insight from the Indian perspective.

Since 1970's, the role of NGOs has also gained significance, especially in the light of changing global dynamics where nation states have lost power (Hart and Milstein, 2003) to multinational companies (MNCs) and international financial institutions like the World Bank (Aguilera et al., 2007; Jamali and Keshishian, 2009). In its 15th annual trust and credibility survey in 27 countries, the Edelman Trust Barometer (2015), ranked NGOs as the most trusted institution (Edelman, 2015). The vigilance of NGOs and other civil society groups have helped reduce the secrecy in the workings of governments and corporations and with the diminishing influence of the government, they have taken up the role of monitoring and, in some cases, enforcing various environmental and social standards (Hart and Milstein, 2003), like addressing environmental codes of conduct (Arya and Salk, 2006). The activism of social justice or environmental missions like Oxfam or NGOs working specifically in the domain of CSR, like Accountability, have acted as (a transnational) motivator of CSR in organisations (Aguilera et al., 2007; Michael, 2003). However, NGO interest in organisations is no longer limited to a lack of social and environmental accountability on the part of organisations, and in recent years, NGOs have often chosen collaborative posture over adversarial confrontation when dealing with businesses (Jamali and Keshishian, 2009). "This development of networks of NGOs and public bodies served not only to push specific companies for new practices, but also to legitimise these practices and advocate them across the sector and elsewhere, thereby actually creating the conditions under which they offer a competitive advantage" [Zadek et al.

(2003), p.27]. The NGO-business relationship has become an interesting and important facet to explore in the quest to understand CSR, the motives for its adoption and its implementation.

1.3 CSR in India

CSR, in India, is an amalgamation of cultural values and tradition that encourages philanthropy (Balasubramanian et al., 2005) with a keen business sense that supports economic progress (Gupta, 2011). In the economic battlefield, India lacks the affluence of the West, which has empowered their consumers to make stringent ethical and moral demands of their companies. However, the Indian economy does not face the extreme economic and social distress of many other developing nations in Asia, Africa and South America, which tend to make them susceptible to exploitation by powerful corporations. In recent years, India has emerged as one of the fastest growing economies (Gillespie et al., 2015; Gillespie and Kadiyala, 2012), but achieving inclusiveness remains a challenge. The country's economic progress has failed to bring about development for sections like the Scheduled Castes (SC), Scheduled Tribes (ST), and other backward castes (OBC) and women continue to face the challenges of gender inequality (Planning Commission, 2008, 2011a). There has been limited improvement in human development indicators like maternal health and maternal and infant mortality rates, literacy rates, education, etc., sectors like agriculture have witnessed sluggish growth, poverty continues to plague the nation, and basic amenities are out of the reach of a section of population (Planning Commission, 2008). India's economic resurgence, spurred by globalisation, is accompanied by economic disparity, social and cultural diversity and abundant natural resources and can provide a unique backdrop to assess the theoretical and practical foundations of CSR.

The Eleventh Five-Year Plan (2007-12) clearly indicated the intentions of the Government of India (GoI) to pursue the goal of inclusive growth (Planning Commission, 2011a). Subsequently, the government launched different programmes to achieve this objective. Business can seldom be insulated from social and political expectations (Bonini et al., 2006). Following the liberalisation, privatisation, globalisation, (LPG) of the Indian economy, there has been a change in the dynamics between the government and business. The burgeoning challenges of poverty, malnourishment, and climate change have led the Indian government to seek a solution through a collaborative partnership with civil society, citizens, and the business sector (MCA, 2009b). The government, through different

ministries, particularly the Ministry of Corporate Affairs (MCA), policies and initiatives, has attempted to acknowledge and encourage business to adopt a pro-active role in alleviating the emergent socio-economic challenges of the second half of the 21st century. The MCA, to provide an impetus to CSR, inaugurated the first ‘Corporate Week’, which highlighted corporate contribution towards inclusive growth, and released the first voluntary guidelines for CSR (MCA, 2009a) in 2009, followed by the revised voluntary guidelines (see MCA, 2011a) and mandatory provisions for CSR (see MCA, 2013) in later years. Further, the Indian government’s decision to introduce statutory requirements, through the Companies Act, 2013, regarding CSR spending, is the first of its kind (KPMG, 2014).

The provisions of the Act include a disclose-or-explain mandate, constitution of a CSR committee, and a mandatory spending of at least 2 percent of the average net profit in the previous three years, on CSR activities in India. The clause on CSR in the Companies Act 2013 has also made India the only country to introduce statutory provisions to mandate CSR (KPMG, 2014). With the implementation of the Companies Act 2013, INR 150 billion is estimated to be generated, to be spent on the CSR activities of Indian corporations (Duggal, 2014). “For 2011-12 the top 10 companies spent less than half of what is mandated in the then proposed law i.e. instead of INR 14.67 billion, the overall spend was only INR 6.9 billion” [Tiwari and Shukla, (2013), p.2]. Of the top ten companies spending on CSR in 2011-12, only Tata Steel’s CSR spending was in excess of the proposed 2 percent of the profit after tax (Tiwari and Shukla, 2013). The outlay of CSR budget of Nifty 50 companies in 2012-13 was INR 26.6 billion, with companies spending 1 percent of average profit before tax (PBT) of the preceding three years, on average, while five companies, Ambuja Cements, Cairn India, Jindal Steel and Power, Tata Motors, and Tata Steel, spent more than the mandated 2 percent on CSR activities (IiAS, 2014). In 2013-14, the Nifty 50 companies spent INR 42.81 billion on CSR (CSRLive, 2015). The fiscal year 2014-15 was the first year after the implementation of the Companies Act, 2013, which introduced the mandatory 2 percent spending rule, since companies needed time to understand and comply with the provisions of the law (Pillai, 2015). In 2014-15 Nifty 50 companies collectively spent INR 39.89 billion on CSR, 79 per cent of the prescribed amount of INR 50.46 billion, as 32 companies failed to spend the prescribed amount (Pillai, 2015). The CSR spending data reflects that a lot more needs to be done by the companies to be fully compliant with the provisions of the law, even as regulations are constantly being reviewed.

1.4 CSR facets explored in the thesis

In past studies on CSR implementation, issues like CSR architecture and management (Lindgreen et al., 2009), CSR motivations and inhibitors (see Perry and Towers, 2013) and identifying commitments made as CSR (Bondy, 2008) have found mention. Any attempt to explore the CSR scenario in India needs to cover these different facets of CSR implementation. Figure 1.1 serves to elucidate the various facets of CSR that are explored in the thesis and provides the context in which the findings of the study should be viewed. The study assesses motivation for CSR, CSR activities and CSR reporting in a period where CSR was not mandated (pre-institutionalisation). It assesses current perceptions of CSR personnel about CSR motivation, activities, the motivation for reporting and the implications of CSR, in an environment where Companies Act, 2013, with mandatory CSR provisions, has come into effect. The evolution and growth of CSR can be attributed to regulative, normative or cultural cognitive influences of external and internal institutions (Aguinis and Glavas, 2012). In this regard, the role of the government and NGOs is explored. The barriers to CSR that may arise because of external and internal factors are also analysed in the study. Little has been done in the area of CSR assessment in the country and in general, the area remains nebulous. An attempt is made to identify key performance indicators (KPI) that Indian practitioners think are important in CSR and further propose a method of CSR measurement that utilises existing company disclosures (CA-AHP model). Identification of barriers, along with incentives to encourage CSR adoption, CSR trends likely to continue in the future, and CSR assessment techniques, provide a perspective for CSR in the near future. Aspects specifically examined in the thesis are written in bold letters (Figure 1.1). The arrows represent the possibility of influence present, due to which the aspects have been studied. However, the exploration of the exact nature of influence or relation is beyond the purview of the thesis, and the different aspects of CSR are addressed individually. For example, the influence of the nature of CSR motivation on the type of CSR activity undertaken is beyond the purview of study.

1.5 Relevance of the research

The following points highlight the relevance of exploring CSR in the context of a developing country like India.

- A significant amount of CSR literature is based on and originates from developed countries (Alon et al., 2010) and, therefore, may not reflect the expectations that emerge in an environment that has a different cultural and socio-political context

Conceptual framework of the study

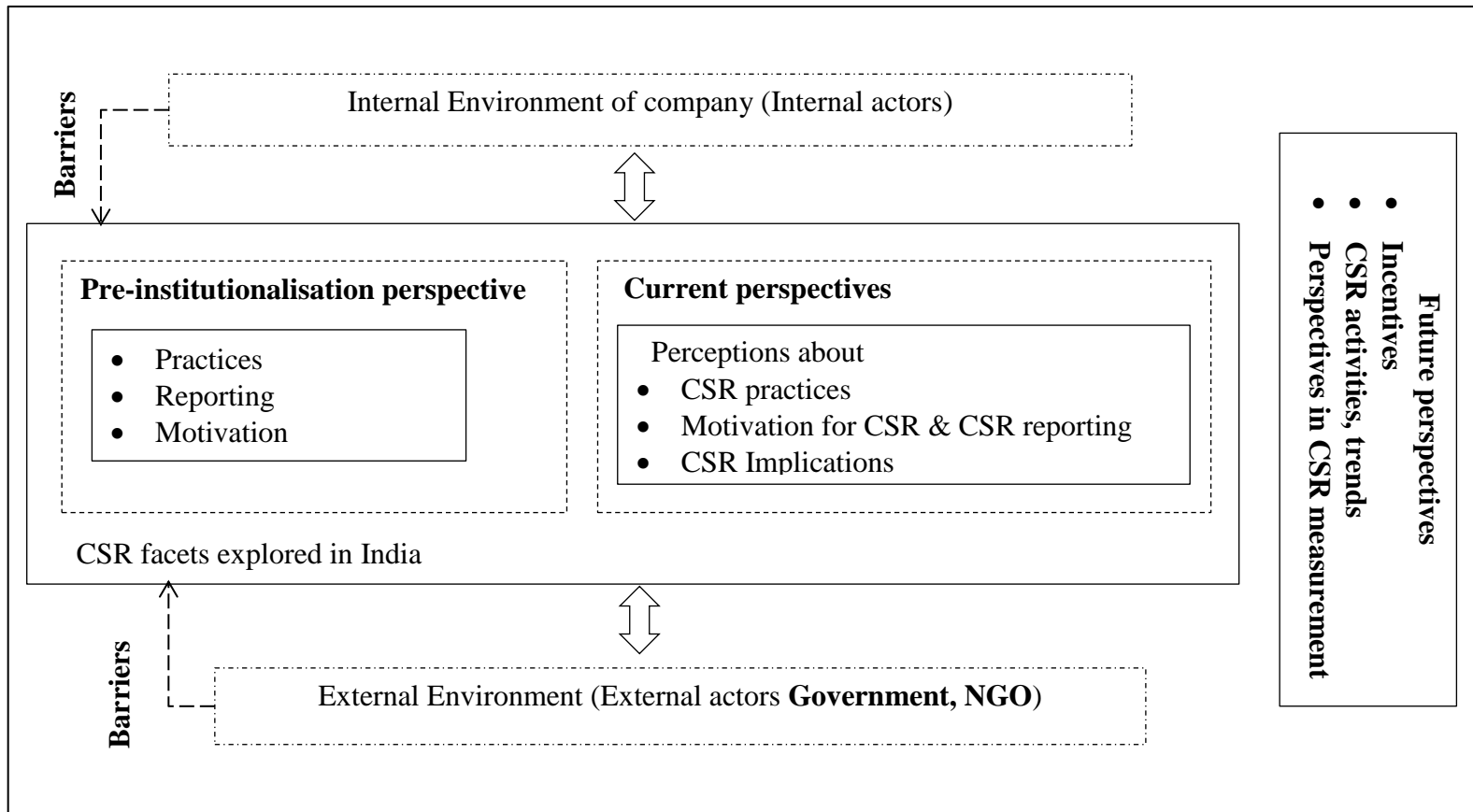


Figure 1.1: CSR practices, perceptions and implications: Conceptual framework of the study

like that of developing economies. The contextual changes affect corporate ownership patterns, degree and type of regulations affecting corporate activities and societal attitude about social responsibility (Mahadeo et al., 2011).

- CSR literature featuring and originating from Asian countries like Bangladesh (see Belal, 2001; Islam and Deegan, 2008), China (see Gao, 2011; Gill et al., 2008; Li and Zhang, 2010), India (Alon et al., 2010; Gill et al., 2008; Kansal et al., 2014), and Malaysia (see Haron et al., 2006; Rahman et al., 2011) is on the rise. However, in developing countries, research is limited (Dobers and Halme, 2009), in areas like the social and environmental practices or the motivations and pressures exerted on an organisation (Belal, 2001; Islam and Deegan, 2008; Kansal et al., 2014; Khan et al., 2009; Khan, 2010), delegation of governmental roles (see Azim et al., 2009; Khan et al., 2012) and NGO-business partnerships (Whitehead, 2014).
- “Few studies have explored some of the multiple aspects of CSR in India, both, theoretically and empirically” [Arevalo and Aravind, (2011), p.399]. For example, a study of the evolution of CSR in India, in the years prior to the introduction of mandatory regulations in CSR, by examining the type of CSR activities and the nature of CSR reporting undertaken by companies, and motivation for CSR, has seldom been undertaken.
- A greater stakeholder awareness and concern regarding ethical matters, like in purchases, (Gupta, 2011; Jain and Kaur, 2004) and the provisions for mandating CSR in India, emphasise the need to explore perceptions regarding CSR activities and motivations, and possible business implications of CSR in the post-regulatory CSR environment as well.
- The “family-centred” style of management employed by many large corporations in India and “the lack of formal and widely accepted mechanisms for corporate reputation ratings” such as the Fortune ratings, make CSR in India unique [Kansal et al., (2014), p.218].

1.6 Objectives of the study

The aim of this thesis is to explore CSR activities, motivations, perceptions about the role of select stakeholders, like government and NGOs, and implications in India (Figure 1.1). In order to do so, the following objectives were formulated.

- To understand the motivation of Indian organisations for CSR

- To identify the most popular CSR practices in India
 - To identify major areas of CSR disclosure (vis-à-vis employee, community, energy, environment, etc.)
 - To analyse the nature of reporting of corporate social disclosures
 - To analyse the motivation of corporate social disclosure
 - To analyse the trends in CSR reporting over a period of eight years (2004-2011)
 - To perform a comparison of public and private sector; manufacturing and service sector, on the basis of their CSR disclosures
- To evaluate the perceptions about various aspects of CSR amongst CSR practitioners in India
- To analyse the roles of the government and NGOs in promoting CSR initiatives
- To analyse the implications of CSR within and external to the organisation
 - To study the relation between corporate social performance (CSP) and corporate financial performance (CFP) in India
- To ascertain the future perspectives and developments likely to occur in the CSR scenario of the country

1.7 Scope of the study

- This study is exploratory in nature and attempts at gaining a holistic understanding of CSR scenario in India from the organisational perspective.
- Large Indian organisations, listed on the Nifty 50 and CNX 100 index of the National Stock Exchange (NSE), serve to elucidate the CSR scenario in the country.
- The study explores the CSR motivation, activities and reporting, in India prior to regulatory intervention by the government through CSR disclosures in company annual reports.
- The study captures the perceptions of CSR personnel, from across India, about the motivation for CSR adoption and reporting, popular CSR activities and the means of their implementation, the role of the government and NGOs and implications for the business, in an environment of mandatory CSR spending introduced by Companies Act, 2013. However, fund accumulation by NGOs is beyond the purview of the study.
- The study dwells on the future perspectives of CSR by identifying the barriers to CSR, incentives for adoption, relevant stakeholders in the future, trends likely to continue in the future and proposing two approaches to simplify CSR assessment.

- The research on the impact of CSR activities assimilates the views of respondents on major issues like employee satisfaction or operational benefits as a result of CSR, but does not delve into empirically and statistically testing each of these relations separately.

1.8 Methodology adopted

Many researchers have advocated the use of both quantitative and qualitative measures to elucidate the research problem (Flick, 2014). Qualitative methods, when used in early stages of a quantitative study (Cronbach 1975; Deshpande, 1983), can improve validity as well as the conclusions of the research. CSR research in India is in its early stage, owing to which, qualitative research techniques are applied in conjugation with quantitative techniques to gain insight into the past, current and expected future trends in the area. The study uses the qualitative technique of content analysis of secondary data sources, like annual reports of select companies and websites of different Ministries, GoI, and the quantitative technique of structured questionnaire, which provides a survey of CSR personnel, to understand the CSR environment in India. The sample for content analysis and questionnaire survey had representation from companies listed on major stock exchanges (Nifty 50 and CNX 100 respectively) in India. The representation of the different type of respondents (CSR managers, consultants and NGOs) from across India in the questionnaire survey ensured that different viewpoints are included while understanding and evaluating CSR concepts. The research uses statistical techniques of mean, ANOVA, multiple regression and principal component analysis (PCA) to analyse data.

1.9 Outline of the thesis

The organisation of the thesis is diagrammatically represented in Figure 1.2. The thesis contains eight chapters, each of which is introduced below:

Chapter 1: The introduction to the thesis briefly dwells on the evolution of CSR and alludes to the wide scope of research in different aspects of CSR in a developing country. It establishes the context for the study in India, explains the relevance of the study, presents the objectives and scope of the study, and introduces the methodology adopted in the investigation for data collection and analysis.

Chapter 2: The literature review provides a discussion of the evolution of CSR through the decades, with the view to introduce the varied perceptions about CSR as well as establish the need for evaluating CSR research in India, on the basis of the evolutionary difference

between CSR in a developing country and the West. It also reviews the extant literature on different facets of CSR that are explored in the study, like CSR motivation, role of the government and NGO in CSR, broad implications of CSR, CSR research in India, and lists some of the research methods and the contexts in which they have been used in prior CSR research.

Chapter 3: The chapter describes in detail the research methods, data sources, sample and statistical techniques used in the thesis. It introduces the methods of content analysis and questionnaire survey and outlines the arguments in favour of adopting these as the methodology for the current study. It describes the document, unit, themes and sample for content analysis and throws light on the formation of the questionnaire, pre-test and pilot study, validity and reliability checks, data collection and respondent profile for the questionnaire survey. The chapter also introduces the research questions that arose from the review of the literature and introduces the hypotheses that are analysed in the thesis.

Chapter 4: The chapter attempts to understand the motivation for undertaking CSR and CSR reporting in India and identify prominent CSR activities using a conjugation of content analysis of annual reports (2004-2011) and a questionnaire survey of CSR personnel in India. Major categories of motivation for CSR and CSR reporting are classified using PCA of data from the questionnaire survey. The chapter also provides a review of CSR reporting in the years (2004-2011) that preceded the gradual institutionalisation of CSR and presented a case for regulatory intervention in CSR in India.

Chapter 5: The chapter explores the roles of select stakeholders like the government and NGOs in India. It traces the steps undertaken by the Indian government towards the gradual institutionalisation of CSR in India. Using data obtained from a questionnaire survey, it further explores the nature of governmental intervention by identifying the various roles the government can adopt in implementing CSR in India. It also explores the business-NGO relationship in the context of CSR in India. The content analysis of annual reports, along with the questionnaire survey, serves to reveal the factors behind the formation of an NGO-business relation and elucidate issues like CSR activities and target groups that benefit from the association.

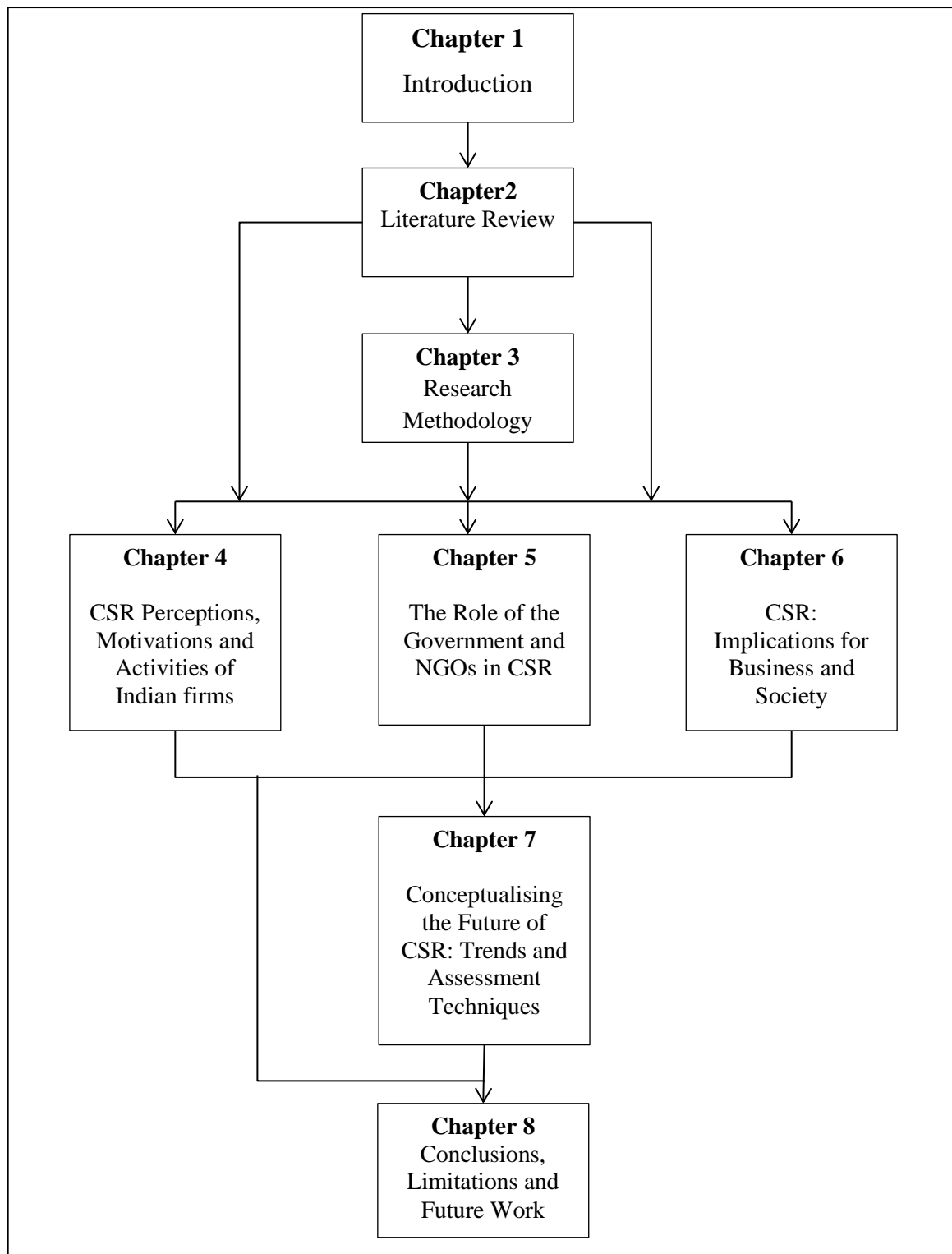


Figure 1.2: Structure of the thesis

Chapter 6: The chapter discusses the major implications of CSR in India as identified through a PCA of questionnaire responses obtained from CSR practitioners in the country. A multiple regression helps analyse the nature of the relation between corporate social and financial

performance. The chapter also discusses the potential of CSR in helping achieve inclusive growth in India.

Chapter 7: The chapter discusses the barriers to CSR implementation and some CSR activities and trends that are likely to continue in the near future. It also addresses some fundamental issues in CSR measurement by proposing a CSR measurement technique that integrates analytic hierarchy process with content analysis and accounts for the type of industry, benefits for target groups and nature of reporting undertaken by a company. The chapter also identifies some KPIs for CSR evaluation using data from the questionnaire survey and employing PCA.

Chapter 8: The chapter concludes the thesis by highlighting the important findings of the study and the relevance of the research to researchers and practitioners in the field of CSR. The chapter outlines some recommendations for the government to help overcome certain drawbacks, in existing CSR perception, that were uncovered during the course of the research. It provides recommendations to companies, includes the limitations of the study, and outlines the areas for future research.

CHAPTER 2 - LITERATURE REVIEW

2.1 Introduction

CSR literature points towards ancient roots that evolved substantially under the influence of events like the Industrial Revolution and the World Wars. Starting 1950, CSR has left an indelible mark on the business environment and has grown in influence and academic literature through the 1960s. Alternative themes started to evolve in the 1970s along with much empirical research in the 1980s. By the 1990s, CSR had myriad definitions and resonating themes that continue to grow further. While the notion of philanthropy is not completely alien to Indian firms, the adoption of CSR has been fairly recent, under the auspices of globalisation. This chapter focusses on three major issues (Figure 2.1) that have been discussed in the subsequent sections. The first section helps establish the context of the thesis by first discussing the evolution of CSR through the decades, thereby introducing the various terms that have emerged in the CSR discourse over the years and which have been mentioned in the course of the study. The section details the origins of CSR starting from the concept of the company, through Industrial revolution to the emergence of related areas like corporate social responsiveness, corporate social performance, etc.

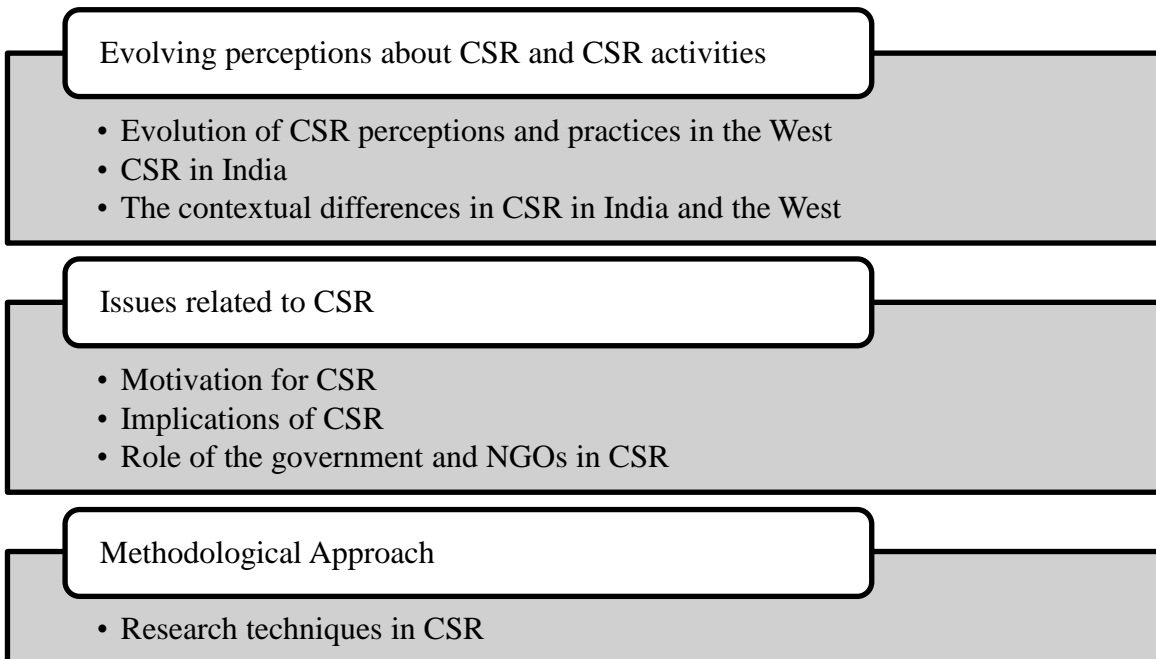


Figure 2.1: Classification of the literature review

It explores and establishes the possible contextual difference between CSR in a developing

country like India and the West, from an evolutionary point of view and helps in establishing the need for evaluating CSR research in the Indian context. The second section of the literature review explores the different facets of CSR and its implementation, with the intention of introducing the topics that will be the focus of this thesis in later chapters. Aspects covered include motivation for CSR, implications of CSR and the role of stakeholders like the government and NGOs. The last section of the chapter reviews research techniques that have been used in previous CSR studies.

2.2 Evolving perceptions about CSR and CSR activities

CSR has been a popular research area over a period of time but has gained prominence over the last decade, given the rise in the number of scandals surrounding reputed organisations, like Arthur Andersen, Enron, Worldcom, etc. that have cast aspersions on corporate behaviour. The evolution and growth of CSR have stemmed from the developed world, and a substantial amount of literature has been dedicated to defining and understanding the construct of CSR through conceptual and empirical studies. The concept of CSR covers a broad area and generates a variety of perspectives and views (Vaaland et al., 2008). Some researchers have even suggested that the geneses of the company and the foundations of social responsibility are not that disparate and this section provides a review of CSR from the earliest mentions of social responsibility or notions akin to it. The evolution of CSR has been shaped by crucial incidents, like the Industrial Revolution, wars, boycotts or judicial proceedings, as well as academic literature. In the following sub-sections, a chronological decade-wise approach is adopted (Carroll and Shabana, 2010; Moura-Leite and Padgett, 2011) to understand how academic literature has helped shape the discipline, as new concepts and ideologies were assimilated over a period of time.

2.2.1 Industrial revolution and laissez-faire capitalism

The phenomenon of CSR truly gained impetus as the concept of corporation started to take form. Tracing the growth and evolution of the early corporation Gillies (1992), in his book “The Boardroom Renaissance”, stated that monarchs bestowed grants and later charters, to form business organisations, which were subsequently allowed free reign to trade and make a profit. These organisations were assigned the responsibility of advancing public interest since most charters were created for the purpose of achieving specific public goals like building canals, bridges, etc. Cragg et al. [(2011, p. xvi] interpret this phenomenon as “an explicit or formal social contract granting the privilege of engaging in profitable business activities in return for the assumption of public responsibilities”. A concept that was revisited

much later by Gray et al. [1999 cited in Moir, (2001), p.19] who defined CSR as “a series of social contracts between members of society and society itself”. Over a period of time companies underwent many changes as a result of immense changes in the legal and social and economic environments brought about by historical events like the Industrial Revolution, the World Wars and the Great Depression (1929). These events left an indelible mark on the development of the company and subsequently on how organisations viewed social responsibility.

According to Blowfield and Murray (2011), the emergence of the modern corporation, in particular, the concept of a “limited liability company”, proved to be the root cause of the concern between business and society and changed society’s expectations from a firm because it separated the owners from the business and introduced the managerial class. The shift in the law, in the 19th century, from “incorporation as a privilege” to “incorporation as a right conferred by law” (Cragg et al., 2011), further ensured that organisations were no longer legally responsible for community welfare or benefit. “The progressive era (1890-1918) marked the growing disapproval by the society of classical laissez-faire capitalism and the profit ethic” [Weinstein, 1968 cited in Hoffman, (2007), p.57] and some industrialists started viewing worker conditions more sympathetically. Around 1890s, industrialist John H. Patterson of National Cash Register, propagated the industrial welfare movement (Visser, 2010), to attract and retain skilled and semi-skilled workers, through employee welfare programmes, like providing clean and healthy work environment, upgrading neighbourhoods around his factories and providing recreational facilities for workers and the community alike (Schleppi, 1979).

2.2.2 1900-1950: Emergence of Trusteeship and employee welfare

According to Hoffman [(2007), p.56], the 1920s can be considered to represent “one of the first eras of modern CSR” where the corporate manager “approached the concept of social responsibility from a corporate rather than an individual perspective”. Following World War I, the recognition of the dangers of an unjust political and economic order led to the establishment of institutions like the International Labour Organisation (ILO), which helped business and government learn that they could co-exist. Business leaders paid greater consideration to the wider impact of their business operations on society and environment, and some organisations took steps to make visible their efforts that benefitted society (Blowfield and Murray, 2011). The era also witnessed the advent of welfare capitalism;

wherein the modern corporations started to take a greater interest in, and responsibility for employee welfare voluntarily, which manifested in the form of profit sharing, unemployment insurance, and pension plans. With stockholders increasingly assuming the position of mere suppliers of capital, the managerial class gained control of the assets. The concept of “Trusteeship” gained importance, wherein corporate managers took over the responsibility of balancing the expectations of stockholders, creditors, employees, suppliers, customers, and the community. Corporate managers organised various social initiatives to fulfil the expectations of the public, who were not directly affected by company operations and employed corporate philanthropy to stem the growth of welfare legislation as well as deal with the practical problems of issuing donations from various company locations (Hoffman, 2007). Although philanthropy did not alleviate the concerns about the growing strength of corporations (Blowfield and Murray, 2011), the notion survived despite the economic upheaval of the great depression (Hoffman, 2007).

Before the 1950s, a lot of factors redefined the powers of the corporation and shaped their behaviour towards social responsibility. In particular, the view emerged that if business systems refused to devote themselves to the service of society, they would ultimately be overtaken by the community, which would then operate it in its own interest (Dodd, 1932; Gantt, 1919). The substantial changes in public opinion necessitated businesses to realise their responsibilities to society, and managers to voluntarily fulfil these responsibilities without any legal binding (Dodd, 1932). The responsibilities of a business to its workforce transcended from merely ensuring a safer working environment that refrained from overwork and physical harm, towards ensuring the economic security of the workers. However, it was only after 1960 that CSR truly gained prominence (Carroll and Shabana, 2010).

2.2.3 The 1950s: Moral underpinnings and corporate philanthropy

Despite the earlier variations, it was Bowen’s book (1953) “Social Responsibilities of the Businessman” which introduced CSR into common vocabulary (Visser, 2010; Carroll, 1991). Until now, CSR was primarily philanthropic, and the only stakeholders whose interests were given significance were shareholders and employees, even though the ideals of Trusteeship did try to include concern for others like the customer, supplier and community. The result of the Smith v Barlow lawsuit in 1953 helped define modern corporate philanthropy and philanthropic contributions now extended to areas which did not necessarily align with economic interests (Cochran, 2007). Bowen in 1953 [cited by Carroll, (1999),

p.270] proposed one of the first definitions of CSR as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. Drucker (1954), in “The Practice of Management”, too, identified public responsibility as one of the eight areas in which firms should set objectives, in order to manage a business.

CSR in the 1950s can be summarised into three underlying notions of philanthropy, managers as trustees of the public, and balancing competitive claims to corporate resources (Frederick, 2006 cited in Carroll and Shabana, 2010). Further, the post-war prosperity brought forward concerns related to pollution, which saw both the USA and UK implementing pollution control acts like the US Air Pollution Control Act in 1955 and the UK Clean Air Act in 1956 (Blowfield and Murray, 2011). At the same time, the stirrings of the “welfare state” were observed in most of Europe where the concept of the “state-controlled industry” was implemented in various degrees, and the phenomenon deeply affected the role of business in newly independent countries like Indonesia and India.

2.2.4 The 1960s: Contradicting views and moving beyond philanthropy

The 1960s and 1970s saw the advent of socially responsible investing (SRI), with many firms being boycotted for doing business in South Africa (Cochran, 2007). “In the US, the most important social movements of the 1960s included civil rights, women’s rights, consumers’ rights and the environmental movement” [Carroll and Shabana, (2010), p.87]. In particular, the environmental movement was largely influenced by Rachel Carson’s critique of the chemical industry in the book “Silent Spring” in 1962 (Visser, 2010, Cochran 2007) and the consumer movement by Ralph Nader’s (1965) book “Unsafe at Any Speed” (Cochran, 2007). The decade is further significant in terms of the development of different dimensions of CSR as a construct. Authors advocated extending the purview of a company’s CSR to, at least, some actions and decisions that were not of its direct technical or economic interest (Keith Davis, 1960) or legally mandated of the company (McGuire, 1963 cited in Carroll and Shabana, 2010; Moura-Leite and Padgett, 2011).

Two different types of social responsibilities were also introduced by Davis (1960). Socio-economic responsibilities that referred to economic development affecting public welfare like providing full employment and socio-human responsibilities which referred to the development of human values like morale, cooperation, motivation, etc. Supporting Gantt’s (1919) and Dodd’s (1932) views from earlier decades, Davis (1960) highlighted that

social responsibility could be equated with social power and the avoidance of this responsibility will lead to losses for the business (Davis 1960). Frederick [1960 cited in Carroll, (1999), p.271] stated that “social responsibility implied a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms”. Frederick’s (1960) perspective implied that social responsibility involved taking action in consideration of the requirements and interests of groups whom business actions are likely to affect (Davis and Blomstrom, 1966).

Like Levitt (1958), Milton Friedman (1962) believed that concept of businesses propagating socially desirable ends, “undermined the basis of a free society” and the “doctrine of social responsibility” is a “fundamentally subversive doctrine”. According to him, the “only social responsibility of business” is to enhance profits while keeping within the regulations and abstaining from deception. Irrespective of the view the organisations adopted, newer legislations were enacted to protect employees and customers (Lee, 2008) and the environment (NEPA in 1963) (Haklay, 2003). By this point in its evolution, social responsibility had assimilated the elements of philanthropy, customer relations, employee welfare and stockholder relations (Heald, 1970 cited in Moura-Leite and Padgett, 2011).

2.2.5 The 1970s: Emergence of alternative themes and guidelines

The Vietnam Wars of the 1960s and early 1970s heralded a change in the business environment in the world and the USA by “ushering in an era of activist groups and NGOs who were concerned about business practices” [Cochran, (2007), p. 449]. Some researchers (see Davis, 1973) emphasised on the idea that the business could use its resources to propagate social welfare as well as advance its own economic interests. The debate over whether organisational responsibility was limited to economic profitability or extended beyond the concept of profit was reconciled for the first time by Carroll in 1979. He proposed that for “social responsibility to fully address the gamut of obligations a business has to society, it must encompass the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time” [Carroll (1979), p.500]. This definition came to be widely accepted and used in CSR literature. Carroll (1979) also defined the social issues that need to be addressed by the management, like discrimination, environment, and consumerism.

Friedman (1970), who was critical of the concept of CSR, also raised questions

regarding the nature of managerial involvement in social responsibility. Ackerman and Bauer (1976) tried to resolve the issue by proposing a three-stage approach wherein top managers first acknowledge the importance of social issues, then commit staff to focus on the social issues and ultimately lead to greater organisational involvement through institutionalisation. The concept of corporate social responsiveness (CSR 2), which dealt with organisational mechanisms, procedural arrangements and behavioural patterns that discerned its ability to respond to societal pressure, gained prominence (Frederick, 1994). The managerial response can vary from “no response” to “proactive response” and can be categorised on a continuum as reaction, defence, accommodation, pro-action (RDAP) (Carroll, 1979). Academic researchers also directed their attention to CSP, which deals with the “harms and benefits that result from a business organisation’s interactions with its larger environment, including the social, cultural, legal, political, economic and natural dimensions” [Wood, (2010), p.51]. The concept had found mention in early works like *Measurement of the Social Performance of Business* by Theodore Kreps in 1940 (Carroll, 1999) and later in Sethi (1975) who offered a three-step model for assessing CSP (Wood, 1991a). Enhancing Sethi’s view, Carroll (1979) formed a three-dimensional matrix of CSP that included the economic, legal, ethical and philanthropic dimensions of social responsibility, social issues in management (like consumerism, environment, etc.) and the philosophies of social responsiveness (RDAP).

The 1970s saw the rise of the empirical research area of CSD (Ullmann, 1985) which pertained to informing the public about a company’s activities that were connected to the community (Haron et al., 2006). It also bore witness to greater involvement of the businesses in social responsibility, in the form of the OECD (Organisation for Economic Co-operation and Development) guidelines, the Committee for Economic Development (CED)- a non-profit organisation that included many business members (Wood, 2010), and the voluntary acceptance, by some MNCs, to abide by a code, inspired by the Sullivan Principles (1977), to govern operations in South Africa, particularly, with respect to black employees (Sethi and Williams, 2000). Around the same time, in the UK, consumers showed their displeasure with the questionable marketing practices of Nestlé’s Infant milk formula by boycotting their products (Ward and Smith, 2006). CSR evolved in literature as well as business practices in the 1970s (Cochran, 2007). While Carroll (1979) gave a clearer definition to the concept, related fields like social performance, social responsiveness and social disclosure also emerged. As social responsibility gained prominence, the need to measure the social responsibility activities also found mention in literature and CSR guidelines emerged to help

organisations improve their conduct.

2.2.6 The 1980s: Greater responsiveness to different stakeholders

In the 1980s, the focus shifted from developing or refining definitions of CSR to research in CSR and alternative concepts such as CSP, stakeholder management, corporate social responsiveness, public policy, and business ethics (Carroll, 1999; Lee, 2008). With companies adopting a more responsive stance towards their stakeholders, business and social interests were aligned (Moura-Leite and Padgett, 2011). In one of the early works in this decade, Jones (1980 cited in Carroll, 1999) stated that CSR should be voluntarily adopted and must extend beyond shareholders, to stakeholder groups, like customers, employees, suppliers, and neighbouring communities. Freeman emphasised that since these stakeholders were directly or indirectly influenced by the organisation's activities, they had the right to influence how the organisation operated. His stakeholder theory described “the firm as a series of connections of stakeholders that the managers attempt to manage” [Freeman, (1984) cited in Moir, (2001), p.19]. Freeman’s discourse on stakeholder analysis provided a sound discussion on the links between external stakeholders and company function (Wood, 1991a) and a number of studies stemmed from this theory directly or added to the concept.

The need to measure CSP also gained favour with academicians like Ullmann (1985) who tried to find a relation between financial performance and CSD and CSP in an attempt to bring unanimity between these fields. Wartick and Cochran (1985) and later Miles in 1987 (Wood, 1991a; Wood, 1991b) attempted to improve upon the existing theories of CSP. Epstein’s (1987) Corporate Social Policy Process focused on the institutionalisation of business ethics, CSR and corporate social responsiveness within business organisations. The growing concern for a probable ecological and human disaster culminated with the Brundtland Report introducing the concept of Sustainable development in the United Nations (UN) in 1983 (WCED, 1987). The report coincided with the Union Carbide disaster in India (1984), an industrial catastrophe which caused tremendous loss of human life and the Exxon Valdez oil spill near Alaska (1989) which had far-reaching ecological ramifications (Ward and Smith, 2006). Sustainable development and CSR would be closely linked in the future. The 1980s also saw the emergence of CSP measurement and scales like the Sullivan rankings, which were an attempt to analyse company performance on several dimensions believed to be part of overall CSP (Wood and Jones, 1995).

2.2.7 The 1990s and beyond: Emergence of strategic perspectives

The 1990s did not see any significant contribution towards redefining CSR and the focus shifted to compatible concepts like corporate citizenship, CSP, business ethics theory, and stakeholder theory (Carroll, 1999). Based on the CSP models provided by authors like Carroll (1979), Sethi (1975) and Wartick and Cochran (1985) amongst others, Wood (1991a) defined CSP as “a business organisation’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programmes, and observable outcomes as they relate to the firm’s societal relationships” [p. 693]. Wood’s [(1991a), p.694] CSP model combined the “principles of CSR (legitimacy, public responsibility, and managerial discretion) with the process of social responsiveness and outcomes of corporate behaviour (social impacts, programmes, policies)”.

Stating that it was imperative for organisations to improve economic performance, within the purview of law while displaying ethical behaviour and contributing human and financial resources to the community, Carroll (1991) arranged the four CSR categories in the form of a pyramid. Starting from, what he perceived as, the most important obligation at the bottom, he proposed arranging the obligations (from bottom-up) in the following order - economic, legal, ethical and discretionary. Other authors like Petkus and Woodruff (1992 cited in Mohr et al., 2001), moved away from this dimensional approach to CSR and proposed that CSR should focus on aspects like fair treatment of employees and protection of the environment. Clarkson (1995) evaluated CSP in the context of different stakeholders particularly, primary stakeholders like shareholders, customers, employees, suppliers and public stakeholder groups and highlighted the need to balance the economic and social expectations of these important stakeholders. Despite decades of research, the concept of CSR remained ambivalent, and the concept of Corporate Citizenship was proposed to replace it. Corporate citizenship retained the broad content of CSR and reflected “the awareness of the responsibility that corporations have as members, that is citizens, of their communities” [Tschirhart, (1997), p. 73 cited in Wood and Logsdon, 2002].

With globalisation gaining momentum in the early 1990s, a new social contract emerged between business, society and government at the global level (Davis, 2005). In 2001, Zadek and his co-authors highlighted, for the first time, the role of the government, in relation to CSR (Albareda et al., 2006). Many authors have gone on to support the view that for companies to adopt voluntary measures of CSR, the government must use soft forms of

intervention (Fox et al., 2002). The 1990s also witnessed the development of a number of international organisations like the Business for Social Responsibility (BSR) in 1992, the World Business Council for Sustainable Development (WBCSD) in 1995, Global Reporting Initiative (GRI) in 1997 and United Nations Global Compact (UNGC) in 2000, which helped establish frameworks and platforms that enabled organisations around the globe to act responsibly. Despite such initiatives and widespread awareness and acceptance of their social responsibilities, some reputed organisations were found to be embroiled in disparaging activities that questioned their moral conduct.

Incidents of corporate fraud, like Enron Corporation (2001) (Ward and Smith, 2006), and abusive labour practices, like the case of Nike's Indonesian suppliers in the early 1990s (Porter and Kramer, 2006), triggered widespread activism. Authors Porter and Kramer (2006) stated that corporate efforts to improve the consequences (social, environmental) of their actions often failed to be productive because they pit business against society and pressure companies to engage in generic CSR activities instead of aligning it with each firm's strategy. They [Porter and Kramer, (2011), p.4, p.12] proposed that 'Shared Value' could be created "by reconceiving the intersection between society and corporate performance" while cutting "across the traditional divide between the responsibilities of business and those of government or civil society". Unlike CSR, Corporate Shared Value was integral to competing and profit maximisation, supported a company-specific agenda and generated and realigned the company's entire budget internally. By the 1990s, managerial approaches to corporate responsibility were evolving rapidly, and measurement had become an integral part of this (Blowfield and Murray, 2011). CSR literature has provided a number of alternative themes to CSR which have been treated as replacements, synonyms or extensions of CSR in literature. Figure 2.2 presents these themes along with the era they were first proposed in. A short and comprehensive account that traces the evolution of CSR in terms of the thought leaders, who gave different interpretations of the concept and the incidents that contributed towards shaping it, from 1950 onwards, is given in Figure 2.3, while Table 2.1 displays how researchers have contributed to the field of CSR over the years through CSR definitions.

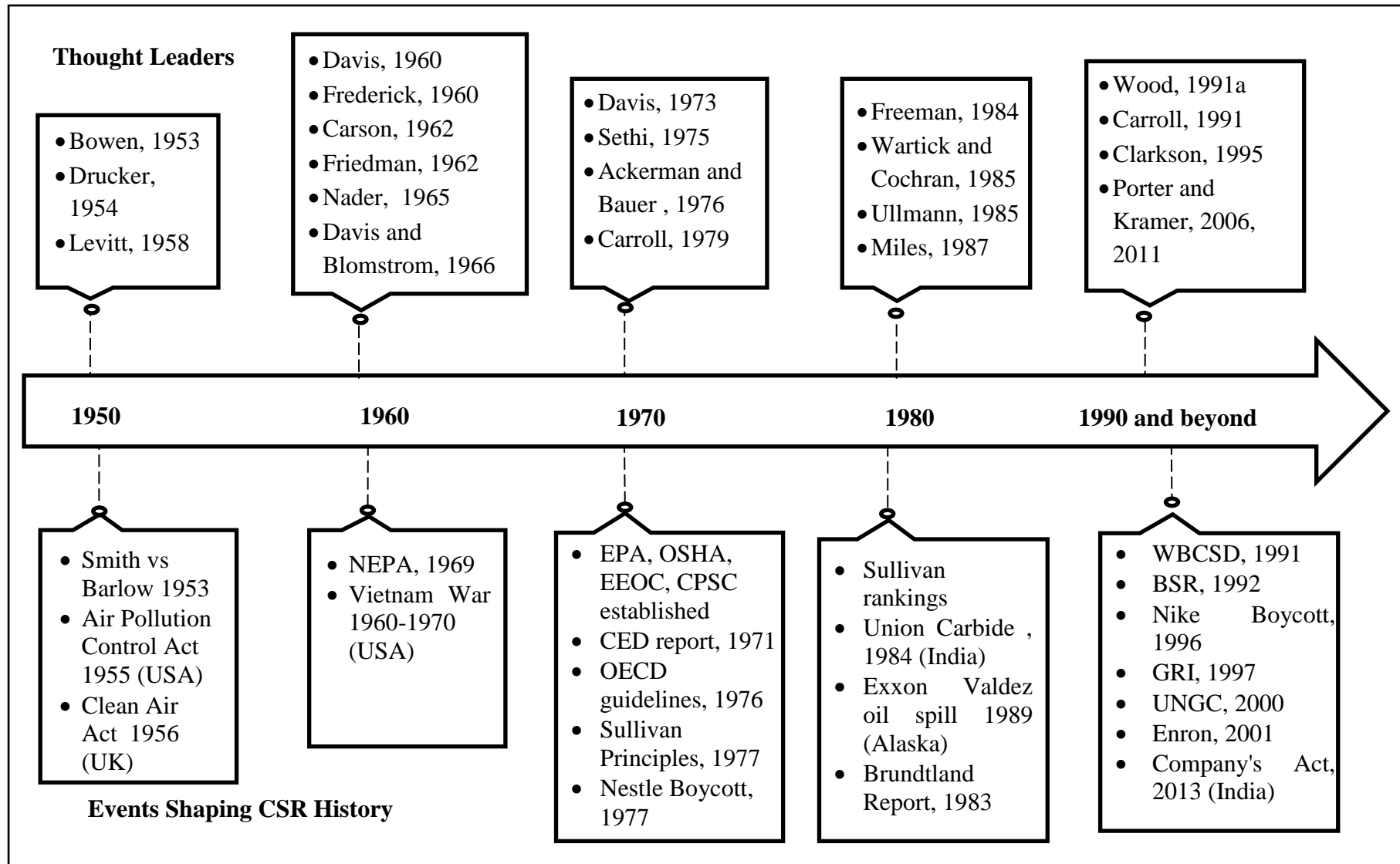


Figure 2.2: Tracing the evolution of CSR

Gandhi (1920's)	<ul style="list-style-type: none"> • Gandhian Trusteeship – "capitalist should regard himself as a trustee for those, on whom he depends for in the making, the retention and the increase of his capital".
Bowen (1953)	<ul style="list-style-type: none"> • "The obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".
Davis (1960)	<ul style="list-style-type: none"> • Social responsibility refers to "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest".
Friedman (1970)	<ul style="list-style-type: none"> • "The only social responsibility of business is to engage its resources to enhance profits while keeping within the regulations".
Holmes (1976)	<ul style="list-style-type: none"> • "In addition to making profits, business should help to solve social problems whether or not business helps to create those problems even if there is no profit potential".
Carroll (1979)	<ul style="list-style-type: none"> • For "social responsibility to fully address the entire range of obligations business has to society, it must embody the economic, legal, ethical and discretionary categories of business performance".
Freeman (1984)	<ul style="list-style-type: none"> • Stakeholder theory- analyses "those groups to whom the firm should be responsible".
Wartick and Cochran (1985)	<ul style="list-style-type: none"> • "Corporate social performance is the underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues".
Carroll (1991)	<ul style="list-style-type: none"> • Pyramid model of CSR and - "the four categories of social responsibility – economic, legal, ethical and discretionary can be depicted as a pyramid".

Table 2.1: CSR - Different schools of thought

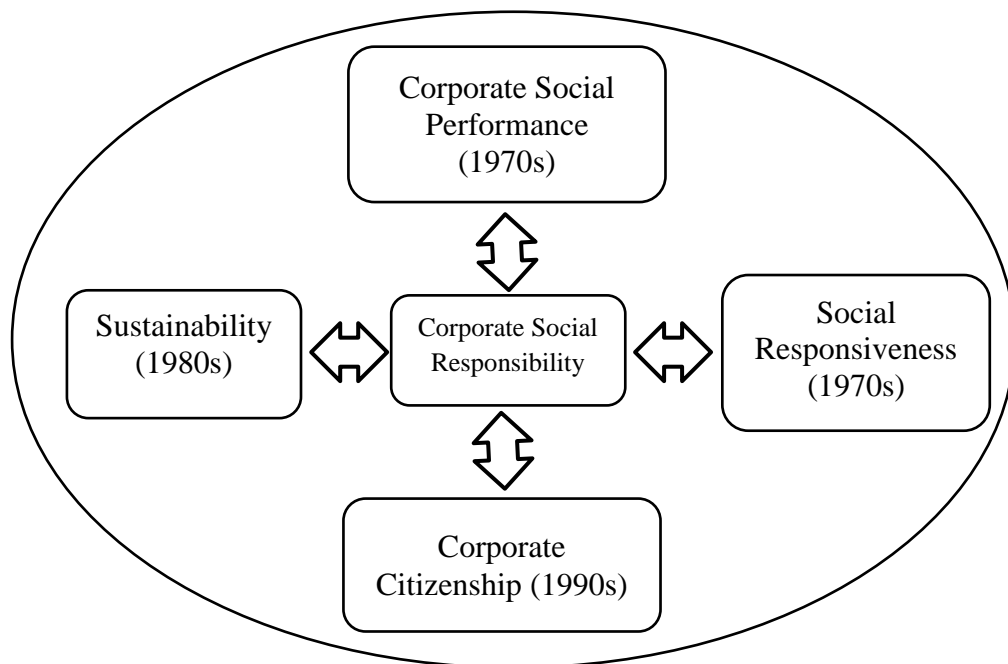


Figure 2.3: CSR and alternative themes that evolved in different decades

2.3 CSR in India

One of the first mentions and debates of practices akin to social responsibility is from ancient India. According to Wayne Visser (2010), CSR has been practised for around four thousand years, the mentions of which can be found to originate from religious texts like the Jatakas of the Buddhists’ and the Vedic Hindu texts. India, thus, has had a long and rich tradition of business being closely involved in national development by supporting social causes (Gautam and Singh, 2010). Like in the western world historically corporate philanthropy in India emerged out of deep-rooted religious beliefs (Gautam and Singh, 2010) and merchants contributed towards flood or famine relief, providing drinking water, supporting schools, etc. in their individual capacity as well as together through their business and social organisations (Das Gupta, 2007). The advent of the East India Company around the 1600s changed the business scenario in the country although Indian industry did not witness any significant development (Sundar, 2000).

2.3.1 Business in the British Raj (the 1800s to 1947)

In the early 1900s, socially responsible business practices took the “form of philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct” [Gautam and Singh, (2010), p.45]. Towards the end of the

19th century the United States witnessed philanthropists like Andrew Carnegie (USA), who “donated more than \$350 million to causes like education, libraries, and to steelworkers’ pensions” [Hughes, (1973) cited in Hoffman, (2007), p.58] and J.D. Rockefeller whose charitable donations can be compared to contributions of modern day philanthropists like Bill Gates (Visser, 2010). In India, which was under the colonial rule of Britain, many business families started trusts to support schools, colleges, and hospitals between 1850 to early 1900s (Mohan, 2001). Indigenous industrialists came from traditional merchant communities and contributed significantly to nation building (Mohan, 2001). Industrial entrepreneurs, like Jamsetji Tata, started an endowment fund that would enable deserving students a chance to study abroad (Tata Steel, 2007). With newly rich business families setting up trusts and funds, there was a distinct shift from a purely religion driven philanthropy to a philanthropy influenced by Western thinking. Influenced by the writings of Thomas Carlyle, Tata also pioneered labour reforms and welfare in Indian business by “installing a humidifier and water sprinklers in his textile mill in Nagpur in the 1870s” [Sood and Aurora, (2015), p.5] and introducing the eight-hour work day in different factories (Tata Steel, 2007). In the 1880s, Indian businessmen formed business chambers, like the Bengal National Chamber, along the lines of the Calcutta Chamber of Commerce, which was formed in the earlier half of the century to represent the interests of European trading houses (Sood and Aurora, 2015).

The concept of social responsibility manifested in a more comprehensive form later in the 1920’s, when the father of the nation, Mahatma Gandhi, proposed the philosophy of “Gandhian trusteeship”. According to this school of thought, “a capitalist should regard himself as a trustee for those, on whom he depends for the making, the retention and the increase of his capital” [Gandhi as cited in Mitra, (2012), p.141]. Mohan (2001) states that the concept of trusteeship was embedded in many Indian businesses and after independence CSR presented itself largely as philanthropic contributions (Rao, 2011). Pioneers of CSR in India, like JRD Tata, propounded that apart from following the regular practice of offering donations, organisations should leverage their financial, managerial and human resource to contribute to relief and reconstruction efforts and bear social overheads, an ideology that has been slowly accepted, at least in theory (Gautam and Singh, 2010). A group of Indian industrialists proposed India’s first fifteen-year investment plan called the Bombay Plan, in 1944, in an effort to contribute to India’s development (Sanyal, 2010). Indian industry started to grow significantly in the years between the two world wars and despite being in the nascent stages of development itself, contributed to the freedom struggle as well as education

and social reform in India. Renold (1994) propounds that the hindrance caused by British policies motivated Indian businesses, to give up on their neutral stand towards the British in India and adopt a more pro-active role in India's politics and development.

2.3.2 Post-independence (1947 to 1990)

Unlike the West where capitalism (USA) prevailed, India, after its independence in 1947, witnessed limited private enterprise and greater state control in major industries. The transition of the Indian economy from rural agrarian to an industrial economy, raised concerns about the social responsibility that business had, and was addressed through seminars on "Social Responsibilities of Business" in 1965 (Mohan, 2001). The seminars were held in Delhi under the chairmanship of the then Prime Minister, witnessed representations in different sectors from business leaders, policy-makers, trade union leaders, and thinkers and called for public meetings, social audit for factual assessment and Corporate Governance (Mohan, 2001). In 1966, a subsequent seminar on CSR in Calcutta led to some private business owners advocating social responsibility and the Council for Fair Business Practices (CFBP), which focused on fair trade practices for consumer welfare, was established (Sood and Arora, 2015). Policies akin to CSR were visible in the charitable contributions made to different causes by private enterprises, like the Birlas and the Tata Group, under the guidance or vision of their founders. The era saw the establishment of renowned educational institutes, like the Birla Institute of Technology and Science and the Tata Institute for Fundamental Research, and hospitals, like the Tata Cancer Institute, using the generosity of Indian industrialists. In an effort to survive and keep government interference at bay, CSR in India was gradually adding a new dimension that voluntarily considered social and ethical goals to be as important as the creation of wealth. A new line of thought that viewed CSR as a benefit to business also emerged. Most Indian businesses remained family-run units and in the decades following independence, a number of changes could be seen in terms of ownership and shareholder involvement.

The 1960s and 1970s saw the growth of non-family enterprises, which led to the establishment of business-backed trusts for the rural and urban poor as well as the increased role of Chambers of Commerce in encouraging businesses to participate in social and agricultural welfare (Mohan, 2001). However, the decades of 1960-1980s saw a decline in corporate philanthropy and increase in malpractices owing to certain government policies, like industrial licence and quota systems for raw material production, and a monolithic

bureaucracy (Sood and Arora, 2015). Sundar (2000) points out that the prevailing environment led to an increased number of charitable trusts, most of which were opened for the purpose of tax relief rather than philanthropy. Movements like the Naxal movement, further, exposed the lack of amenities to some sections of society and affected business attitude towards social responsibilities. Indian business started supporting causes like forest protection, consumer education, women's rights, and the preservation of monuments amongst others (Sundar, 2000). Whatever the reason, religious sentiment, voluntary action, business benefit or survival, CSR started gaining more attention around the 1970s and businesses which were not yet actively involved in CSR started feeling the pressure of not undertaking any CSR activities. The 1960s also saw the emergence of NGOs, which soon became partners with the government in implementing social programmes and by the 1970s NGOs were raising funds from private businesses for different causes (Sood and Arora, 2015).

In the 1980s new family business (for example Reliance, Ranbaxy) and non-family controlled business (for example ITC) came into existence, more and more people gained employment and the interaction between business and society, started changing on the fronts of productivity, quality and management, as well as commitment towards social development. The growing awareness towards the interlinked nature of business management and growth with social responsibility, in Asia as well as in India, was also visible in the participation of Indian businesses at the Asian Productivity Organisation's (APO) conference on social responsibility in 1980. Although India was struggling on various parameters of development, there were increasing efforts to improve them by the government as well as the industry. Industry associations and chambers like FICCI, CII, and ASSOCHAM proposed contributing to the empowerment of those belonging to economically and socially backward classes (SC/ST, OBCs) by providing scholarships and opening training institutes to help them access the prestigious educational institutions in India. The development of the "social business" model, in the form of co-operative societies of farmers and businesses with decentralised management, like the AMUL milk co-operative and SEWA (Self Employed Women's Association), have also played a significant role in empowering the poor (Mohan, 2001).

2.3.3 The 1990s and onwards: Impact of liberalisation

The 1990s witnessed a number of political and economic changes the world over and these changes affected the attitudes and roles of the business, government, NGOs, labour

organisations and society. Free market policies advocated by some countries, like the US, and financial institutions, emergence of the World Trade Organisation (WTO) that could act as an equitable platform for all countries including developing and least developed nations, the fall of the Soviet Union and subsequent changes across Eastern Europe are some of the major events that shaped history. Corporate-led globalisation saw privatisation of state assets and trade liberalisation, the regulation of economic activity, reduced governmental control over administered prices, and this led to inequalities and disparities across regions, the deceleration of employment generation, the decline in the quality of employment and the decline of manufacturing in the small and medium-sized enterprise (SME) sectors (Arora and Puranik, 2004). India did not remain unaffected by the challenges, and the economic scenario changed after India gained the membership of the World Trade Organisation. Subsequently, in modern India, CSR was influenced as much by the effects of LPG, which ushered in foreign investors and opened the global markets for Indian companies (The European Union, 2001 in Das Gupta, 2007), as by its culture and tradition. Many private enterprises, like Bajaj, the Birla Group, Godrej, Hero Honda, ITC, Lupin, Mahindra and Mahindra, Ranbaxy, and the Tata Group, among others, encouraged and supported by Industry Associations and Chambers of Commerce, like ASSOCHAM, CII, FICCI, etc., contribute towards the goals of community welfare, education, environmental protection, emergency assistance, health, rural infrastructure development, preservation of heritage, art and culture, etc. (Das Gupta, 2007). Different CSR surveys have been undertaken over the years to analyse the attitude towards CSR in the country. A few prominent surveys have been listed in Table 2.2.

The surveys aimed to understand the level of participation and commitment of companies operating in India towards social development. The surveys showed that organisations, largely, conducted their social responsibilities by providing aid to outside agencies and through company trusts. In most cases companies' business leaders, while acknowledging their commitment to society, often associated CSR with possible benefits to business like improved company image and employee morale. CSR policy making has had a top to down approach, starting with the top management in the case of private sector firms, and the government, often playing an important role in the case of PSUs. Over the years different stakeholders have expressed an increasing expectation of business honouring their social responsibilities. Despite the growing expectations regarding CSR, public opinion about a company is largely based on brand equity and reputation of the companies rather than the CSR activities (Kumar et al., 2001 in Arora and Puranik 2004).

Table 2.2: Key CSR surveys undertaken in India

Author (Year)	Survey
Khan (1981)	Survey of companies in Delhi and Ghaziabad
Social and Rural Research Institute (SRRI) of the Indian Market Research Bureau for Action Aid (1992)	Survey on corporate philanthropy
India Business and Community partnership Trust (IBCPT) (1996)	Business as a partner in social development- conference report
SRRI for Partners in Change (1997)	Corporate involvement in social development in India
SRRI for Partners in Change (2000)	Corporate involvement in social development in India
Tata Energy Research Institute (TERI) (2001)	Altered images: The 2001 state of corporate responsibility in India Poll
Centre for Social Markets (CSM) (2001)	Corporate social responsibility: Perceptions of Indian business
British Council, UNDP, Confederation of Indian Industries and Price Waterhouse Coopers (2002)	Corporate social responsibility survey, 2002 – India
Partners in Change (2003)	Survey on corporate involvement in social development in India
TERI (2004)	The state of CSR in India, acknowledging progress, prioritising action (Background paper, National seminar on corporate social responsibility)
Partners in Change and Cordaid programme (2005)	NGO-business partnership
Karmyog (2007-2010)	CSR reports 2007, 2008, 2009, 2010
TNS India and the Times Foundation (2008)	Everybody' Business

Source: Bhattacharya, 2006; CSM, 2001; Gautam and Singh, 2010; Karmyog website (<http://www.karmayog.org/csr/>); Kumar et al., 2001; Loura, 2014; Mohan, 2001; Sood and Arora, 2015; Sundar, 2000; Sundar, 2013; TERI, 2004

In recent years, the interest that regulative institutions and the Indian government have taken in CSR has led to the gradual institutionalisation of CSR in the country. The process started with the introduction of voluntary guidelines for CSR by the MCA (2009, 2011), followed by SEBI mandating a Business Responsibility Report (BRR) featuring the details of the company's CSR in accordance with MCA's voluntary CSR guidelines (2011), to accompany the annual report, for top 100 listed companies in 2011, and culminated with the Companies

Act, 2013 which stipulated mandatory CSR spending, reporting, and provisions for CSR policy and governance (MCA, 2009a, 2011a; SEBI, 2011, MCA, 2013). The provisions of Companies Act, 2013 requires companies in India to, according to their profit and size, spend at least 2 percent of the average net profit in the previous three years on CSR activities (MCA, 2013) and is likely to generate INR 150 billion in the form of CSR spending by companies (Duggal, 2014).

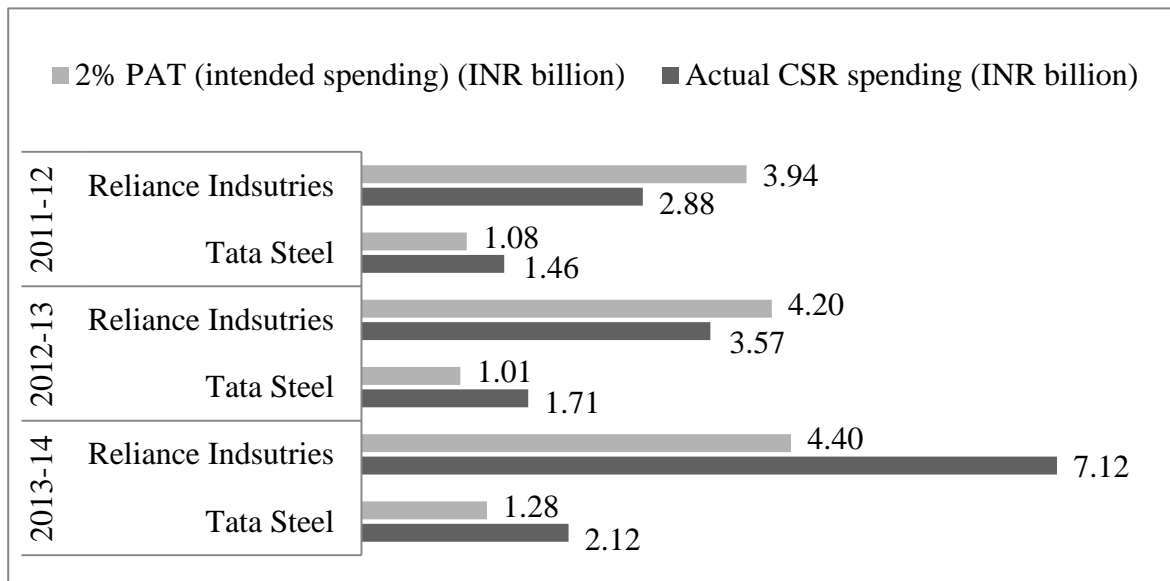


Figure 2.4: Comparison of the actual CSR spending of Tata Steel and Reliance Industry Limited with 2 percent of their profit after tax

Figure 2.4 shows some of the results of a study by Partners in Change (PiC) that analysed the CSR spending, in 2012-13, by the 100 top companies listed on the Bombay Stock Exchange (BSE) (PiC, 2013). While one of the highest CSR spenders, Reliance Industries Limited (RIL), failed to spend the mandated 2 percent of average net profit in the years 2011-12 and 2012-13, other companies like Tata Steel have consistently contributed above the requisite amount to their CSR activities, over the last few years (Figure 2.4). With organisations displaying a greater acceptance for CSR, and the spurt in the number of CSR managers, newsletters, websites and pages in annual reports dedicated to highlighting a company’s CSR effort, CSR in India, has taken the shape of an industry in itself (Agarwal, 2008).

2.3.4 CSR research in India

This section collates CSR research from India under different research areas to identify some of the existing research gaps. Research about CSR reporting in India is limited (Raman, 2006) and, in particular, the earlier years is unclear (Gautam and Singh, 2010). CSR

researchers have explored the emerging thoughts and debates about CSR (Bhattacharyya, 2012), CSR practices and reporting in sectors like MNCs, information technology (IT), etc. (Table 2.3), strategic and philosophical perspectives of CSR in India (Table 2.4) and the business and social implications of CSR in India (Table 2.5). India has also featured in studies on CSR communication along with other countries (see Alon et al., 2010; Baskin, 2006; Chambers et al., 2003; Jain et al., 2015). Researchers have encouraged longitudinal studies (see O'Connor and Shumate, 2010) spanning three to five years (Murthy, 2008) to provide a clearer picture of CSR. However, few studies in India have undertaken a longitudinal analysis, particularly in a context that deliberates the usefulness of any kind of governmental intervention in CSR, through an analysis of CSR reporting. Longitudinal studies can also help explore the difference, if any, between how different types of firms have reported CSR.

Most studies provide a very broad overview of CSR categories and do not take into account the possible sub-categories of disclosures under major CSR categories like environment or social causes. Further, the type of evidence or nature of news presented in the disclosures is often ignored. Authors like Arevalo and Aravind (2011) have explored areas like motive of CSR and barriers to CSR, but in a context where regulations had yet to be implemented. Thus, apart from CSR activities and reporting, areas like the motivation for CSR and CSR reporting, means of CSR implementation, perceived business implications of CSR, the role of the government and NGOs, CSR assessment techniques, and possible trends in the future need to be explored.

2.3.5 The contextual differences in CSR in India and the West

The conditions that prevailed in India were quite different from that of the developed world, and few large family-run enterprises, encouraged by the vision of their founders, indulged in philanthropic activities. Industrialisation in different countries underwent different phases of transformation, as can be seen in the evolution of the corporation, the abolition of slavery, the environmental and the social consequences of industrialisation. Consequently, the evolution of CSR is slightly different when considered in different national contexts (Blowfield and Murray, 2011). Further, most developed countries have specific domestic issues, which have helped mould the CSR environment in the respective nations (Crane et al., 2008). As a result, the concept of CSR has been closely integrated with Western societies for a long time, as is visible from the ample literature the West has provided on the

Table 2.3: CSR perceptions and practices through reporting and communication in India

Author (Year)	Purpose	Industry	Data collection technique	CSR data source
Kaur et al. (2016)	Constructs a human resource disclosure index, examines the nature of HR disclosures by Indian organisations and their determinants	CNX 200 companies	Content analysis	200 companies listed on the National Stock Exchange
Dhanesh (2014)	Examines CSR as a probable relationship management strategy that could strengthen relationships between organisations and their employees	Information Technology	Survey	244 employees of 2 large, publicly listed companies in India
Jammulamadaka (2013)	Explores how global and Indian CSR discourse emerged, particularly the industrial and SME domain in India	SMEs	Conceptual	
Narwal and Singh (2013)	Explores different areas of CSR covered by the companies and compares their practices	MNCs	Questionnaire Survey	38 companies- 18 Indian and 20 MNCs
Arevalo and Aravind (2011)	Examines the interpretation of CSR by corporations in India in the purview of -the ethical, liberal, stakeholder, and the statist approach	CSR managers	Web-based survey tool	33 top-level managers from companies, SMEs, engaged in a CSR initiatives
Gautam and Singh (2010)	Identifies key CSR practices and map these against GRI standards	India's top 500 companies considered by Karmyog (organisation) survey	Content analysis	Annual reports, CSR reports
Planken et al. (2010)	Explores most used CSR platforms and attitudes of stakeholders towards these platforms	Top 10 Oil and Gas corporations in India	Content analysis	Corporate websites
Rohini and	Explores the perceived responsibilities of	5 not-for-profit hospitals in	Survey	79 physicians, 104

Mahadevappa, (2010)	hospitals towards society in India	Bangalore		managers, other stakeholders
Sharma et al. (2009)	Shows the extent of corporate governance and social responsibility undertaken	50 private-sector companies	Content analysis	Annual reports
Das Gupta and Das Gupta (2008)	Studies whether Indian corporates are working along Global Compact guidelines		Theoretical approach	
Murthy (2008)	Examines CSD practices of top software firms	16 software firms in India (IT)	Content analysis	annual report
Chaudhri and Wang (2007)	Examines CSR communication for extent of information, presentation	100 software firms (IT)	Keyword search	Corporate website
Narwal (2007)	Highlights CSR initiatives	Banking	Questionnaire survey	33 public-private sector banks in Northern Haryana
Raman (2006)	Examines how top management perceives and reports CSR	Top 50 companies selected from the Economics Times 500 list	Content analysis	Chairman's message in annual reports
Joshi and Abdulla (1995)	Examines accounting standard setting process and corporate financial reporting (including corporate social performance reporting)	95 large companies	Content analysis	Annual reports
Maheshwari (1992)	Examines the relation between CSD in seven categories (environment, community, etc.) to four corporate characteristics (size, profitability, etc.)	10 Industries	Content analysis	100 Annual reports

Table 2.4: Strategic and philosophical perspectives of CSR in India

Author (Year)	Purpose of study
Strategic perspective	
Bhattacharyya (2010)	Explores the status of strategic CSR in India
Bhattacharyya et al. (2008)	Develops screens to filter in CSR programmes that make business sense for a firm
Philosophical perspective	
Saraswat (2010)	Explores the potential of Sanskrit poet Kalidasa's poetry on the transformation to ethical personnel and organisations
Das (2009)	Analyses the contribution of centre and state governments to social sector development and demonstrates a case for CSR in India
Sivakumar (2009)	Develops a typology of a responsible organisation behaviour based on the guidelines from Manusmriti, an ancient Indian law text
Bansal and Srivastava (2008)	Highlights the importance of Gandhi's philosophy of creating socially responsible systems for holistic development.
Muniapan and Dass (2008)	Explores the philosophy of CSR from an ancient Indian perspective
Das Gupta (2007)	Explores social responsibility of the corporate sector in India in the purview of the UNGC

Table 2.5: Business and social implications of CSR in India

Author (Year)	Purpose	Perspective
Gupta and Hodges (2012)	Explores perceptions of Indian consumers regarding CSR in the apparel industry	Business (marketing)
Gupta (2011)	Comparison of the perception of CSR held by consumers in India and America	Business (marketing)
Planken et al. (2010)	Consumer perceptions about CSR platforms and content	Business (marketing)
Singh (2009)	Examines socially responsible behaviour of Indian consumers across demographic patterns	Business (marketing)
Mittal et al. (2008)	Explores relationship between CSR and company's economic value added and market value added	Business (finance)
Rampal and Bawa (2008)	Examines the perceptions that consumers have about corporate philanthropy	Business (marketing)
Jatana and Crowther (2007)	Argues that CSR is playing a role in the empowerment of women in India	Social

subject. Unlike the West, Industrialisation in developing countries was delayed and, therefore, CSR may be viewed as a concept that was borrowed from the West along with many other

mannerisms of modern corporate culture. In India, industrialisation took place quite late in the 1900s as compared to the countries like UK and USA, which had contributed most significantly to CSR. The laying of the foundation of the steel factory in Jamshedpur by Jamsetji Tata was one of the first steps towards industrialisation by a private organisation and his (Jamsetji's) concern for employee welfare, one of the first acts of CSR along Western patterns. Post-independence (1947), the Indian government placed greater emphasis on state-run industries unlike the West where governments encouraged the welfare state. CSR in India holds certain similarities to the West, particularly, in term of its origin from religious sentiments associated with a gain in wealth and its corresponding social consequences, and the use of philanthropic vehicles, like trusts and foundations, to fulfil social commitments (Sood and Arora, 2015). However, philanthropy in India and the West was different. Sundar (2000) states that Indian organisations believed in "hands-on" philanthropy, that involved greater operational control over activities, while foundations gave more grants in Western nations, which distanced the companies from operations. Further, with industrial development, the influence of religious beliefs receded in Western business, and other motivations for CSR took prominence, unlike India where religious sentiment continued to be a major factor (Sundar, 2000).

CSR in modern India stems from its economic progress witnessed in the last decade, which occurred with the advent of LPG, and not just cultural motivations (Gupta, 2011). What particularly drives the cause of CSR in India is the disparity between urban and rural centres as the country develops at a fast past pace. Metropolises have world class infrastructure while innumerable villages are still shrouded in darkness without proper electricity, water supply, or educational facilities for children. This calls for a balanced development through economic activity at all levels and not certain areas only (Bansal and Srivastava, 2008). Depending solely on the government and other social agencies to propagate social welfare is not only incorrect but also unprofitable, as organisations may miss out on new business opportunities like the untapped potential of the Indian rural sector and Bottom of the Pyramid (BOP) markets. Corporates can play a significant role in this regard by engaging in activities that ensure inclusive growth. ITC's e-Choupal is arguably India's most famous example where an organisation's innovative business model has created an atmosphere of "corporate shared value", a concept coined by Michael Porter to redefine CSR and make it easier for corporations to understand and implement. E-Choupal has helped farmers increase their productivity and earn higher prices for their produce, while ITC's

procurement costs have fallen as intermediaries are practically removed from the equation (Prahlad and Hammond, 2003). The Tata group is an industry stalwart when it comes to addressing issues of social responsibility and has set the precedence not only towards supporting development around its industrial facilities but also contributing to the cause of health and education throughout the country. Today the Indian corporate sector is replete with examples of organisations which claim to have successfully incorporated CSR initiatives. With more and more organisations embracing CSR, their corporate reporting is being extended beyond financial reporting, and into the domains of social and environmental information.

Corporate will and increased expectations of the government and the public have generated greater awareness and activism amongst companies, and their stakeholders, about companies' responsibilities (Mohan, 2001). However, consumer boycotts are not common in India although community protests, against the adverse effect of organisational operations, are on the rise and increasingly being covered by the media. The Indian Government, too, has undertaken different initiatives to create greater awareness and response to CSR. Most actions with respect to CSR, however, are fairly recent in India and the phenomenon of Indian firms jumping on to the CSR bandwagon may be viewed as an attempt to conform to Western standards and demands, ushered in by the LPG. The patterns in expectations from corporations are likely to differ from the West as well, owing to a different social, political, and cultural environment (Mahadeo et al., 2011). The case of CSR in India is, therefore, quite different from developed nations, particularly in terms of its assimilation, the nature and extent of its content and communication, and motivations of CSR, which are likely to differ among corporations, and, when taken in the context of stakeholder concerns in a developing economy, warrants investigation.

2.4 Motivation for CSR: Profit or ethics

The conception of CSR was essentially popularised by using a philosophical approach (Preston, 1975 as cited in O'Dwyer, 2003) that generally aimed at encouraging organisations to voluntarily adopt their responsibility and be accountable to a greater number of stakeholders. CSR stems from the idea that business and society are not distinct entities but are interconnected (Wood, 1991a). Petkus and Woodruff [(1992), as cited in Mohr et al., (2001), p.47], proposed that CSR is "a company's commitment to minimising or eliminating harmful effects and maximising its long run beneficial impact to society", focusing on aspects

of fair treatment of employees and protecting the environment, etc. However, this philosophical attitude towards CSR, compounded with rampant shareholder-driven capitalism, obsession with short-term financial progress and a lack of strategic approach to CSR, contributed to the failure of CSR in its current form (Visser, 2010) as it did not necessarily improve the social and environmental outcomes of organisations' activities. CSR literature, over a period of time, moved beyond the philosophical approach (which try to define the area) to exploratory and empirical studies which addressed the application of CSR in actual organisations and often proposed a business case for CSR (Mirvis, 2012; Rampal and Bawa, 2008; Turker, 2009). Freeman's stakeholder analysis further provided a sound discussion on the links between external stakeholders and company function (Wood, 1991b). With time, different factors have been linked to why an organisation should undertake CSR. A clear conceptualisation of the motivation for CSR, not only, elucidates the interpretation of CSR by an organisation but also enables stakeholders to ensure a positive impact on issues that are important to them.

The area of CSR motivation explores the cause of a company's commitment to CSR, whether it is based on the expectation of "market or non-market risk or opportunity" (Baron 1995) or possible advantages of compliance with cultural norms or rules and regulations (Matten and Moon, 2008). CSR motivations have been classified into two categories, ethical or normative and instrumental motivation (Branco and Rodrigues, 2006; Minoja and Zollo, 2007; Smith and Nystad, 2006). Instrumental motives for CSR represent "how companies view the possibility of furthering their economic success by paying attention to social responsibility" [Branco and Rodrigues, (2006), p.112] while normative or "ethical motives represent an objective with intrinsic value where CSR is an obligation to act for social betterment in itself" [Smith and Nystad, (2006), p.2]. A lot of literature devoted to finding a relation between social and financial performance (for example Margolis and Walsh, 2003; Orlitzky et al., 2003) intrinsically supports the cause of instrumental motivation. Another school of thought proposed three types of motivations, namely, performance-driven, stakeholder-driven and value-driven motivation (Maignan and Ralston, 2002). The motivation for embracing CSR, however, is not exclusive, and companies often combine several motivations (Maignan and Ralston, 2002), for example, Branco and Rodrigues (2008) in their study of Portuguese companies found a mix of performance and stakeholder motivations.

“Social, environmental, and sustainability reports are the tools companies commonly use to formalise a firm’s position on CSR and to assist the firm in developing good business practices” [Perrini, (2006), p.73]. Correspondingly, the factors motivating CSR reporting have also received mention in theoretical or conceptual works in CSR research (see Deegan, 2002) and in interview-based studies (see Islam and Deegan 2008). In these studies, the motivation for CSR reporting is often based on the theories behind the adoption of CSR, like legitimacy theory (Deegan, 2002; Islam and Deegan 2008). However, the empirical research on the determinants of CSR, which comes nearest to assessing factors that may influence CSR reporting (through CSD), often fails to take into account issues like the role of the government or the influence of the firm’s management (see Kansal et al., 2014; Mahadeo et al., 2011; Rahman et al., 2011). There is, thus, a need to assess the motivation behind CSR reporting in a manner that can take into account the different factors of motivation.

The discussion above shows that the concept of CSR and subsequently the factors that motivate its adoption can be explained in the light of theories like the stakeholder theory (see Kakabadse et al., 2005; Orij, 2010) and legitimacy theory (see Bhattacharyya, 2014) among others. It also reflects the important role that the institutional environment plays in organisational practices. Laws and regulations, societal norms, etc. exert isomorphic and legitimacy pressures on companies to adopt institutionalised structures, processes, and practices (Marano and Kostova, 2016). It is in this context that the institutional theory (see Brammer et al., 2012; Campopiano and De Massis, 2015; Muthuri and Gilbert, 2011) gains significance.

The “Institutional theory assumes that organisations adopt management practices that are considered legitimate by others, regardless of their actual usefulness” [Carpenter and Feroz, 2001 as cited in Othman et al., (2011), p.122]. Institutions are pre-existing structures- formal or informal rules, regulations, norms, and understandings- with a largely constraining character that can both limit choices available to actors and enable behaviour (Jackson, 2010; Morgan et al., 2010). The constraining processes that force homogeneity between units, irrespective of operating technologies, in a given environmental condition are referred to as isomorphism (DiMaggio and Powell, 1983; Wangombe, 2013). DiMaggio and Powell (1983) identified “coercive isomorphism, mimetic processes and normative pressures” as the three mechanisms of institutional isomorphic change. Coercive isomorphism originates from governmental initiatives, regulatory oversight and control, codes of conduct issued by

agencies like the United Nations, implementation of standards like ISO 9001, etc.; mimetic processes originate from a lack of well-defined structure and goals, for example, managers adopting practices regarded as best practices in their organisational field when there is ambiguity in the environment; normative pressures arises from the influence of educational and professional authorities (DiMaggio and Powell, 1983; Matten and Moon, 2008). The increasing expectations of different stakeholders, particularly the Indian government, from Indian organisations to participate in reducing social and environmental problems, necessitates an evaluation of the CSR scenario in India in the context of the Institutional theory to identify the forces responsible for shaping CSR in India.

The application of institutional theory to CSR started only around the mid-2000s, and the field of study is fairly new (Brammer et al., 2012). Literature on the processes, through which institutions have influenced CSR, has been discussed in the context of all three mechanisms of isomorphic change- coercive isomorphism (see Jamali and Neville, 2011; Othman et al., 2011), mimetic isomorphism (Jackson and Apostolakou, 2010) and normative isomorphism (Blasco and Zolner, 2010). However, CSR studies in India have not been analysed in the context of institutional theory, and the current research devotes some attention towards fulfilling this research gap.

2.5 The role of the government and NGOs in CSR

Stakeholder motivation (mentioned above) refers to the role of stakeholders in motivating CSR adoption. Over two decades, CSR has increasingly gained prominence (Frisko, 2012), particularly under increasing stakeholder awareness and expectation. In the 1970s, the emergence of organisations like “the Environmental Protection Agency (EPA), the Equal Employment Opportunity Commission (EEOC), the Occupational Safety and Health Administration (OSHA) and the Consumer Product Safety Commission (CPSC)”, in the United States, brought CSR within the purview of stakeholders like the environment, employees and consumers [Carroll, (1991), p.225] and NGO activism gained momentum (Cochran, 2007). Freeman furthered the concept of answerability to multiple stakeholders, in 1984, through his stakeholder theory. In recent times, the government has “joined other stakeholders in assuming a relevant role as drivers of CSR” [Albareda et al., (2008), p.347] by creating an enabling environment for it (Fox et al., 2002; Weber, 2008). This reflected in the “state-centred” school of thought, which advocates “national and international policymakers to play an important part in the active promotion, creation and enforcement of

CSR obligations on companies” [Michael, (2003), p.118]. The role of NGOs, too, has gained significance, especially in the light of changing global dynamics where nation states have lost power (Hart and Milstein, 2003) to MNCs and international financial institutions like the World Bank (Aguilera et al., 2007; Jamali and Keshishian, 2009). The vigilance of NGOs and other civil society groups have helped reduce the secrecy in the workings of governments and corporations and with the diminishing influence of the government, they have taken up the role of monitoring and, in some cases, enforcing various environmental and social standards (Hart and Milstein, 2003), like addressing environmental codes of conduct (Arya and Salk, 2006). The current research focuses on the role of these two stakeholders in the context of CSR in India, and a brief review of some studies in these areas is provided below.

2.5.1 The government, relational state and CSR

“The link between public governance and CSR is seldom given attention, yet public governance defines not only the type and trajectory of CSR in different contexts but also the respective roles of different stakeholders. The CSR agenda as a whole has reached a turning point in which the public sector is repositioned as a centrally important actor” [Ward, (2004), p.7]. Different international organisations, like the UNGC and the European Commission (EC), have also endorsed the view that governmental role and initiatives encourage CSR. The significance of the government’s role in CSR is further highlighted in the results of a survey conducted by BCG Group, in collaboration with MIT Sloan, (Berns et al., 2009) which found governmental legislature as a principal motivation of sustainability, across nearly all industries in different nations.

One of the pioneering works which identified government roles in relation to CSR was done by Zadek et al. in 2001 (Albareda et al., 2006). A similar analysis of government roles, based on a study of developing countries and which classified government initiatives under the CSR agenda, was developed by Fox et al. (2002) wherein governmental roles were classified as - mandating (laws, regulations, penalties), facilitating (policy frameworks, guidelines), partnering (combining resources to leverage skills and tackle issues within the CSR agenda) and endorsing (public political support for CSR practices standards, etc.). Studies by UN ESCAP (2010) and Ward, (2004), have adapted these classifications, while Steurer (2010) classified the policy instruments at the government’s disposal as legal, economic, informational, partnering and hybrid instruments. Governmental intervention can be in the form of mandating CSR activities as well as encouraging companies to adopt

voluntary measures of CSR through soft legislation (Fox et al., 2002). The argument about whether the government should enact legislation to make CSR compulsory has been widely debated. Initially, this debate seemed inclined towards the adoption of voluntary and non-regulatory initiatives (Bell, 2002), primarily because of the “voluntary framework” in which CSR was “defined as a reflection of governments’ capacities to regulate the actions of businesses in relation to social and environmental issues” [Albareda et al., (2007), p.392]. However, the strict assumption of voluntarism in CSR has diminished, as can be seen in the change of European Union’s CSR definition, which focuses on the responsibility of businesses for the effect they have on society (Knudsen and Brown, 2015; Knudsen et al. 2015). Countries like France, Denmark, Sweden, in Europe and Indonesia and Malaysia in Asia have mandated either CSR reporting or spending for companies (KPMG, 2014; Rahman et al., 2011) and governments in many other developing countries, like in China (Gao, 2011; Li et al., 2016; Yin and Zhang, 2012), India (Sharma and Kiran, 2012), Nigeria (Idemudia, 2010), etc., have promulgated the cause of CSR. However, these changing trends, in governmental policies for CSR, have been discussed, notably in the context of the developed world (see Albareda et al., 2006; Albareda et al., 2007; Albareda et al., 2008; Bell, 2002; Kerr et al., 2008; Knudsen et al. 2015; Midttun, 2005; Moon, 2004).

Literature about the evaluation of governmental role in CSR has been varied. Gond et al. (2011) provided a comparative analysis of the government-CSR link in Western Europe and East Asia, through a historical perspective, based on the differences in the development of CSR in the nations, while exploring the roles the government can undertake further. Campbell (2012) also suggested adopting a historical and holistic approach while evaluating the changing role played by different CSR actors, including public actors. Another work that focussed on the examination of the government’s role in a developing country was that of Idemudia (2010) who explored how the government could facilitate or inhibit CSR practices in Nigeria, by taking into consideration, the nature of the state, its economy and oil company failures. Albareda et al. [(2007), p.391] on the basis of an analysis of governmental roles in the EU-15 countries, provided “explanatory keys on how governments have understood, designed and implemented their CSR policies” and further proposed “four ideal typology models for governmental actions on CSR”. To study the role of the government as a driver of CSR, Moon’s (2004) paper examined the policies of two different UK administrations (conservative and labour) to encourage CSR in organisations, through ministerial leadership, renewing and establishing business associations and deployment of soft legislation, to tackle

social challenges like unemployment, particularly from the early 1980s. Albareda et al. (2006) also analysed the UK governmental practices in a comparative study with Italy by employing the relational state perspective. This work was further extended in a three-nation comparison between Italy, UK and Norway (Albareda et al., 2008), where the government policies, their scope, etc. were analysed using the “government CSR policy framework” and relied on the relational state approach.

The relational state is “focused on the interrelation, collaboration, and partnership between different actors like the government, businesses, and civil society” [Albareda et al., (2007), p.394]. Political inclination towards deregulation, downsizing and deficit reduction, privatisation and increased globalisation have led to greater commercial freedom but a limited role for the state, giving rise to the “relational state” (Bell, 2002; Midttun, 2005). Thus, “the premise from which the relational state starts is the acceptance that the state is no longer omnipotent and self-sufficient” [Mendoza and Vernis, (2008), p.390]. The “transformed roles and capacities of social agents, in the public and government sectors” [Albareda et al., (2006), p.389], along with complex social challenges, require society to assume its parallel roles and responsibilities which are nearly impossible for the state to assume (Albareda et al., 2008). The concept of relational state propagates the idea of co-responsibility that “encompasses issues like the existence of common objectives, the assumption of specific responsibilities and creating and managing complex inter-organisational networks with public, private, and civil society participation” [Albareda et al., (2006), p.389].

Governmental intervention, in India, has transformed from voluntary guidelines to introducing legislation on CSR in the country, as provisions of the Companies Act, 2013. Governmental efforts have been directed towards encouraging companies to participate in social development and inhibiting organisations from rampantly utilising and thus destroying environmental resources and damaging the ecosystem irrevocably. Through its self-defined role as an “enabler, facilitator and regulator” of CSR, the Indian government aims to foster effective corporate functioning and growth (MCA, 2009b). This demonstrates India’s emergence as a “relational state”, wherein “the state seeks to achieve the greatest possible synergy between the resources, knowledge, and capacities of the public sector and those of civil society and business organisations” [Mendoza and Vernis, (2008), p.1]. The changing dynamics of the government business relation in India calls for a reevaluation of governmental

roles and an evaluation of the “relational state” in India. The change in the attitude of the Indian government, in the last decade, towards CSR, makes a study in the Indian context more interesting. Further, the nature of the governmental role is highly debated in India and warrants a comprehensive analysis, which includes conducting an evaluation of the opinions of different participants in the CSR process to assess whether they view governmental roles differently.

2.5.2 Role of NGOs in CSR

NGOs have varied roles. They are strong critics of insufficient CSR by companies (Arenas et al., 2009). They, along with public bodies, not only drive companies to adopt specific practices but also offer a competitive advantage to companies by legitimising and advocating these practices across sectors (Zadek et al., 2003). In some sense they represent society, try to influence policymaking unobtrusively, educate consumers, business and policy makers and at times are considered partners for collaboration by the government, businesses or other stakeholders (Arenas et al., 2009; Michael, 2003). NGOs can play a role in not only promulgating CSR (Winston, 2002) but also contributing to performance measurement as part of the strategic performance management system of a corporation (Hansen and Spitzbeck, 2011). NGO partners can provide insight or contacts to stakeholders like public authorities, thus reducing the cost of product and market development (Epstein & Roy 2001 as cited in Weber, 2008). Further, there is an emerging perception on the part of NGOs to consider MNCs as partners for furthering issues like human rights and CSR (Aguilera et al., 2007; Hart and Milstein, 2003; Jamali and Keshishian, 2009; Jonker and Nijhof, 2006; Winston, 2002). The rationale for NGOs and corporations to work together as partners, rather than against each other, stems from the fact that they possess complementary resources and competencies (Waddell, 1999 cited in Jonker and Nijhof, 2006). Organisations are equipped with financial resources, etc. and NGOs have a strong desire to serve society (Jonker and Nijhof, 2006) and many businesses have developed their interests, particularly, at the BOP with the help of NGOs (Hart and Milstein, 2003). NGOs, like the New Economics Foundation, which provides ‘social audit’, or consultancies like SustainAbility, have gained visibility and validity in key markets owing to the quality of work they have done with corporations (Zadek et al., 2003). This change in outlook about NGO-business relationship, from an antagonistic to a collaborative one, has opened new avenues for success and has gained the interest of researchers. NGO-business collaboration has been examined from an institutional perspective (see Doh and Guay, 2006; Whitehead, 2014) and from a stakeholder

perspective (Arenas et al., 2009; van Huijstee and Glasbergen, 2010). The rising significance of NGOs in CSR is visible in their increasing presence in CSR literature which is starting to invoke opinions and perceptions of NGOs to evaluate different aspects of CSR. For example, O'Dwyer et al. (2005), to address stakeholder concerns about social reporting, analysed CSD of Irish firms from a non-managerial perspective by including NGO respondents while Burchell and Cook (2006), involved NGO opinions to study the impact of CSR dialogue with stakeholders to enhance trust and improve company's practices. However, the engagement of a company with its stakeholders takes different tones in different national contexts (Arenas et al., 2009) and very few studies (see Jamali and Keshishian, 2009; Whitehead, 2014) have discussed the aspects and characteristics of the NGO-business partnership in a developing country.

NGOs have played a prominent role in India as well. Their activism in trying to bring to light important issues of corporate malpractice, for example, the case of the pesticides in Coca-Cola (Hills and Welford, 2005), is well documented. The changing CSR environment in India, owing to statutory requirements and increasing expectations from stakeholders, has seen organisations seek knowledgeable partners to improve their CSR programmes and for the efficient use of their invested capital (Manvi and Prakash, 2014). The traditional view of the NGO as activists, about which organisations should be wary, requires evaluation. CSR programmes are no longer restricted to CSR managers, within the company, but also include NGOs and consultants who collaborate closely with the forces driving CSR in organisations. A 2010 ASSOCHAM study reported that at least 200 NGOs with expertise in CSR operated in the country (Dhaneshwar, 2014) and that 67 percent of the organisations, identified as the "hundred most favoured organisation for CSR initiatives", worked closely with NGOs to implement their CSR programmes (Press Trust of India, 2010). Apart from helping in CSR implementation, NGOs can effectively disseminate an organisation's CSR information, especially since they are trusted sources of CSR information by stakeholders like the Indian consumer (Planken et al., 2010). Institutions affiliated with the MCA, GoI have made a concerted effort to formulate platforms, which enable organisations to meet experienced NGOs and collaborate with them on their CSR programmes (Manvi and Prakash, 2014). Further, a number of employees from organisations have also moved from the corporate sector to opening NGOs of their own. While NGOs and their roles are increasingly getting representation in CSR studies elsewhere, they remain relatively unexplored in CSR literature in India. Given that the number of NGOs and their role is likely to increase in the light of

statutory CSR requirements (Dhaneshwar, 2014), it is necessary to explore some facets of NGO-business relationship. Further, the inherent difference in how businesses and NGOs view things gives rise to the need to analyse responses from NGOs and other respondents for possible differences in opinions.

2.6 Implications of CSR

The section above introduced the idea of instrumental motives for CSR, which alludes to an organisation's expectation of positive benefits from CSR. There is substantial CSR literature to show that an organisation stands to gain in terms of goodwill (Murray and Vogel, 1997), brand equity (Chahal and Sharma, 2006), employee relations (Turker, 2009), market share (Chahal and Sharma, 2006) and financial performance (Orlitzky et al., 2003) from its CSR programme. Further, the emergence of global platforms like the UNGC and GRI, have helped align the concepts of sustainability and CSR, with some authors considering sustainability as the new CSR (see Strugatch, 2011).

2.6.1 The business case for CSR

CSR has been found to have a positive effect on consumers' evaluation of a company's product and brand, and it has the propensity to impact brand choice, and brand recommendations positively as well (Brown and Dacin, 1997). However, the company to consumer communication about CSR needed to be effective (Singh et al., 2008), even as individual consumers, "expect companies to be legally responsible and to comply with the ethical-philanthropic expectations, rather than achieve high levels of economic performance" [Podnar and Golob, (2007), p.335]. Luo and Bhattacharya (2006) in their research, elaborated the relation between CSR and market value as being partially mediated by customer satisfaction, a corporation's ability to innovate and its product quality while Maignan et al., (1999) posited a positive relation between CSR and customer loyalty.

CSR enables organisations to generate a competitive advantage (Chahal and Sharma, 2006; Luo and Bhattacharya, 2006; Podnar and Golob, 2007; Smith et al., 2001) for themselves by fulfilling stakeholders' ethical and philanthropic expectations. Many authors have researched the role of CSR in marketing in the form of cause-related marketing (see Brønn and Vrioni, 2001; Endacott, 2004; Webb et al., 2008), the impact on consumer responses (see Chomvilailuk and Butcher, 2010; Gao, 2009; Mohr et al., 2001), on consumer-company identification (Currás-Pérez et al., 2009), as a public relations strategy (Luo and Bhattacharya, 2006) or as a corporate marketing mix (Alon et al., 2010; Chahal and Sharma,

2006; Sen and Bhattacharya, 2004; Smith et al., 2001). Several global companies have used the connections between corporate branding and CSR either to rebrand their relationship to society or to repurpose their CSR efforts to create sustainable value for their businesses and society (Hatch and Mirvis, 2010). Apart from empirical research, conceptual studies like that of Chahal and Sharma (2006), which proposed that higher the integration among CSR antecedents like organisation culture, human resources, social development activities, etc., higher is the marketing performance measures, brand image and CSR image, also contributed towards CSR and marketing literature. CSR has thus “become a relatively visible phenomenon in the marketing literature, shifting the narrow notion of consumer-based marketing to a broader corporate-level marketing concept” [Podnar and Golob, (2007), p.326] which focuses on managing relationships and benefits for all stakeholders (Maignan et al., 2005).

Apart from customers, “investments in socially responsible activities can have internal benefits by helping a firm to develop new resources and capabilities, which are related to organisational know-how and corporate culture”, by improving relations with actors like employees [Branco and Rodrigues, (2006), p.111]. CSR initiatives, in turn, can help enhance ratings of an organisation and improve credibility as an employer and can help organisations attract good employees (Albinger and Freeman, 2000; Branco and Rodrigues, 2006; Bhattacharya et al., 2008; Turban and Greening, 1997), who would like to work for a reputed organisation. Aras and Crowther (2008) state that the relationship between an organisation and its stakeholders (internal), in particular, employees (organisation culture), is a significant component of corporate sustainability. It is imperative that organisations work towards improving their organisation culture assiduously, and CSR can help in this regard. Positive CSP affects employees positively, reducing employee turnover (Albinger and Freeman, 2000; Turker, 2009) and reducing costs (Riordan et al., 1997) by increasing current employees’ commitment, morale, motivation, and loyalty to the firm (Branco and Rodrigues, 2006; Skudiene and Auruskeviciene, 2012; Turban and Cable, 2003). In particular, internal CSR, that is activities directed to fulfilling employee needs and expectations and CSR activities directed towards customers have been found to be strongly correlated to employee motivation (Skudiene and Auruskeviciene, 2012). Apart from empirical studies, conceptual studies (see Rupp et al., 2006) have also proposed frameworks to understand the employee perceptions of an organisation’s CSR and its effect. Prior literature undertaken in different national contexts, therefore, shows that CSR can grant a definite competitive advantage in the

form of a quality workforce (Greening and Turban, 2000). The study of the implications of implementing CSR strategies, on business, warrants attention in India as well. Apart from a general appraisal of what the CSR professionals deem as implications for CSR, the thesis also explores the relation between in CSR and financial performance.

2.6.2 CSR and financial performance

“Aware of human suffering and alert to the challenge from economic contractarianism, organisation theorists and empirical researchers have sought to identify a role for the firm that both attends to shareholders’ interest in wealth creation and looks beyond it. In this light, empirical research has largely focused on establishing a positive connection between corporate social performance (CSP) and corporate financial performance (CFP)” [Margolis and Walsh, (2003), p. 273].

Friedman’s (1970) doctrine may have indicated that wealth creation, by legal means, is the sole social responsibility of corporations but the concern for profit cannot exclude the interest of the stakeholders. Rather in certain conditions, philanthropic spending on social activities can serve stakeholder's interest, if it leads to economic gain. In the literature supporting this theory, CSR is seen as a strategic tool to achieve the organisation’s economic objectives. A number of studies have been carried out to determine whether a correlation exists between CSP and CFP. Empirical studies trying to establish the nature of relationship between the two, have approached the problem by using correlation or regression analysis between different CFP parameters like risk-adjusted long-term and short-term Return on Assets (ROA) (Aupperle et al., 1985; Aupperle and van Pham, 1989), lead and lag ROA (Preston and O’Banon, 1997), Economic Value Added (EVA) and Market Value Added (MVA) (Mittal et al., 2008), etc. and varied social performance parameters. Studies like Aupperle and van Pham (1989) and Aupperle et al. (1985) have proven inconclusive about the nature of the relationship between the constructs for social and financial performance, and it is possible to have a negative relationship between the two (Ullmann, 1985). It is, however, conceivable that there can exist a positive relationship between CSP and CFP in some industries or if the study introduces a lead-lag type of relation like Preston and O’Banon (1997). Further, “a good social performance can provide other financial advantages in the form of improved relations with bankers and investors, which can facilitate their access to capital” [Spicer, (1978) as cited in Orlitzky et al., (2003), p. 407]. The issue of the nature or directionality of the relation between CSP-CFP has not been resolved in literature, but “at the very least good social performance does not lead to poor financial performance and the

early work done in this field should be treated as historical reality, not empirical truth” [Roman et al. (1999), p. 121]. Table 2.6 presents an overview of some of the studies that have evaluated the relation between social and financial performance.

Preston and O’Bannon (1997) stressed on evaluating the directional nature, that is, whether social and financial performance are positively or negatively related, as well as the causal nature of the relationship between CSP-CFP, that is, whether social performance influenced financial performance or vice-versa. It is likely that profitable companies can spend more. Patten (1991) and Preston and O’Bannon (1997) stated that despite firms wanting to appear as good corporate citizens, their contributions towards social causes (actual behaviour) are largely dependent on the availability of funds and, therefore, profitability in one time period makes funding of social programmes in subsequent quarters easier. Their (Preston and O’Bannon, 1997) research supported this assessment and found CFP to either precede or have a contemporaneous relation with social performance, although contemporaneous studies have not often been undertaken. Another school of thought, explored by researchers, is whether a good CSP can have a positive impact on CFP in a subsequent period, once an external reputation develops (Aras et al., 2010; Preston and O’Bannon, 1997). Based on the prior literature, the following hypotheses can be proposed:

- Availability of funds hypothesis

Coined by Preston and O’Banon (1997), the hypothesis proposes that a good CFP will lead to a good CSP. The basis of this claim arises from the prospect that when a company does well financially, the chance that the additional funds generated can be used to propagate socially responsible activities, increases. This may be due to ethical underpinnings, the fear of attracting undue interest from stakeholders, particularly regulatory authorities, about the means of profit generation or with the hopes of accruing tangible and intangible benefits for itself. The hypothesis has been used in previous studies (Aras et al., 2010; Lin et al., 2009; Makni et al., 2009; Preston and O’Bannon, 1997; Waddock and Graves, 1997; Yang et al., 2010).

- Social Impact hypothesis

This hypothesis propounds the view that a good CSP will lead to a good CFP (Preston and O’Bannon, 1997). The logic that a company with a good social performance is likely to face less opposition from stakeholders like the government, employees, etc., gain in terms of marketing performance, as well as investment, has been extensively discussed in

Table 2.6: Relation between social and financial performance

Author (year)	Financial Indicator	Social Indicator	Method Used	Findings
Barnett and Salomon (2012)	ROA, PAT (1214 firms, 1998–2006)	KLD scores	Multiple Regression	Quadratic, U-shaped relation between CSP and CFP
Aras et al. (2010)	ROE, ROA and ROS (40 firms, 2005-2007)	Content analysis of annual reports	Multiple Regression	No significant relation
Yang et al. (2010)	ROA,ROA (150 firms, 2005-2007)	Rating indicators of the AReSE method (France)	Multiple Regression	Uncertain relationship
Lin et al. (2009)	ROA, Jensen measure, amended Jensen measure, Treynor measure, Sharpe measure, MCV measure (33 firms, 2002-2004)	Donation ratio	Rate of return	CSR has significant impact on long-term FP
Makni et al. (2009)	ROA, ROE (179 firms, 2004-2005)	Michael Jantzi Research Associates (MJRA) ratings	Ordinary least squares (OLS) regression models testing Granger causality	No significant relation; significant negative impact of the environmental dimension of CSP on CFP
Preston and O'Bannon (1997)	ROA, ROE, ROI (67 firms, 1982-1992)	Fortune survey, CERESP, PEOPLE, PSQ	Correlation coefficients	Significant positive relation when CFP precedes CSP and CSP contemporaneous to CFP
Waddock and Graves (1997)	ROA, ROE, ROS (469 firms, 1989-1990)	KLD dimensions	Multiple Regression	Significant positive relation
Aupperle and van Pham (1989)	Total ROI, ROA, ROE, Sales growth, EPS growth, stock price growth, (241 firms, 1982- 86)	Forced choice questionnaire	Correlation, regression	No significant relation
Aupperle et al. (1985)	ROA (241 firms, 1976-1980)	Forced choice questionnaire	Correlation, Regression, T-test	No significant relation

previous sections. The hypothesis has been tested in different contexts by Aras et al. (2010), Lin et al. (2009), Makni et al. (2009), Preston and O'Banon (1997), Waddock and Graves (1997), and Yang et al. (2010) among others. The CSP-CFP relation has also been explored with research and development intensity (R&D intensity), which is likely to influence CFP, as a control variable (Aras et al., 2010; Lin et al., 2009; McWilliams and Siegel, 2000; Yang et al., 2010). Some authors (McWilliams and Siegel, 2000; Aras et al., 2010; Barnett and Salomon, 2012) further propounded that the CSP-CFP would be neutral if CFP was represented by profitability and R&D intensity was used as a control variable.

2.7 Research techniques used in CSR research

Orlitzky et al. (2003), while quoting Post (1991), suggested that four broad measurement strategies have been employed in association with CSP- “CSP disclosures” (which consists of content analysis of corporate disclosures like letters to shareholders, annual reports, etc.), “CSP reputation ratings”, provided by reputed agencies, “Managerial CSP principles and values”, often evaluated through questionnaires and “Social audits, CSP processes, and observable outcomes”. Maignan and Ferrell [(2000), p.285] categorised measurement methods as “expert evaluations, single and multiple-issue indicators and surveys of managers”. Other researchers like Soana (2011) identify content analysis, questionnaire surveys, reputational measures, one-dimensional indicators (a single aspect of CSR like a dialogue with the local community and philanthropy) and ethical rating as the methods adopted to measure CSP. Based on the classifications proposed by CSR researchers, above, CSR measurement techniques can be categorised as reputational indices, questionnaire surveys to gauge managerial perception, single or multiple dimension indicators, and content analysis of company disclosures. In the following paragraphs, each of these methods has been discussed. This section also briefly explores some research techniques that have been used in different contexts to gauge facets of CSR. The identification of research techniques used in CSR studies can be useful in gaining insight into the research methods that may be employed to fulfil the aim of exploring CSR in India.

2.7.1 Reputational indices

Reputational measures “are ratios worked out by researchers or specialised journals that calculate a score on the ‘goodwill’ associated with the company reputation on the basis of a subjective definition of social performance” [Soana, (2011), p.135]. Reputation indices or databases include Kinder, Lydenberg, and Domini (KLD) Database, “which rates

companies, traded on the US stock exchange, on the basis of the eight attributes of social activities (community relations, employee relations, environment, product, treatment of women and minorities, military contracts, nuclear power, and South Africa)” [Waddock and Graves, (1997), p.307], Canadian Social Investment Database (CSID) (which is inspired by KLD rating), the Fortune Index, etc. (Maignan and Ferrell, 2000). However, Orlitzky et al. (2003) refer to the Moskowitz’s tripartite ratings (Moskowitz 1972, 1975), Fortune magazine ratings and certain works based on the survey of business professionals (Alexander and Buchholz, 1978; Heinze, 1976; Vance, 1975), as reputational indices and the KLD is referred to as a social audit. “Social audits consist of a systematic third-party effort to assess a firm’s ‘objective’ CSP behaviours, such as community service, environmental programmes, and corporate philanthropy” [Orlitzky et al. (2003), p.408]. Other indices include the pollution control data released by the Council on Economic Priorities (CEP), “community and environmental responsibility (CERESP), PEOPLE (Ability to select and retain good people) and PSQ (Quality of products and services)” [Preston and O’Bannon, (1997), p.425]. Reputational indices have been used in a variety of studies to represent CSR. These include effect of environment on CSR adoption (Marano and Kostova, 2016), exploring the relation between CSP and financial performance (Barnett and Solomon, 2012; Belkaoui, 1976; Blackburn et al., 1994; Brown and Perry, 1994 and 1995; Cochran and Wood, 1984; Preston and O’Bannon, 1997; Waddock and Graves, 1997), exploring the determinants of CSR (Wiseman, 1982), the effect of CSP on organisation’s reputation (Minor and Morgan, 2011), on executive compensation (Thorne et al., 2014) and the impact of gender and diversity in company’s board on CSR (Bear et al., 2010), etc.

2.7.2 Questionnaire survey

Managerial or stakeholder perceptions are often obtained through a questionnaire survey (Maignan and Ferrell, 2000). Examples of scales aiming to gauge CSR perceptions and expectations at the individual level include Aupperle’s questionnaire (1984), in fixed choice format, which measures the values ascribed to the individual components of Carroll’s four-dimensional model by managers or relevant stakeholders. Aupperle’s (1984) fixed format has subsequently been adapted and used to judge the perceptions of different stakeholders, like Board of directors (Ibrahim and Angelidis, 1995; Ibrahim et al., 2003), managers (Ibrahim and Parsa, 2005; Podnar and Golob, 2007), employees (Angelidis and Ibrahim, 2004; Smith et al., 2004) and even consumers (Dusuki and Yusof, 2008; Smith et al., 2001), to rank the four CSR dimensions proposed by Carroll (1979). The questionnaire

has also been used to compare CSR perceptions between different countries (Maignan and Ferrell, 2004), and gender, race and religiosity (Dusuki and Yusof, 2008; Smith et al., 2001). Other authors like Turker (2009), who attempted to gauge employee perceptions about CSR, and Quazi and O'Brien (2000), who studied managerial attitudes towards social responsibility, propagated CSR literature by developing their own studies.

2.7.3 Single-dimension and multiple-dimension indicators

Single-dimension and multiple-dimension indicators are used by some researchers to avoid the inherent subjectivity present in the evaluation of CSP by experts, like in the case of reputational indices developed by others (Maignan and Ferrell, 2000). Researchers have used single dimensional indicators like environmental performance to represent CSR (Belkaoui, 1976) and corporate criminality as an indicator of corporate citizenship (Baucus and Baucus, 1997; Davidson and Worrell, 1990). Some CSR studies have used the presence or absence of CSR as a single dimension indicator of CSR, for example, Mittal et al. (2008), which explored the linkage between EVA and CSR. Using one dimension of CSR limits the purview of the study. Hence, some researchers constructed their own multi-dimensional indices on the basis of categories provided by reputational indices and other studies. For example, KLD based index to study the impact of CSR on attractiveness to prospective employees (Albinger and Freeman, 2000; Duarte et al., 2014; Turban and Greening, 1997), studies to assess the relation between CSP and CFP, by combining the KLD index, Fortune reputation index, the rankings provided in the Directory of Corporate Philanthropy, and the Toxic Release Inventory (TRI) (Griffin and Mahon, 1997) or by combining factors in KLD index, GRI and other international standards (Mishra and Suar, 2010a). Webb et al. (2008) developed the responsible purchase and disposal (SRPD) scale and Singhapakdi et al. (1996) developed the perceived role of ethics and social responsibility (PRESOR) scale which measured “marketers’ perceptions regarding the role of ethics and social responsibility” (p.1131) in achieving organisational effectiveness and found use in different studies (Curtis, 2015; Wurthmann, 2013).

2.7.4 Corporate social disclosure and its measurement

For more than thirty-five years, the areas of CSR and related CSD have been of interest to researchers (Orij, 2010). CSD can be defined as “the provision of financial and non-financial information relating to an organisation's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports” [Guthrie and Mathews, (1985), p.252]. It informs interested parties about a company’s attitude towards and

commitment to issues of social and environmental importance, like participation in social activities, employee welfare, compliance to environmental regulation, waste management, etc. and can provide an advantage to a company over non-disclosing peers in areas like stakeholder relations, customer markets, capital, labour and suppliers (Haron et al., 2006; Mahadeo et al., 2011). Factors like compliance with legal requirements or industry expectations, economic gains, fulfilment of expectations of the community, mitigation of threats to a company's legitimacy, satisfying stakeholder groups, winning awards for reporting, positive publicity, and a belief in providing accountability through reporting, also encourage managers to report about an organisation's social and environmental activities (Deegan, 2002).

Increasing stakeholder concerns, questionable business ethics, and the move by many creditors towards ethical investments require new accounting methods that will enable organisations to address these issues. Reporting CSR is a step towards transparency, accountability and fulfilling stakeholder expectations (Deegan, 2002; Haron et al., 2006). Stakeholders are directly or indirectly influenced by corporate behaviour and are thus able to determine how far expectations have been met and whether firm performance has been desirable or not (Wood and Jones 1995). Apart from shareholders, the term stakeholder represents groups, not all of whom are direct beneficiaries of the company's economic performance but rather of the social and environmental effects of its operations. The Legitimacy theory, which states that the social contract between business and society mandates business to seek societal approval for its objectives and rewards for undertaking socially desirable activities (Guthrie and Parker, 1989) is another factor that encourages social disclosure. Other researchers have emphasised that social responsibility can be equated with social power and the avoidance of this responsibility will lead to losses for the business (Davis 1960; Dodd, 1932; Gantt, 1919). CSD is an effective means of informing society about a corporation's actions as a responsible corporate citizen and thus gaining their approval and minimising the risks of negative publicity in the event of accidents.

The content analysis of company publications is a useful method to measure corporate social activities (Abbott and Monsen, 1979). Ernst and Ernst's annual unpublished summary, beginning in 1971, analysed whether the Fortune 500 companies reported in the social involvement categories of community involvement, equal opportunity, personnel, environmental, and products, by undertaking a content analysis of their annual reports

(Abbott and Mosen, 1979; Ullmann, 1985). Guthrie and Parker (1990 as cited in Raman, 2006) analysed social disclosures in annual reports of 150 companies in Australia, UK and USA under the categories of community involvement, human resources, energy, environment, and product related issues. Gray et al. (1995a, 1995b) used fifteen categories of social and environmental reporting, like charitable and political donation, community, customers, employee (nine categories), energy, environment, and general statements, to undertake a content analysis of the annual reports of UK companies, over thirteen years (1979-87). Hackston and Milne's (1996) CSR category index, was based on the prior research of Ernst and Ernst in 1978 and Ng in 1985 (Aras et al., 2010) and has found use in CSD studies in the context of countries like Australia (Cowan and Deegan, 2011; Tilt, 2001), Bangladesh (Islam and Deegan, 2008), New Zealand (Hackston and Milne, 1996), and Turkey (Aras et al., 2010). While the four major CSR categories of community, customers, employee, and environment, (Gray et al., 1995b) and their adaptations have been used quite often in CSD studies by researchers (see Jain et al., 2015; Jizi et al., 2014; Patten and Zhao, 2014), some others, like Cowan and Deegan (2011), Montabon et al. (2007), and Tilt (2001) have preferred to study only the environmental disclosures of companies.

Apart from measuring CSP in some form or the other, CSR literature is also replete with studies where researchers have propounded new theories to understand the abstract nature and effects of CSR. A lot of such work is already mentioned in section 2.2, where the evolution of CSR was discussed. Table 2.7 attempts to bring to light some other research techniques that have been applied in CSR research. These include conceptual studies, which theorise CSR aspects on the basis of existing literature, literature reviews, which explore CSR literature in a particular direction, case studies highlighting CSR facets in a particular industry (Jones et al., 2005) or company (Bondy, 2008; Okeudo, 2012; van Huijstee and Glasbergen, 2010), among others. In CSR literature, questionnaire surveys have often been used to access managerial (Podnar and Golob, 2007) and employees' (Nejati and Ghasemi, 2012) input about a company's CSR. Questionnaire surveys have been conducted by researchers in person, or the prospective respondents are contacted through email. Completed surveys are analysed by researchers to appraise the relation between constructs or explore CSR facets. Some studies that have employed this method, have explored areas, like relation between motivation for CSR and CSR activities (Chung et al., 2016), motivation for issuing CSR reports (Deegan, 2002; Islam and Deegan, 2008), contribution of CSR in sustainable development (Kim et al., 2014), role of CSR in increasing employee morale, reducing

Table 2.7: Methodologies applied in CSR research

Author (Year)	CSR aspect explored
Literature Review	
Fatma and Rahman (2015)	Consumer perspectives toward CSR
Wangombe (2013)	Perspective about corporate environmental reporting
Aguinis and Glavas (2012)	Analysis of CSR literature at the institutional, organisational, and individual levels
Vaaland et al. (2008)	CSR theory and research in the marketing context
van Beurden and Gössling (2008)	Relation between CSP and CFP
Salzmann et al. (2005)	Business case for sustainability
Case study	
Okeudo (2012)	Impact of CSR on society (petroleum company as example) (CS)
Conceptual Studies	
Porter and. Kramer (2011)	CSR redefined as Corporate Shared Value
Scherer and Palazzo (2011)	Political role of businesses in a globalised world
Vilanova et al. (2008)	CSR embedded in business practices generates innovative practices and competitiveness
Chahal and Sharma (2006)	CSR can sustain competitive advantage, serve as a tool in marketing
Porter and. Kramer (2006)	CSR can have the potential to drive social progress
Sen and Bhattacharya (2001, 2004)	Explores CSR as marketing mix and consumer attitude towards companies engaging in CSR
Maignan and McAlister (2003)	Conceptualization of socially responsible buying (SRB) that accentuates the role of stakeholder and organisational norms
Burke and Logsdon (1996)	Value creation- customer loyalty, future purchase, productivity gains, new products or markets, edge in meeting emergencies
Interviews	
Babiak and Trendafilova (2011)	Motives to adopt green management practices
Mohr et al. (2001)	Explores a substantial, viable, identifiable and growing segment of consumers to whom CSR matters

employee turnover and attracting good employees (Riordan et al., 1997), improving long-term performance, providing a competitive advantage (Podnar and Golob, 2007), the role of management control systems in managing the strategic CSR processes (Arjaliès and Mundy,

2013), among others.

2.8 Research gap

The literature review revealed the following research gaps:

- CSR has generated considerable academic interest in the West, and it is the lack of corresponding literature from developing countries, like India, that warrants an investigation into the different aspects of CSR.
- There is relatively limited research on the social and environmental practices within developing countries or the pressures exerted on the organisation in developing countries (Islam and Deegan, 2008; Khan et al. 2009; Khan, 2010).
- There exists a research gap in the evaluation of the nature and scope of CSR reporting of Indian organisations, particularly over periods greater than five years.
- The increasing number of Indian organisations jumping onto the ‘CSR bandwagon’, and limited empirical research about the organisational motivation for CSR, especially in the light of the mandatory provisions of the Companies Bill, 2011 (now Companies Act, 2013), necessitates research.
- No reported research was found to compare the perceptions of different CSR personnel in India, about issues like the motivation for CSR adoption, the motivation for CSR reporting and the business implications for CSR.
- Research on the NGO-business partnership is essentially restricted to Western companies and Western NGOs, and the Indian perspective has rarely been explored.
- The delegation of governmental roles in the area of CSR has seldom been provided in the context of developing economies. There is a need to reassess the classifications of the governmental instruments of intervention, defined previously by authors like Fox et al. (2002), Steurer (2010) and Ward (2004), in the light of stakeholder expectations in developing countries.
- There is a dearth of literature on CSR assessment, particularly from India, that takes Indian requirements and perceptions into account.

2.9 Conclusions

The chapter provided a didactic account of the evolution of the multi-faceted concept of CSR and helped establish why existing notions related to CSR should be researched in the Indian context. Notions akin to social responsibility have existed from a long period, often originating as religious doctrine or monarchical decree and the notion has evolved as a result

of technological evolution, and massive socio-economic changes brought about by events like the industrial revolution and the two world wars. CSR, as a terminology, started to gain popularity in the 1950s and was further elaborated on, in the coming decades. India is one of the first countries to introduce statutory legislation mandating CSR spending, reporting and issuing governance-related changes for organisations. The differences in the evolution of CSR in India and the West warrant an exploration of the various facets of CSR in the Indian context. There exists a research gap when it comes to mapping existing CSR theories, defined in the Western context, on issues like areas of CSR reporting, motivations for CSR, business implications of CSR, and the role of the government and NGOs in CSR in India. The chapter also reviewed the research techniques that have been used prominently in CSR literature.

CHAPTER 3 - RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodological foundations of the current research by addressing the procedures pertaining to the qualitative and quantitative research techniques applied in the thesis. The chapter covers the areas of research design, the research methods used in the thesis, their suitability for the study, sample, and data collection for each research method. Section 3.2 details the research design of the study.

3.2 Research design

The literature review (Section 2.7) has shown that both qualitative (content analysis, interviews, case studies) and quantitative methods (questionnaire survey, single and multi-dimensional scales) have been used in CSR research. While some researchers have claimed that only quantitative methods, using representative samples, lead to results, others (like McKinlay, 1995) stress that qualitative research not only helps to build constructs in initial stages and explain findings of the quantitative method but, in areas like public health and social sciences, leads to more relevant results than their quantitative counterparts (Cronbach 1975; Deshpande, 1983; Flick, 2014). Qualitative research can also help in the development of hypothesis for research that can be tested through quantitative approaches (Lazarsfeld, 1955 cited in Flick, 2014). Quantitative and qualitative research can be undertaken sequentially or simultaneously to better analyse the research problem (Miles and Huberman, 1994). Multiple methods can be used for corroboration of results or complement one set of results with another (Flick, 2014). Since this research aspires to understand and evaluate a variety of issues pertaining to CSR in India, a research design that ensured the use of existing company CSR information, to understand past CSR trends, as well as present CSR perceptions, was required.

The research design of the thesis uses primary and secondary data sources in conjugation with each other to throw light on the CSR practices, perceptions and implications, in India. Table 3.1 shows the different research methods applied to fulfil the objectives of the thesis (Section 1.6). The qualitative method of content analysis of CSD was seen as a suitable method to fulfil objectives, like understanding the motives for CSR, identifying CSR activities, CSR reporting in India, addressing the relation between CSP and CFP and the role of NGOs in CSR, that attempted to explore CSR facets in an environment

where there was negligible governmental intervention in the area of CSR in India. The research also explores documents available on the websites of various ministries of the GoI to understand the governmental vision, objectives, departments, etc. influencing CSR in India.

Table 3.1: Data sources and research methods applied in the thesis

	Objective	Data Source		Research Method	
		Sec*	Prim*	CA [#]	QS [#]
1.	To understand the motivation of Indian organisations for CSR	√	√	√	√
2.	To identify the most popular CSR practices in India	√	√	√	√
2.1	To identify major areas of CSR disclosure (vis-à-vis employee, community, energy, environment, etc.)	√		√	
2.2	To analyse the nature of reporting of corporate social disclosures	√		√	
2.3	To analyse the motivation of corporate social disclosure		√		√
2.4	To analyse the trends in CSR reporting over a period of eight years	√		√	
2.5	To perform a comparison of public and private sector; manufacturing and service sector, on the basis of their CSR disclosures	√		√	
3.	To evaluate the perceptions about various aspects of CSR amongst CSR practitioners in India	√	√	√	√
4.	To analyse the roles of the government and NGOs in promoting CSR initiatives	√	√	√	√
5.	To analyse the implications of CSR within and external to the organisation	√	√	√	√
5.1	To study the relation between corporate social performance and corporate financial performance in India	√		√	
6.	To ascertain the future perspectives and developments likely to occur in the CSR scenario of the country		√		√

*Prim-Primary, Sec-Secondary, [#] CA Content analysis, QS-Questionnaire survey

A questionnaire survey was employed to fulfil research objectives that required input from CSR professionals and, therefore, could not be covered by the analysis of secondary data alone. The questionnaire included questions regarding motivation for CSR, the motivation for

reporting CSR, governmental intervention in CSR, exploration of the NGO-business relation in the context of CSR, business implications, future perspectives, and CSR assessment techniques. A literature review of research in the above-mentioned areas and in-depth interview with experienced CSR personnel helped in the formulation and refinement of the questionnaire (Churchill, 1979; Hair et al., 2008). The qualitative and quantitative research, undertaken in the study, has largely “complementary strengths and non-overlapping weaknesses” (Johnson and Turner, 2003). For example, while content analysis affords an analysis of CSR trends including the need for regulatory intervention in India, the questionnaire survey provides, in the context of mandatory CSR legislation, a perspective of what roles CSR personnel expect the government to play in the area of CSR. Further, the sample of companies selected for the qualitative and quantitative studies overlap. The quantitative study has a larger and complementary sample of companies, selected on a similar basis as those in the qualitative study, to ensure greater resonance in the findings of the thesis. In cases like motivation for CSR, CSR assessment, implications for CSR, the findings from the questionnaire survey provided new insight that led to the re-examination of company CSR and literature to add a new dimension in these areas, such as the development of the CA-AHP CSR assessment model and the potential for inclusive growth through CSR. Triangulation means taking different perspectives on an issue, investigated through different methods or theoretical perspectives, and combining them (Flick, 2014). This study attempts to triangulate the findings from across chapters and research methods to provide a more holistic picture of CSR in India, which can be of use to various CSR stakeholders. The sections below detail each research method, their sample and other procedures related to it.

3.3 Research questions

The literature review and discussions with faculty, CSR experts, and government officials gave rise to the following research questions:

- What motivates Indian companies to engage in CSR? Will different CSR personnel perceive the motives for adopting CSR similarly?
- What motivates Indian companies to report CSR? Do different CSR personnel perceive the motives for reporting CSR differently?
- Which CSR practices have gained prominence in India? Will different CSR professionals perceive these CSR activities differently?

- What is the nature of reporting of corporate social disclosures in India? Is there a difference in the amount of CSR disclosures between public and private sector companies and service and manufacturing sector companies?
- Do stakeholders like the government and NGOs influence CSR in India? How do different CSR professionals perceive governmental roles in CSR?
- Which stakeholders are likely to remain relevant in the future?
- Does CSR generate any positive outcomes for a company? How are these outcomes viewed by different CSR personnel?
- Can CSR have an effect on society?
- Is there a relation between corporate social performance and financial performance?

3.4 Hypotheses

Based on the research questions that emerged through the literature review, discussions with CSR experts and faculty and in accordance with the research objectives, the following hypotheses were proposed:

- H₀ The amount of corporate social disclosures reported by public and private sector companies are the same.

H₁ The amount of corporate social disclosures reported by public sector units is more than private sector companies.
- H₀ The amount of corporate social disclosures reported by manufacturing and service sector companies are the same.

H₁ The amount of corporate social disclosures reported by service sector companies is more than manufacturing sector companies.
- H₀ CSR managers, consultants and NGOs perceive the same motivation for adopting CSR.

H₁ NGOs prioritise some of the motives for adopting CSR, as compared to CSR managers and consultants.
- H₀ CSR managers, consultants and NGOs perceive the same motives for reporting CSR.

H₁ NGOs prioritise some of the motives for reporting CSR, as compared to CSR managers and consultants.
- H₀ There is no difference in how CSR managers, consultants and NGOs regard different CSR activities.

- H₁ NGOs prioritise some of CSR activities, as compared to CSR managers and consultants.
- H₀ There is no difference in how CSR managers, consultants and NGOs perceive the governmental roles, with regard to CSR.
6. H₁ NGOs prioritise some of the governmental roles, with regard to CSR, as compared to CSR managers and consultants.
- H₀ There is no difference in how CSR managers, consultants and NGOs perceive the business implications of CSR.
7. H₁ CSR managers and consultants assign more importance to some of the business implications of CSR, as compared to NGOs.
- H₀ A good social performance is independent of a good financial performance.
8. H₁ A good financial performance leads to a good social performance.
- H₀ A good financial performance is independent of a good social performance.
9. H₁ A good social performance leads to a good financial performance.

3.5 Content analysis

Content analysis, used commonly, to assess the social and environmental disclosures of an organisation (Gray et al., 1995b; Milne and Adler, 1999), “involves codifying qualitative and quantitative information into pre-defined categories in order to derive” [Guthrie and Abeysekera, (2006), p.120] valid and replicable inferences (Krippendorff, 1981) from the data provided. It allows large amounts of data to be collected and analysed unobtrusively, in a particular context (Krippendorff, 1981), and has been used to unearth patterns in communication, or reveal the points of interest to any group, institution or society, etc. (Weber, 1990). CSD literature has extensively employed content analysis over the years (see Aras et al., 2010; Campopiano and De Massis, 2015; Cowan and Deegan, 2011; Freundlieb and Teuteberg, 2013; Gautam and Singh, 2010; Hahn and Lülfs, 2014; Jain et al., 2015; Jizi et al., 2014; Karaibrahimoglu, 2010; Patten and Zhao, 2014; Mahadeo et al., 2011; Rahman et al., 2011). The choice of an appropriate document for analysis, determination of the unit of analysis and identification of themes for content classification, are the three major requirements for undertaking content analysis (Raman, 2006).

3.5.1 Suitability of content analysis

Content analysis can be used for a variety of purposes like disclose differences in communication content, detect the existence of propaganda, reflect cultural patterns of

groups, institutions, describe trends in content, etc. (Weber, 1990). The properties of content analysis that make it suitable for application are -

- The technique does away with the problem of respondents being influenced by the researcher or respondents distorting their responses in different ways once they are made aware that they are under observation and reveals insights which may otherwise not have been possible (Maphosa, 1997; Weber, 1990).
- It allows examination of pre-existing data, like text or transcript of communication, to decipher aspects of social interaction and of documents over a period of time. Thus, the evaluation of CSR activities and reporting in past years can be undertaken with this qualitative technique using publicly available secondary data. (Weber, 1990)
- Drawbacks of content analysis, like subjectivity in variable selection (Cochran and Wood, 1984) and the possibility of biases in reporting, through omission and inclusion (Waddock and Graves, 1997), can also be found in other CSR measurement methods. For example, reputational indices are highly subjective in nature and often witness small sample sizes and significant variation between observers, which raise questions about reliability and generalizability of the findings (Cochran and Wood, 1984). Single-issue indicators, like pollution control mechanism (see Cowan and Deegan, 2011), limit the study to a single dimension (Maignan and Ferrell, 2000), and opinion surveys of managers can provide biased information and leave the researcher at the mercy of the respondent to collect information (Abbott and Monsen, 1979).

This study undertakes content analysis with the aim to conduct a longitudinal study to investigate the characteristics of CSR reflected in previously published company disclosures, particularly, since CSD studies, in India, were seldom found to cover more than two years. The content analysis of company disclosures also provides a preliminary insight into CSR, which in turn can serve to refine items for a quantitative study using a questionnaire survey.

3.5.2 Document for analysis

The annual report of an organisation is a credible source of information about the social and environmental activities of an organisation, listed on a stock exchange, (Guthrie and Abeysekera, 2006) to its different stakeholders (Raman, 2006). It represents the “organisation’s construction of its own social imagery” [Gray et al., (1995b), p.82] since the decision to include content in an annual report or omit it, is taken consciously by the company, in the light of the type of message it wishes to convey to its stakeholders (Guthrie

and Abeyssekera, 2006). Annual reports are readily available on company websites and repositories, in the public domain, and do not pose the challenge of receiving few responses like in the case of a voluntary business survey (Abbott and Monsen, 1979). Further, a survey of Indian consumers (Planken et al., 2010) revealed that company annual reports were considered a reliable document for the communication of CSR data. Annual reports have acted as the document of analysis quite often in CSR literature as well (see Aras et al., 2010; Campopiano and De Massis, 2015; Gao, 2011; Hackston and Milne, 1996; Haron et al., 2006; Jain et al., 2015; Jizi et al., 2014; Mahadeo et al., 2011; Raman, 2006) and hence, in this study, annual reports serve as the source of company CSR data. The CSD in annual reports is assumed to be a true representation of facts by a company.

3.5.3 Unit of analysis

According to Weber (1990), the unit of a text can be classified as - paragraph, sentence, theme, whole text, word, and word sense. Codification of areas of pages or words “add unnecessary unreliability” (Milne and Adler, 1999), accounting for different page sizes, font sizes, and margins makes page measurements difficult (Ng, 1985 in Aras et al., 2010; Raman, 2006) and words may lose their meaning without the context provided by a sentence (Raman, 2006). Such problems, which make the judgement about what is CSD difficult, do not plague sentences (Hackston and Milne, 1996) and, therefore, make a case for adopting sentences as the unit of analysis in this study. Further, in the content analyses of environmental and social disclosure, sentences have been found to be most reliable and have been most widely used by researchers (Milne and Adler, 1999), for example, Aras et al. (2010), Gray et al. (1995b), Hackston and Milne (1996), Raman (2006), etc. For each company, the amount of disclosures in any CSR category is equal to the total number of sentences providing information about the company’s activities in that CSR category.

3.5.4 Themes for classification

The categories, sub-categories off CSD, and the rules for determining as to what constitutes CSD were adapted from Hackston and Milne (1996) to suit the Indian context (Appendix I, II, III). The index identified the CSR categories of community, employee health and safety (employee H&S), employee other, energy, environment, product, and general CSR policies, which have been used in this study as well, with certain modifications (Appendix I, II, III) mentioned below:

- Employee other –The “employee profile” sub-category dealt with a company declaring employee statistics like the number of employees, in branches, managerial positions, etc.

In India, employee statistics were available for only those employees who earn above a threshold determined by law. “Employee profile” was unlikely to indicate the general wellbeing of employees and its inclusion in the index could skew the analysis of the number of disclosures in the employee other category, in favour of companies with a greater number of disclosures in employee profile rather than in other categories. “Employee profile” was therefore excluded from the study.

- Product- A company’s initiatives are accepted as CSD only when they exceed the accepted requirements of the marketplace. Product quality, which can be ascertained by a company’s compliance with national or international standards like ISO 9001, etc. is considered as a part of product development.
- Energy- A company’s initiatives to adopt and encourage renewable energy is considered separately since the government has placed significant emphasis in this area.
- Community –
 - Owing to the significant role that agriculture plays in the Indian economy, activities undertaken by companies specifically for farmers and animal husbandry are incorporated in the index.
 - CSR initiatives benefiting the neighbouring community (NC) and certain sections of the population, like backward sections (BS), children, elderly, physically challenged (PC), and women, whose welfare is of interest to the government, are taken note of. In the event that a company has not mentioned any particular beneficiary for a CSR programme implemented in the neighbourhood of its operational facilities, the term NC is used to indicate the beneficiary. However, initiatives undertaken distinctly for BS, children, elderly, PC, or women, whether in the NC or elsewhere, were documented separately. BS represents the socially and economically backward sections, like SC, ST, and OBC, etc.
 - Contribution to less popular sports and encouraging sportspersons, who are not a part of mainstream sports, is also considered.

Statements are also classified on the basis of the nature of the evidence they provide:

- Monetary - Express “factual information concerning firm’s socially responsible disclosures expressed in monetary terms”. [Alnajjar, (2000), p.180]
- Non-monetary (quantitative) - Specify “the number of non-monetary values like percentages, numbers, etc.” given about a CSR category. [Alnajjar, (2000), p.180]

- Declarative - Disclosures not pertaining to the above two categories. (Tilt 1998, as cited in Aras et al., 2010)
- Neutral – “Statement of facts whose credit/discredit to the company is not obvious” [Gray et al., (1995b), p.99].
- Good – Statements about “corporate activities having a positive, beneficial impact on society” [Guthrie and Parker, (1989), p.343], and “reflecting credit on the company” [Gray et al., (1995b), p.99].
- Bad - Statements about “corporate activities having a negative and detrimental impact on society” [Guthrie and Parker, (1989), p.343] that might “reflect discredit on the company”, for example, any increase in accidents, etc. [Gray et al., (1995b), p.99].

At the beginning of the study, based on the rules devised by Hackston and Milne (1996), three coders performed content analysis on a report to ensure analytically, the reliability of what could be described as CSD and subsequently the CSR category (energy, community, etc.) it belonged to. The value of 1 was assigned by the coders if the statement was not considered CSD else a value between 2 to 7 was assigned based on the CSR category to which the statement belonged. Krippendorff’s α , a standard statistic to test for inter-coder reliability in content analysis (Hayes and Krippendorff, 2007) studies (see Aras et al., 2010; Cowan and Deegan, 2011; Hackston and Milne, 1996; Tilt, 2001) was found to display an acceptable level of reliability (0.946).

The emerging role of NGOs as partners in CSR was mentioned in the literature review, and it is of interest to note whether they have received representation in CSD. The content analysis of reports provided an opportunity to explore their role (if any) in the CSR scenario in India and gauge whether the rising importance of NGOs in CSR is reflected in India. Prior studies, like Shumate and O'Connor (2010), have also explored the portfolio of NGO partners by analysing corporate communication presented on company websites. Therefore, having established what can be regarded as CSR activities, the mention of any NGO-business interaction in this context was further explored to answer the following questions:

- Have NGOs been mentioned in the context of activism that is detrimental to company interests or mentioned as partners or associates in the CSR process?
- In any year (2004-2011), the number of companies which have mentioned working with an NGO partner(s) for their CSR programmes

- Number of companies which identify at least one NGO partner by name
- If an NGO-business partnership has been mentioned, in which CSR categories, has the company sought a partnership with NGOs?
- Beneficiaries or target groups (women, children, etc.) which are helped through the NGO-business partnership
- Information about selection of NGO partners
- Reasons for alliance with NGOs and the nature of the alliance
- Challenges in NGO-business partnership

3.5.5 Sample and data collection for content analysis

42 non-financial companies, listed on the Nifty 50 index of the National Stock Exchange (NSE) in India, as on March 31, 2011, were selected as the sample for the study. The NSE, a nation-wide electronic market stretching to more than 1500 locations in India, offers trading in “Capital Market, Derivatives Market and Currency Derivatives” (NSE, 2015). The Nifty 50 index is a representative index of 50 firms that are largely chosen based on their market capitalisation. The inclusion of companies listed on a stock exchange is a traceable selection process (Freundlieb and Teuteberg, 2013) that has found favour in prior , CSD research (see Aras et al., 2010; Campopiano and De Massis, 2015; Gao, 2011; Guthrie and Parker, 1990; Hackston and Milne, 1996; Jizi et al., 2014; Mahadeo et al., 2011; Rahman et al., 2011). Further, the annual reports of listed companies are easily available in the public domain, and such companies are expected to be the first to follow any new standards introduced. The Nifty 50 companies are regularly traded and boast of considerable market capitalisations. They remain under the scrutiny of stakeholders, like the government and the public, owing to their large-scale operations that spread across different parts of the country and their ability to influence rural India and society in general. The large amount of resources, both financial and technical, at their disposal along with the wide reach of their marketing and manufacturing operations increases the expectations of responsible practices from stakeholders, as a result of which the Nifty 50 companies are likely to be more open to adopting and reporting their social activities. Further, large firms are more likely to be active with regard to CSR and innovative examples than smaller companies (Graafland and van de Van, 2006; Gray et al., 1995b) and “tend to be precursors to the integration of CSR in the society as a whole” [Chapple and Moon, 2005 as cited in Alon et al. (2010), p.12]. They (large firms) have been used in prior studies to evaluate CSR through company reports as well (see Alon et al., 2010; Campopiano and De Massis, 2015; Gray et al., 1995b; Raman,

2006). The companies considered in the study belong to industries like automobile, cement and cement products (cement), construction, consumer goods (CG), energy, industrial manufacturing (IM), IT, metals, pharmaceuticals (pharma) and telecom. Since the reporting practices of financial companies differed from the other listed companies, 8 financial companies listed on the Nifty 50 were omitted from the study. Organisations with different reporting practices have been eliminated in prior studies as well (see Aras et al., 2010; Elshandidy, 2014; Hackston and Milne, 1996). Appendix IV lists the organisations that were considered for the study.

The year 2011 was considered as a point of reference, and the annual reports issued by the 42 companies, in previous years, were collected. The choice of 2011 is based on the fact that CSR reporting was mandated for the companies being considered for content analysis in this study in November 2011. In a short two-year period (2009- 2011), the “Voluntary guidelines for CSR” were released by the MCA, Government of India (GoI), in 2009 and 2011 (MCA, 2009a, 2011a), mandatory CSR directives were introduced for Central Public Sector Enterprises (CPSE) by the Department of Public Enterprises (DPE), under the Ministry of Heavy Industries and Public Enterprises, GoI, (DPE, 2010) and CSR reporting was mandated for the 100 top listed companies by SEBI in 2011 (SEBI, 2011). Consequently, a study of CSR in the years leading up to 2011 would cover the companies’ idea of CSR, as implemented voluntarily. Many previous studies have typically used anywhere between a one-year and five-year period to discern the pattern of CSR disclosure among companies (Rahman et al., 2011). Thus, the study takes into account the five years before any kind of governmental interest in CSR surfaced in 2009, extending the timeframe of the study to eight years (2004-2011). Further, during this timeframe, some companies were listed on stock exchanges for the first time, while a few others were incorporated. As a result, the number of annual reports available in the earlier years of the timeframe, reduced. The eight-year period between 2004 and 2011 provided a substantial number of annual reports for assessment as well as took into account the lack of any attempt to institutionalise CSR prior to 2009, which is congruent with the objectives of the thesis. The eight-year timeframe also avoids the “danger of rogue figures for one particular year” [Rahman et al., (2011), p.186].

The pattern of CSR reporting witnessed a change post 2012 due to the directives of the government, including the mandatory CSR provisions of the Companies Act, 2013, which required companies to align their CSR programmes with the objective of growth. From 2012,

a separate BRR was introduced in company annual reports, the CSR reporting in which followed a different pattern to that in previous years and heralded the influence of mandatory CSR reporting in large companies. Despite the changes occurring in the CSR scenario, most companies are likely to continue to pursue the CSR policy and programmes established in before 2011 because their activities are broadly congruent to the focus areas highlighted by the government. Companies can further develop their CSR programmes under the guidance of the new regulations. However, the impact of the changes can only be felt in the coming years. Further, the CSR activities being encouraged by the government (voluntary adoption), as shown in Schedule VII of the Companies Act, 2013 are similar to the subject index discussed by Hackston and Milne (1996). In the following sections, the research method of a questionnaire survey, which has been adopted to attain the objectives of the study, is detailed.

3.6 Questionnaire survey

The literature review gives ample evidence of the use of questionnaire surveys to explore different facets of CSR. CSR research in India, too, has found use of questionnaire surveys to explore consumer perspective about CSR and corporate philanthropy (Gupta, 2011; Rampal and Bawa, 2008), cause-related marketing (Chaudhary and Ghai, 2014; Kamarapu, 2015), CSR practices, drivers and barriers (Arevalo and Aravind, 2011), impact of CSR on financial performance (Mishra and Suar, 2010a), and the link between strategy, salience and CSR (Mishra and Suar, 2010b), among others. The questionnaire gains insight about different CSR facets in an environment where mandatory CSR regulations have been enforced.

3.6.1 Suitability of questionnaire survey

The following factors make the questionnaire a useful research tool:

- It helps “distinguish small differences, provides ease of administering and recording answers”, helps study factors and relations that may not be directly measurable, facilitates the use of statistical techniques, etc. [Hair et al. (2008), p.222]
- Disadvantages of the survey include the “difficulty of developing accurate survey questionnaire, limits to in-depth details of data, limited control over timeliness and possibility of low response rate, evaluating whether respondents are responding truthfully, misinterpretation of data”, etc. [Hair et al. (2008), p.222]. Some of these issues were controlled by using an electronic survey where the prospective respondents of the study were contacted by email. Most respondents, for the current

study, were identified from web-based platforms and company websites and were contacted to inform about the purpose of the survey. Only those who agreed to participate in the survey were mailed the questionnaire. The e-mail survey allowed a fast collection of data, from a variety of sources and at a low cost (Hair et al., 2008). Further, this method of data collection reduces errors like nonresponse error and interviewer interaction bias (Hair et al., 2008). Professional networking sites are a rich source of information about prospective respondents, like work experience and company associations.

The next section discusses the development of the instrument for the questionnaire survey.

3.6.2 Development of measurement scales for questionnaire

The item selection procedure for the structured questionnaire, used as a source of primary data in the thesis, is shown in Figure 3.1. The framework adopted for the item generation has been adapted from Turker (2009) and Quazi and O'brien (2000) and also influenced by Churchill (1979). The CSR literature considered particularly for the generation of the item pool, in each question of the questionnaire, is mentioned below.

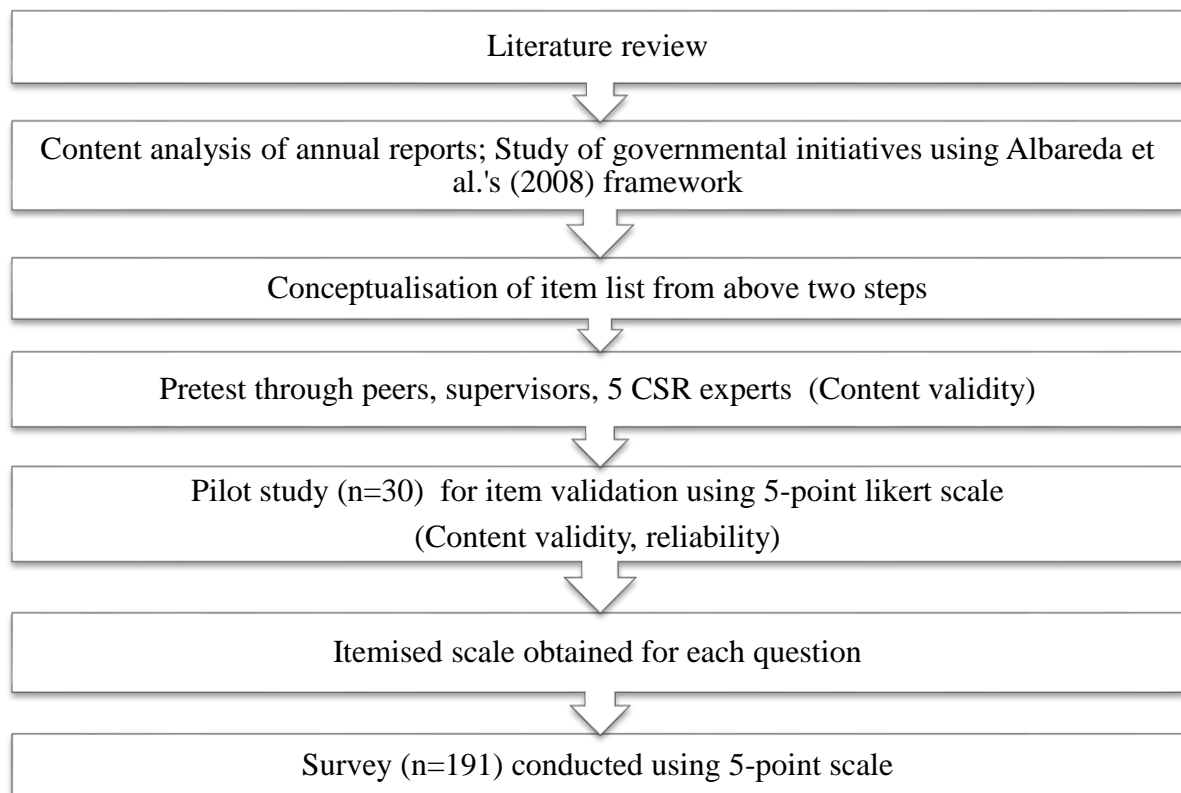


Figure 3.1: Item identification process for different questions in the questionnaire

A literature review serves to provide robustness and dimension to the procedure undertaken to study any concept through a questionnaire study. It helps in obtaining various items for a scale to measure any construct (Podnar and Golob, 2007) such that the construct may be analysed from all possible perspectives. In this study, too, a literature review in the relevant areas of CSR helped understand the different perspectives about the CSR facets under study and was the first step in the item generation process for questionnaire development. The identification of pertinent literature was further augmented by some of the findings of the qualitative study using secondary data. The trends obtained from the content analysis of annual reports (between 2004- 2011), data on the websites of the ministries, GoI and Albareda et al.'s (2008) relational framework analysis for government strategy, etc. for CSR (discussed later in Section 5.3.1) also augmented the items obtained from literature review. Thus, after the preparatory phase of literature review and qualitative study, the framework of the questionnaire was determined and a list of items, under each CSR area being investigated, was obtained. The questionnaire was divided into 6 domains, corresponding to the research objectives:

1. Current perceptions about CSR
2. Motivation for CSR
3. Impact of CSR on growth, competitiveness, company finances, operations, marketing and employee relations
4. Role of the government and NGOs
5. Relevant actors, trends regarding CSR in the future
6. Development of future methodologies and tools in CSR assessment

Items for the questions were obtained primarily from prior studies that have already demonstrated high reliability and validity. In some cases, items were compiled by the researcher on the basis of the qualitative study undertaken prior to the questionnaire development and available CSR literature. The source of items under each question corresponding, to a domain, is provided in Table 3.2. Question 1 (CSR practices in India) contributes towards understanding the perceptions about what activities are regarded as CSR in the current context. The items for common CSR practices in India were obtained from the United Nations Industrial Development Organisation (UNIDO) study (UNIDO, 2010). CSR reporting studies, which use content analysis for evaluation of a company's CSR disclosures, have often included sub-categories related to social involvement like community

Table 3.2: Questionnaire sections, the CSR facets explored and their sources

Q No.	CSR facet explored	Source
Current perceptions about CSR		
1	CSR practices in India	Adapted from the findings of content analysis study based on Hackston and Milne's (1996) index and CSR activities mentioned in UNIDO study (UNIDO, 2010), Freundlieb and Teuteberg (2013), Gao (2011), Schedule VII of the Indian Companies Act, 2013
2	How CSR is implemented in India	Researcher Supported by interview with CSR specialists, pilot study
Motivation for CSR		
3	Motivation for CSR in Indian organisations	Adapted from UNIDO study (UNIDO, 2010) on CSR, Arevalo and Aravind (2011), Maignan and Ralston (2002)
4	Motivation for reporting CSR in Indian organisations	Adapted from Deegan (2002), Dobbs and van Staden (2012), Khan et al. (2009)
Impact of CSR on growth, competitiveness, company finances, operations, marketing and employee relations		
5	Implications of CSR within and external to the organisation	Adapted from UNIDO study (UNIDO, 2010) Supported by literature
Role of the government and NGOs		
6	Role of the Government	Initiatives of the Indian government identified by using Albareda et al.'s (2008) relational framework. Probable initiatives were identified from Steurer (2010), Ward (2004), reports of business associations
7	NGO- business alliance	Adapted from Jonker and Nijhof (2006) and ORSE (2006)
8	Barriers to CSR implementation	Adapted from Arevalo and Aravind (2011) and the UNIDO study (UNIDO, 2010)
Relevant actors, trends regarding CSR in the future		
9	Trends likely to occur in the CSR scenario	Adapted from Q1 on the basis of findings of content analysis study and Schedule VII of the Indian Companies Act, 2013 after In-depth interview with CSR experts
10	Stakeholders of importance in the future	The list of stakeholders was adapted from Clarkson (1995), and has previously been used in Alon et al. (2010), Giannarakis et al. (2010), Giannarakis et al. (2009)
11	Incentives for CSR	Identified from Arevalo and Aravind (2011) and UNIDO study (UNIDO, 2010)

Development of future methodologies and tools in CSR assessment		
12	Key performance measures for a CSR performance measurement index	Adapted from the CSR index of Hackston and Milne (1996), element and sub-criteria of quality management awards as displayed in Conti (2007) and Gadd (1995)
	Demographics – Designation Nature of association with CSR activities Industry	Researcher

involvement, energy, equal opportunity, environment, personnel, products and general CSR policies (Aras et al., 2010; Freundlieb and Teuteberg, 2013; Gao, 2011). The selected items, therefore, coincided with the CSR subject index used predominantly in CSR literature and used previously in the content analysis of annual reports of select companies over the timeframe 2004-2011, as well as with those mentioned in the Schedule VII of the Indian Companies Act, 2013 that details some of the areas, which companies can undertake as CSR, in India.

For the question “How CSR is implemented” (Q2) the list of stakeholders is generated from different CSR studies. Stakeholders like NGOs (Eid and Sabella, 2014; Ritvala and Salmi, 2012), employees (Grant, 2012), company foundations (Lungeanu and Ward, 2012) like Reliance Foundation, Bharti Foundation, etc. (from content analysis of company annual reports) are often involved in implementing an organisation’s CSR programme. Ethics (Godos-Díez, 2011), cause-related marketing (Kotler and Lee, 2008), public relations (Luo and Bhattacharya, 2006) have also been discussed in CSR literature for their role in CSR implementation. The questions about the motivation for CSR (Q3) and CSR reporting (Q4) intend to explore whether normative and instrumental motives, identified in prior literature, influence CSR adoption in an environment where regulatory intervention is likely to be most influential. Since similar theory (stakeholder, legitimacy, etc.) influences CSR adoption and CSR reporting, the items in questions 3 and 4 are congruent. The question on “Implications of CSR within and external to the organisation” (Q5) was mainly adapted from a UNIDO study (UNIDO, 2010). However, the many areas that can be influenced by CSR have also received support in corresponding literature, for example, improved financial performance (Preston and O'Bannon, 1997) and improved consumers’ perspectives about product and brand evaluations, choice (Brown and Dacin, 1997), gain in reputation (Siregar and Bachtiar,

2010), improved employee engagement, retention and commitment and attractiveness to prospective employees (Branco and Rodrigues, 2006; Aguinis and Glavas, 2012), gaining a competitive advantage (Porter and Kramer, 2006), operational benefits like product quality improvement (Strugatch, 2011), increased productivity and improved relations with important stakeholders like the government and investors (Siregar and Bachtiar, 2010).

The question regarding NGO- business alliance (Q7), which adapted items from the studies of Jonker and Nijhof (2006) and ORSE (2006), enquired about the prevalent practices in NGO- business association, in the country. The respondents were questioned about issues, like the ‘platforms for NGO-business engagement’, the ‘criteria for selection of partner NGO’, ‘advantages of collaboration with NGOs’ and ‘challenges in collaboration’, which the content analysis of annual reports failed to address. For the question on relevant stakeholders in the area of CSR in the future, the list of stakeholders, adapted from Clarkson (1995), has been used previously in other studies as well (see Alon et al., 2010). For each item in every question, the respondents were required to provide answers on a scale of strongly agree (5) to strongly disagree (1). The questionnaire is provided in Appendix V. Once the pool of items is generated, it is required to be evaluated for consistency and representativeness, which ensures quality and face validity of the items with reliability measures like inter-item reliability (Podnar and Golob, 2007). The preliminary questionnaire, prepared by the researcher, therefore, underwent a pre-test and pilot study, which are described in the next section.

3.6.3 Pre-test and Pilot study

Once the questionnaire was prepared by incorporating extant literature, peers and supervisors, knowledgeable in the area of CSR and the process of questionnaire development, reviewed the questionnaire, to judge clarity, and relevance of the questions and their items, in the context of the objectives of the thesis, as a pre-test. The questionnaire was then reviewed through an in-depth interview with five CSR specialists. Of the five CSR specialists, two had founded NGOs after retiring from corporate service. One CSR specialist was a founder of a CSR consultancy who, apart from consulting with leading organisations, had also collaborated with the Indian Institute of Corporate Affairs (IICA), under the MCA, GoI, which has been working relentlessly to develop parameters about CSR under the aegis of the MCA. The remaining two CSR specialists included the Chief Sustainability Office of an Indian conglomerate and a senior CSR officer of an energy firm listed on, both, the Nifty 50 and CNX 100 indices of the NSE. Each specialist had an experience of more than fifteen

years in the area of CSR. The questions in the questionnaire served to check whether all areas of interest to the study were discussed with the specialists and their observations and insight about every question and corresponding items was noted. Interviews were conducted face to face and followed up by phone conversations and emails, if necessary.

This was followed by a pilot study undertaken to make sure that the data obtained would be meaningful (Adams et al., 2014). The pilot study included 30 respondents, who were well-versed in areas of CSR policy and implementation and represented companies, CSR consultancies and NGOs. The aim of the pilot study was:

- to ensure that the items for each question covered the required aspects from an Indian perspective adequately
- to improve the questionnaire by noting areas of dissent
- to check whether the language and terminology used in the questionnaire were self-explanatory and easy to understand, especially since an email survey would be used to include respondents from across the country.

The changes suggested were incorporated and areas of dissent, if any, were noted. Some respondents noted that items ‘fear of consumer activism’ and ‘employee expectation’, under the topic of motivation for CSR, were more congruent with the motivation for reporting CSR, than with adopting CSR. Similarly, ‘tax benefits’ and ‘risk management’, under the topics of motivation for CSR reporting, were more congruent with the motivation for adopting CSR itself, than with reporting CSR. The respondents, however, suggested retaining the items for the main survey.

3.6.4 Validity and reliability

“Content validity, or face validity, of the measuring instrument, is the extent to which the instrument provides adequate coverage of the concept” [Dzansi and Pretorius (2009), p. 457] and can be ascertained through academic judges and CSR professionals (De Vaus, 1996; De Vellis, 1991). To ascertain the content validity of the measurement instrument, that is, to ascertain that the items selected for the scale sufficiently covered the full range of the construct (Field, 2009), that was suitable in the Indian context, it was first reviewed by five CSR specialists, through in-depth interviews. Content validity was further verified through the pilot study to note whether respondents agreed with the choice of items under the different questions. Questions about the motivation for CSR, the motivation for CSR reporting, the role of the government, nature of NGO-business interaction with regard to

CSR, have seldom been analysed empirically. In the absence of similar empirical studies, aiming to classify governmental action, criterion validity, which requires comparison to an accepted “standard known to indicate the construct adequately” [Dzansi and Pretorius (2009), p.457] cannot be evaluated. However, a PCA analysis undertaken for the questions helps establish dimensionality of the items. Reliability refers to “the ability of the measure to produce the same results under the same conditions and to be valid, the instrument must first be reliable” [Field (2009), p.11]. In this study, internal consistency was determined through Cronbach alpha (α), which was calculated at the pilot study stage, as well as, with the total data and was found to be acceptable, that is, above 0.7 (Field, 2009).

3.6.5 Choice of sampling technique

In the years leading to the implementation of the mandatory provisions for CSR in India, more and more companies have adopted CSR practices and developed infrastructure within their organisations to face the challenges of implementing a CSR programme. The rising demand for CSR professionals, post the Companies Act, 2013, spurred into action, attempts at making a database of CSR professionals. However, no publically available database claimed to have complete information about all the CSR professionals in India. In the absence of any guide about the composition of CSR professionals in India, it is difficult to define the sampling frame, that is, the “list of elements from which the sample may be drawn” [Adams et al. (2014), p.73] and hence a non-probability sampling technique is preferable (Adams et al., 2014). Further, the exploratory nature of the study allows for a non-probabilistic sampling technique (see Ahmed et al., 2007). The content analysis of annual reports of the 42, Nifty 50, companies over eight years identified employees, CSR managers and NGO partners as participants most commonly mentioned with regard to the companies’ CSR programmes. A subsequent review of professional networking sites indicated the growing presence of CSR consultants, both as independent individuals or as a part of consulting organisations. However, the exact number or proportion of CSR managers, consultants, and NGOs, participating in CSR activities in India remains unclear. Given that the CSR scenario in India is dynamic and still evolving, purposive sampling (non-proportional quota) was selected as the sampling technique for the questionnaire study. The sampling attempts to capture responses from various types of respondents, like employees and CSR managers, consultants and NGOs, engaged with the CSR activities of top organisations.

3.6.6 Sample for questionnaire survey

The role of NGOs in CSR in India has been highlighted in the discussion in the literature review section. Apart from NGOs, there is, also, an increase in the number of CSR consultants working independently or as part of consulting firms dedicated to providing firms with support in the area of CSR. Consultants offer services ranging from helping firms understand CSR requirements imposed through regulation, enabling firms to formulate their CSR policy, to implementing their CSR programmes. This close association puts NGOs and consultants in a unique position to both influence and evaluate organisational CSR activities, intentions, motivations and to estimate organisational expectations from their CSR programmes. This study takes cognisance of the important role that NGOs and CSR consultants have started to play in the CSR scenario in India and consults these parties in the formulation of the CSR picture in India. Studies like Frynas (2005) and Conley and Williams (2005) have also consulted NGOs and consultants in CSR research. Gaining different stakeholder perspectives provides a better insight into understanding the CSR problem (Arenas et al., 2009) and it provides an impartial view of CSR that can balance any bias that may appear in corporate responses and in turn, curtail selection bias, to an extent, in the research.

An initial list of 1000 CSR personnel in India, working in organisations or as CSR consultants or with NGOs, was generated through company sites, professional networking sites and online CSR platforms. The CSR managers, NGO professionals and CSR consultants, considered in this study, were expected to have experience working with top Indian firms listed on, the CNX 100 index of the NSE. The CNX 100 Index “is a free float market capitalization based Index that tracks the behaviour of the 100 stocks listed in the combined portfolio of CNX Nifty and CNX Nifty Junior” (NSE, 2007). These firms have large market capitalizations in the country and are more likely to be affected by rules and regulations of the government. Further, findings are likely to be more consistent with the findings of the content analysis study where Nifty 50 companies had been considered. The companies listed on the CNX 100 index belong to various industries like automobile, cement, construction, distilleries, CG, electrical equipment, energy, finance, food and food processing, gems and jewellery, hotels, IM, IT, media and entertainment, metals, paints, pharma, shipping, telecom, trading and travel and transport (see Appendix VI). Since the CSR regulations are likely to affect all sectors, including financial institutions and banks, companies in these sectors were also considered for the questionnaire study. 700

professionals fitting the criteria could be identified based on details provided online.

3.6.6.1 Data collection

Responses were solicited through emails and, if feasible, in person, though most respondents preferred returning the filled questionnaires by email. A covering letter, accompanying the questionnaire, explained the purpose of the study and encouraged respondents to ask the researcher for clarification if needed or make a note of their assumptions next to the question they found difficult to answer. Respondents did not ask for a clarification of any question. In some cases (n=5) assumptions or doubts were mentioned with respect to a question and were clarified, so as to ensure that the respondent had not misinterpreted an item. In case the questionnaire was collected in person, conversation with the respondent was restricted to the researcher explaining the aim of the research and clarifying the intended meaning of an item or question. Discussions with the respondent were conducted after the questionnaire was filled so as to prevent undue influence by the researcher's views. Social desirability bias, which can affect the validity of a survey, refers to the tendency of research subjects to give responses that are more socially acceptable, particularly for socially sensitive issues, rather than those, which reflect their true feelings (King and Bruner, 2000; Grimm, 2010). Since anonymity of respondents has been found to reduce social desirability bias (Zebre and Paulhus, 1987), the questionnaire itself did not seek personal information and respondents were assured that anonymity would be maintained and results presented as an aggregation. In the study, respondents' views are accepted as being true interpretations of a company's CSR.

3.6.6.2 Respondent profile

Of the 700 respondents approached, 191 complete responses were obtained, at a response rate of about 27.3 percent. 108 CSR personnel, 40 NGOs and 43 CSR consultants, from across the country, responded to the survey and a more detailed classification is provided in Table 3.3a. CSR personnel from the organisations included CSR managers, Chief Sustainability Officers (CSO) who are involved in decision making and implementation of CSR programmes and employee volunteers who are involved in implementing their organisation's CSR programmes. The designations of NGO respondents included senior CSR managers, trustees or founders who, in their careers, have worked extensively with organisations as a partner or as an employee and are well-versed with the CSR policies and attitudes of the organisations they have worked with. Similarly, CSR consultants who

responded to the questionnaire had designations of senior consultant, director or CEO, who are instrumental in shaping opinion. Like in the case of NGOs, some consultants had formerly been a part of development programmes in private or public sector firms as employees, who later chose to share their experience with a broader audience as CSR consultants. CSR consultants and NGO professionals were asked to base their judgment on their interactions with their corporate partners. The gender-profile of the respondents (Table 3.3b) shows that 71.7 percent of the respondents are males while 28.3 percent are females. It also provides a more detailed account of the distribution of male and female respondents under the different types of respondents.

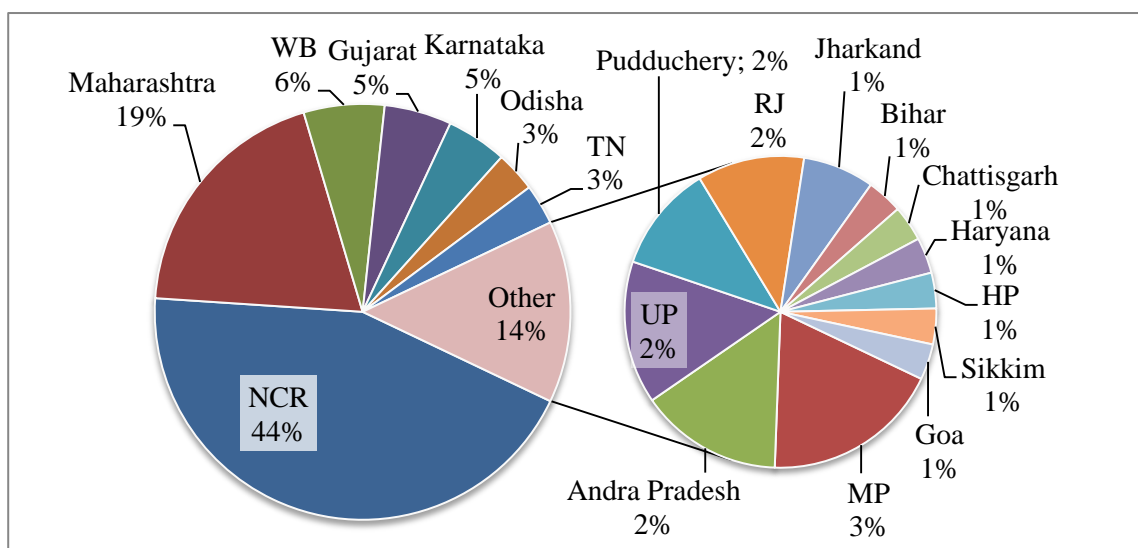
Table 3.3a: Respondent profile

Respondent type	Number of respondents	Percentage of sample
1. CSR personnel from organisations		
a. CSR managers and Chief sustainability officers	91	47.65
b. Employee volunteer	17	8.90
2. CSR consultants	43	22.51
3. NGO	40	20.94
Total	191	100

Table 3.3b: Respondent profile: Gender

Gender		Respondent type			Total
		From Organisation	CSR Consultant	NGO	
Male	Count	86	23	28	137
	Within gender (percentage)	62.8%	16.8%	20.4%	100.0%
	Within respondent type (percentage)	79.6%	53.5%	70.0%	71.7%
Female	Count	22	20	12	54
	Within gender (percentage)	40.7%	37.0%	22.2%	100.0%
	Within respondent type (percentage)	20.4%	46.5%	30.0%	28.3%

Figure 3.2 displays the areas across the country from where responses were obtained. The maximum number of responses (44 percent) were obtained from the National Capital Region (NCR) and included the regions of Delhi, Gurgaon and Noida. 19 percent of the responses were received from Maharashtra (Mumbai, Pune), 6 percent from West Bengal (Kolkata), 5 percent each from Gujarat (Ahmedabad, Vadodara, etc.) and Karnataka (Bengaluru) and a smaller number of other areas like Odisha (Cuttack, Bhubaneshwar), Madhya Pradesh (Bhopal) Tamil Nadu (Chennai), Uttar Pradesh (Lucknow, Meerut), etc. Most respondents have ample experience in the area of CSR and social development sectors. Figure 3.3 provides a glimpse of the work-experience of the respondents of the study.



HP- Himachal Pradesh, MP- Madhya Pradesh, NCR- National Capital Region, RJ- Rajasthan, TN- Tamil Nadu, UP- Uttar Pradesh, WB- West Bengal

Figure 3.2: Area profile of respondents

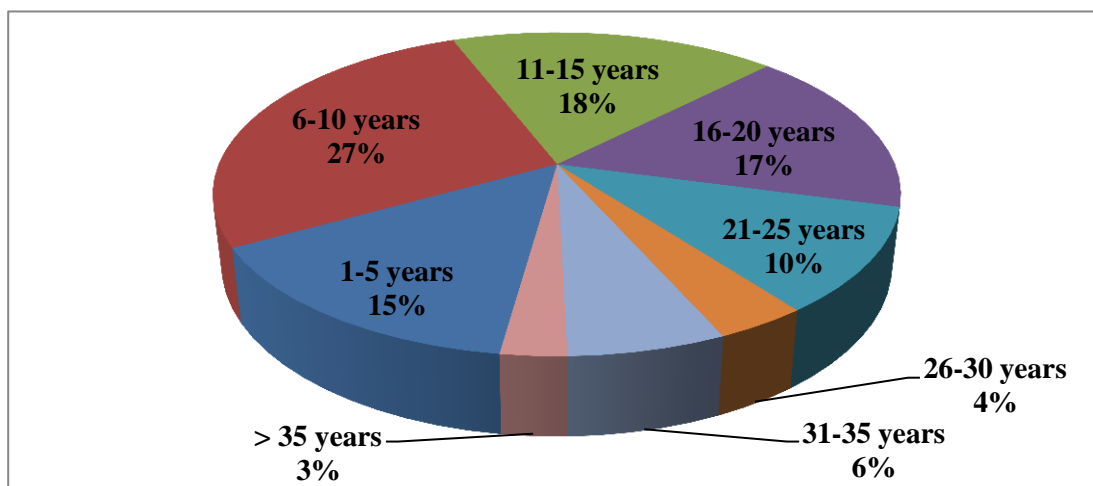


Figure 3.3: Respondent work-experience profile

The figure (3.3) shows that 27 percent of the respondents have work-experience of 6-10 years, 18 percent have 11-15 years of experience and 40 percent of the respondents have a work-experience greater than 15 years. Some respondents noted that they had prior experience working with companies that were not listed in the NSE indices (considered as a baseline for respondent selection), as well as working in capacities other than those associated with CSR-related activities. The level of education of the respondents is shown in Figure 3.4. 58 percent of the respondents have a post graduate degree in areas like management, environmental studies, social work (MSW), CSR and sustainability. Post-graduates in other areas like science and arts and those holding an M.Tech degree (including environmental engineering) are shown separately. Graduates (science, arts, commerce), engineers (B.Tech and B.E.), chartered accountants (CA) and PhD holders have also been shown separately in Figure 3.4. Appendix VI provides more details about the respondent profile including the information about the companies, NGOs, and consultancies with which the respondents have some work-experience.

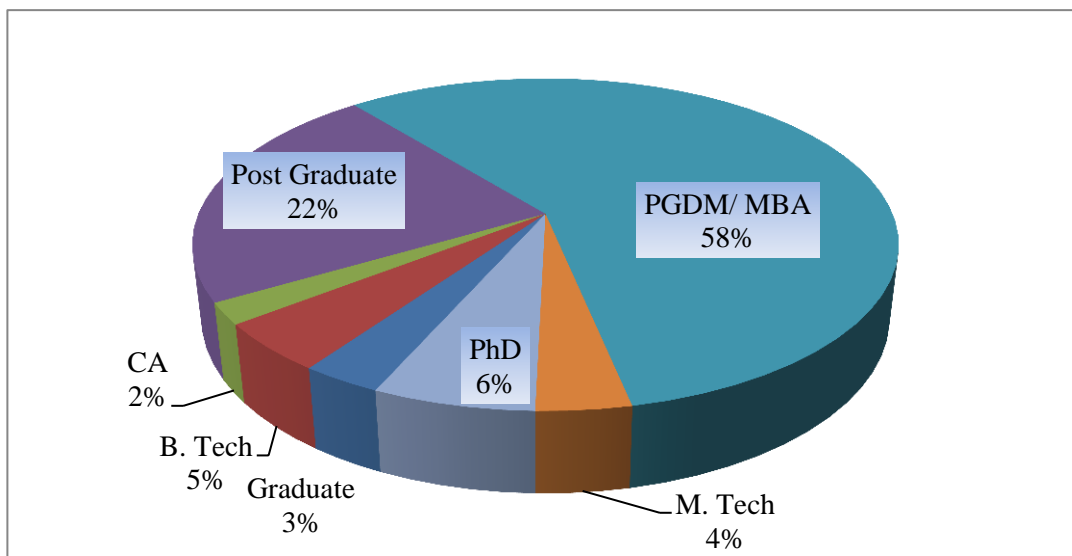


Figure 3.4: Education profile of the respondents

3.7 Data analysis techniques and statistical packages

Data obtained through content analysis of annual reports (2004-2011) was evaluated with the help of excel sheets in Microsoft Office 2010. SPSS (Statistical Package for Social Sciences) version 16 was used to undertake the analysis of data from the primary survey. The findings of questionnaire survey were further corroborated, if necessary, by revisiting the annual reports or other literature. The calculations for the development of the CA-AHP model

were undertaken using the AHP Calculation software (Senshu University, 2014). The research techniques used in the thesis are briefly discussed below.

3.7.1 Mean

Mean, or arithmetic average is one of the most commonly used measures of central tendency (Kothari, 2008). In this study, most data obtained through the content analysis of annual reports is displayed in terms of average values, for example, dividing the total number of statements by the number of companies considered in any given year (2004-2011). Studies like Aras et al. (2010), Gray et al. (1995b) have also displayed data from content analysis of CSD in terms of average values. For the data obtained from the questionnaire survey, mean values are obtained by dividing the total value given by all respondents, to an item, by the number of respondents. For every item, mean values are tabulated and have been displayed in the corresponding sections. In certain cases, based on the requirements of hypothesis testing, the mean values corresponding to each respondent type was presented in the findings. Mean values have also been used in previous questionnaire survey based CSR studies like Arevalo and Aravind (2011), to identify key issues like CSR activities undertaken, the motivation for CSR, etc. As in the case of previous studies (see Planken et al., 2010), when mean scores were within the upper range of the five-point scale, that is greater than 3, they were considered as positive responses.

3.7.2 Comparison of means: Mann-Whitney U-test

The Mann-Whitney U- test (or U-test) is a popular test to determine whether two independent samples have been drawn from the same population and applies under general conditions (Kothari, 2008). The test is often considered a “non-parametric equivalent of the independent T-Test” [Field, (2009), p.540]. Due to the possibility of some CSD categories, being non-parametric, this technique was used to compare mean CSD of PSU and private companies and service and manufacturing sector companies. Previous studies like Tilt (2001) have used the Mann-Whitney U-test to compare CSD.

3.7.3 Comparison of means: ANOVA

The analysis of variance or ANOVA helps understand whether three or more means are the same (Kothari, 2008; Field, 2009). In this study, ANOVA has proven useful in determining whether there is a significant difference in how NGOs, CSR personnel from organisations and CSR consultants view some of the CSR aspects, discussed through the questionnaire survey. Like other parametric tests, the assumptions of ANOVA, that need to

be fulfilled before application, include homogeneity in variances, independence of observations and the measurement of the dependent variable on, at the least, an interval scale, although researchers view it as a robust test (Field, 2009). In the current study, an attempt was made to ensure that assumptions were fulfilled, particularly since sample sizes were unequal. In cases where the Levene's test for homogeneity of variances was violated, indicating that variances were not equal, Welch's F-ratios were considered (Field, 2009). In the event of the Welch's F-ratios also failing, the entire data set was transformed using acceptable data conversion measures, to ensure fulfilment of assumptions. Further, if the difference between mean values assigned by different respondent groups were found to be significant, post hoc procedures were applied. The Bonferroni's procedure was applied to control for type I errors since a small number of means had to be compared and the more robust Ryan, Einot, Gabriel and Welsch Q procedure (REGWQ), which displays good statistical power and control of the Type I error, is not suitable for different group sizes (Field, 2009). The Hochberg's GT2 test, which, accounts for the difference in sample sizes and the Games-Howell procedure, which copes well in cases where group variances are unequal, and sample sizes are different (Field, 2009), was also applied as a part of post hoc analysis. While the F values in the ANOVA only indicates the presence or absence of a significant difference between the means of the three (or more) samples being studied, the results of Bonferroni's procedure along with the Hochberg's GT2 help identify the inter-sample differences and the nature of the difference between them. ANOVA is a commonly used research technique for comparisons in CSR literature as well (see Alon et al., 2010; Cegarra-Navarro and Martínez-Martínez, 2009; Dusuki and Yusof, 2008; Sharma et al., 2007; Smith et al., 2001; Smith et al., 2007).

3.7.4 Multiple regression

Multiple regression refers to a "regression model with two or more independent variables" [Hair et al. (2010), p.197]. In this study, multiple regression analysis is used to explore the relation between corporate social and financial performance. In the current research stepwise estimation was used. This approach "enables the researcher to measure the contribution of each independent variable to the regression model" [Hair et al. (2010), p.233]. Hair et al. [(2012), p. 220] also proposed that "as a general rule, the ratio of observations to independent variables should not fall below 5:1". The current research abides by this rule. Underlying assumptions in the regression model (Field, 2009; Hair et al., 2010; Khan, 2010) were tested and satisfied. All predictor variables were quantitative and the relation between

independent and dependent variables linear. In the current research, the assumptions of linearity of the relation between the dependent and independent variables, constant variance of the error terms (homoscedasticity), and normality of the error terms have been ensured through standardised residual plots, histograms and normal probability plots of residuals. Cook's distance (≤ 1) and Mahalanobis distances (≤ 15) were further calculated to identify the presence of outliers. Independence of error was tested through the Durbin-Watson test, where values between 1 and 3 and nearer to 2 are desirable (Field, 2009). Multicollinearity, the presence of strong correlations between predictors of a regression model, was assessed through VIF values (< 10) (Hair et al., 2010). VIF values assess the presence of a linear relationship between two or more of the independent variables (Field, 2009). The method of multiple regression has been used extensively to evaluate the relation between CSP and financial performance in CSR literature (see Aras et al., 2010; Aupperle and van Pham, 1989; Barnett and Salomon, 2012, etc.). The multiple regression equation takes the form

$$X = \alpha + \beta_1 Y_1 + \beta_2 Y_2 + \beta_3 Y_3 + \dots + \beta_n Y_n + \varepsilon \quad \text{where:}$$

X- dependent variable; Y_n – independent variable(s) or predictor; α - constant; β_n - weight, contribution of independent variable to the dependent variable; ε - standard normal, randomly distributed error term

3.7.5 Principal component analysis (PCA)

PCA has found application as a factor-reducing tool in CSR research (see Jamali et al., 2009; Prado-Lorenzo et al., 2012; Turker, 2009) because it helps reduce the original data set to a more manageable size (Field, 2009), with a smaller set of representative variables (Hair et al., 2012), which retain as much information, about the original dataset, as possible (Field, 2009). PCA uses linear components to find communalities (a measure of the proportion of variance explained by a factor), and the results hold only for the sample while exploratory factor analysis (EFA) uses squared multiple correlations to find communalities and findings hold only for variable measures (Field, 2009). PCA can only help in identifying the linear components that exist within the data and the level of contribution by a particular variable to that component (Field, 2009; Hair et al., 2010). In statistical packages like SPSS, PCA is displayed under factor analysis although the difference between the two exists on a conceptual level (Field, 2009).

For PCA, Pallant (2010) advocated a sample size of more than 150 cases and the ratio of at least five cases for each variable (Hair et al., 2012; Pallant, 2010). Kaiser-Meyer-Olkin

(KMO) test value, which explores the factorability of the overall set of variables and should be above (>0.7) (Hair et al., 2012) and Bartlett's Sphericity χ^2 , which measures favourable factorability and inter-item correlations, should be significant ($\text{sig}<0.001$). Given the sample size of 191, factor loadings of 0.45 and above can be considered significant (Hair et al., 2012). However, the study has adopted 0.5 as a cut-off value for factor loading following Quazi and O'Brien's [(2000), p.39] approach that also encompasses Hair et al.'s (2012) proposed value. In all cases, the varimax orthogonal rotation has been used to obtain factors. Communalities in the range of 0.5 are acceptable for samples size between 100 to 200, especially since the number of components obtained and the number of variables for each component (≤ 6) is relatively low (Field, 2009). Summated scales are used to obtain the net score accorded by respondents to a factor obtained from PCA. Summated scale is "a composite value for a set of variables calculated by the procedure of taking the average of the variables in a scale" [Hair et al. (2012), p.180]. Findings have been compared to theoretical classifications, wherever applicable to validate the findings further. PCA has been used in prior CSR studies in India (see Narwal, 2007) to examine the inter-relationship among various variables. The results obtained from PCA cannot necessarily be extrapolated to the population (Field, 2009). However, obtaining a new sample to check the generalizability of results obtained from the PCA was not practically feasible. The split-half method was, therefore, employed to check for generalizability of the PCA solutions (Hair et al., 2012), which has been used in previous studies employing PCA (see Turker, 2009). Since the half samples comprised of only 95 respondents, slight variations, though acceptable, could be seen in the results.

3.8 Conclusions

This chapter introduced content analysis and questionnaire survey as the research methods that would be used in the thesis. Both methods have their advantages, which have proven to be useful in the context of CSR in prior research. Content analysis is useful in analysing CSD to explore CSR in India, particularly in the past. A questionnaire survey can help accumulate information from a wide variety of respondents from across regions, in real time, and also allows for an evaluation of the possible difference in opinions between types of respondents. The unit of analysis, the document of analysis, the themes of analysis and the sample for content analysis has been described above. The annual reports of 42 non-financial companies, belonging to different industries, and issued between 2004 and 2011, were used in the content analysis studies. The companies considered were listed on the Nifty 50 index of

the NSE (as on March 31, 2011). The chapter also outlined the development of the questionnaire, by describing the process of item selection, procedures of pre-test and pilot testing, sample selection and the data collection procedures involved in the questionnaire survey. The administration of the final questionnaire was discussed along with the respondent profile of the questionnaire survey. The questionnaire was sent to 700 CSR practitioners, of which 191 responded. This included 108 CSR personnel, 40 NGOs and 43 CSR consultants all of whom had experience in working with companies listed on the CNX 100 index of the NSE. The software packages used during the study were also identified in the chapter. The next chapters outline the main findings from this research.

CHAPTER 4 - CSR PERCEPTIONS, MOTIVATIONS AND ACTIVITIES OF INDIAN FIRMS

4.1 Introduction

Institutional and organisational level elements (Aguinis and Glavas, 2012) as well as “business culture that upholds certain business principles according to which CSR is perceived as a firm’s moral duty” [Graafland and van de Ven, (2006), p.1], can determine the adoption of CSR in an organisation. With increasing expectations from companies to be more socially responsible towards the communities that they operate in (Siregar and Bachtiar, 2010), it becomes imperative to investigate whether positive business outcomes, stakeholder pressures or organisational norms motivate an organisation to undertake CSR and the nature of CSR activities undertaken. The chapter explores the motivation for CSR in India and the motives for reporting CSR activities by performing a PCA on the data obtained from the questionnaire survey. The questionnaire survey also explores the activities perceived as CSR in the current CSR environment. Using the introduction of CSR guidelines and legislature as a point of reference, an attempt is also made to understand the change in perceptions towards the motivations for CSR and CSR activities, before and after CSR institutionalisation in India. The content analysis of company annual reports aids the evaluation of CSR reporting practices in India over the period 2004-2011 (eight years) and provides a glimpse into the following aspects of the pre-regulation era:

- (a) Motivation for CSR
- (b) The most reported CSR activities in general and by sector
- (c) Amount of CSR reporting
- (d) Voluntary and mandatory reporting
- (e) Nature of evidence provided by the organisation in terms of monetary, non-monetary and declarative disclosures and good, bad and neutral statements
- (f) Participants in different global initiatives like the GRI and UNGC
- (g) Differences in reporting between public and private sector units on the basis of the amount of their CSD
- (h) Differences in reporting between manufacturing and service sector firms on the basis of the amount of their CSD

The longitudinal study of CSD (2004-2011) explores the nature of activities undertaken and reported by Indian companies in a timeframe largely ignored in Indian CSR literature. The

analysis provides a background to discuss the possible need for governmental intervention to regulate CSR in India. It also provides a context for comparing the changes in CSR reporting under the Companies Act, 2013 in future studies. For each facet of CSR explored in the chapter, through the questionnaire, the analysis culminates with a comparison of perceptions of the CSR managers, consultants and NGOs.

4.2 CSR motivation: Factors influencing business assumption of social responsibility

In order to attain the objective of assessing the major motivations of adopting a CSR programme in India, a list of 18 items was identified through the item selection process, explained previously in the methodology section. A PCA in the initial stages of data collection showed that KMO measure of sampling adequacy (MSA) (above 0.50), MSA for all individual items (above 0.50) and the Bartlett's test of Sphericity χ^2 ($p < 0.001$) were acceptable (Field, 2009; Hair et al., 2012), indicating that PCA could be applied to the list of items. However, two items, 'fear of consumer activism' and 'employee expectation' showed communalities below 0.5 and failed to load onto any factor. Further, many respondents, during the stages of data collection, had felt that these items were not very influential as motivators of CSR, in the Indian scenario. Consumer activism or boycotts are seldom heard of in India, and the effort to attract customers through CSR initiatives was better explained by the point 'Create positive publicity through media'. Similarly, employees did not necessarily express a demand for CSR activities, and employee welfare activities are seldom associated with CSR, a fact that will be elucidated in following sections. Therefore, these items were removed from further analysis. The PCA was applied to the list of 16 items ($n=191$). The sample size of 191 and the sample size to item ratio in the current study (11:1) was within acceptable limits for PCA (Hair et al., 2012). The KMO measure of sampling adequacy (MSA) (0.687), MSA for all individual items in the anti-image correlation matrix (>0.5) and inter-item correlations as seen in Bartlett's test of Sphericity χ^2 , (120) at $p < 0.001$ were acceptable (Field, 2009). The reliability of the scale of items was visible in the Cronbach alpha value of 0.793 (>0.7).

Six factors were obtained through PCA since both, Kaiser's criteria, which encourages the retention of factors with an eigenvalue greater than 1 (Field, 2009), and the scree plot (Figure 4.1) showed six distinct factors. The retained factors represented 72.022 percent of the variance (Table 4.1). The factor structure obtained through the rotated component matrix with varimax rotation and the communalities of each item (>0.5) can be

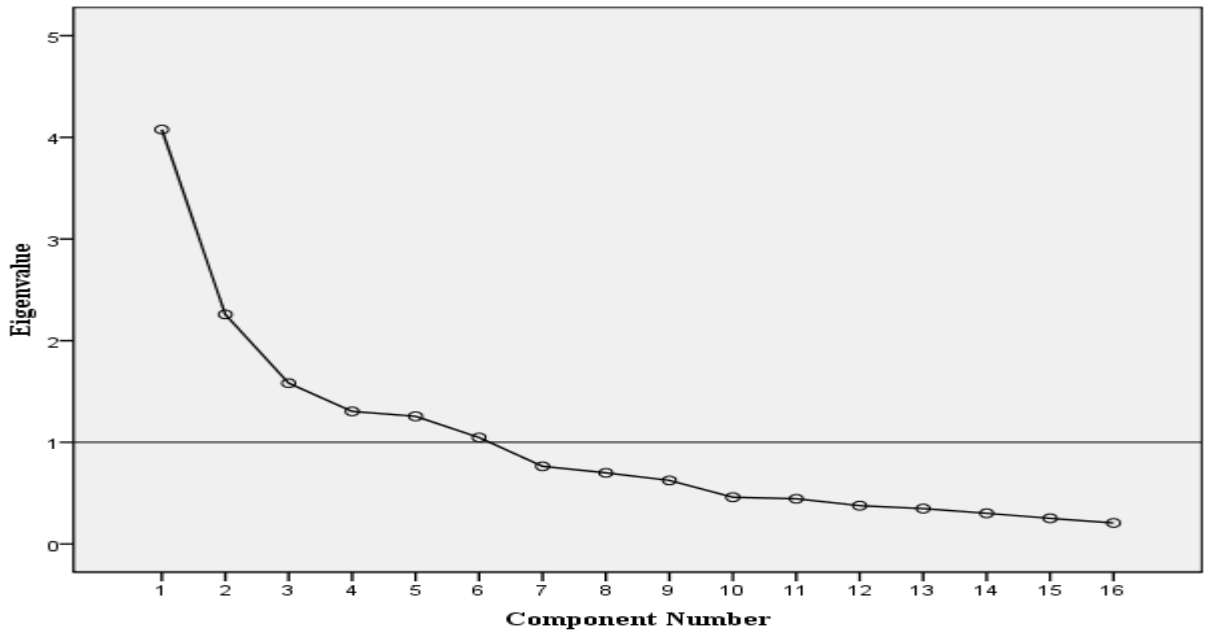


Figure 4.1: Motivation for adopting CSR in India: Scree plot for PCA

seen in Table 4.1. For clarity, loadings below 0.4 have been suppressed, and factor loadings above 0.5 have been indicated in bold (Table 4.1). The factor structure obtained through PCA has been discussed below. Cronbach alpha for each factor set, barring one (0.684), was found to be above 0.7. However, the corrected item-total correlation value for each item, in every factor identified, was also above 0.3 (Field, 2009). Therefore, all the factors, obtained from PCA, were retained. The six factors highlight the roles of different types of stakeholders, in motivating CSR adoption in India and are identified as Influence of NGOs, business association and society (C1), Satisfy international partners and generate positive image (C2), Company ethos (C3), Investor concern and gains in revenue (C4), Role of the government (C5), and Access to funds (C6).

Influence of NGOs, business association and society (C1)

Leading industry chambers and associations like CII, FICCI, PHD Chamber of Commerce and Industry and ASSOCHAM have often advocated CSR and constituted centres, committees and awards (see Appendix VII for centres and awards), designated specific executives for sustainability and organised an increasing number of forums and training programmes to help businesses in India adopt responsible practices effectively and also comply with regulations. Business associations are also responsible for apprising their member companies about latest trends and other issues that are likely to be beneficial for them. With business associations encouraging the adoption of CSR activities, it is possible

that companies, to retain the support of their peers, adopt CSR activities. CSR theories, like the ‘social contracts theory’, which demands that businesses be socially responsible, not for possible benefits but because society deems it so, ‘stakeholder theory’ and the legitimacy

Table 4.1: PCA results identifying the motivation for adopting CSR in India

Motivation	Rotated Component Matrix						Comm.*
	C1	C2	C3	C4	C5	C6	
NGO pressure	.878						.801
Influence of business associations	.799						.740
Expectations of society	.712						.685
Competitors are doing it		.742					.624
Win CSR awards		.731					.736
Expectations of international partners		.697					.619
Create positive publicity through media	.436	.516					.620
Vision and beliefs of top management			.820				.737
Vision of founders			.802				.715
Value system of the company			.762				.652
Influences company revenue positively				.820			.744
Improves relation with investors				.768			.776
Laws and regulations mandate it					.855		.756
Tax benefits					.854		.767
Risk management						.839	.796
Access to funds from financial institutions						.790	.757
Cronbach alpha, Eigenvalues for the components and total variance							
Cronbach alpha (α)	.808	.684	.733	.757	.718	.719	
Total eigenvalues	4.077	2.258	1.582	1.304	1.255	1.048	
% of Variance	25.479	14.113	9.886	8.15	7.847	6.548	
Cumulative %	25.479	39.592	49.477	57.628	65.474	72.022	

* Communalities

theory’ (Moir, 2001), point to the role of societal expectations in businesses being socially responsible. Thus, social responsibility can be equated with social power, and the avoidance of this responsibility will lead to losses for the business (Davis, 1973). NGOs are a

stakeholder group that bring to light information about corporate irregularities, organise protests against behaviour they believe to be unfavourable and mostly work towards serving neglected sections in society. Through their activism, they can harm companies if not completely cripple them and companies prefer to make them partners in community development, rather than adversaries. This factor involves stakeholders that are not involved in business activities with a company directly, but they play an important part in the company's environment.

Satisfy international partners and generate positive image (C2)

A company may feel compelled to adopt CSR practices to assuage demands of international partners and attract new partners. Multinational companies, often sourcing products and services from developing countries, have been held accountable for malpractices by their suppliers and therefore, often expect their suppliers to abide by the standards that are expected in their home markets. Winning CSR awards is an indication of good CSR performance and compliance to standards, which in turn can be used to display 'responsibility' to international partners and markets, in which the company is present on its own. Advertisements in the media, including print, are used to communicate CSR activities to various stakeholders, to project a good corporate image. The positive publicity can provide different business opportunities, or at the least present the organisation in a favourable light. A CSR award can be leveraged for better publicity, which can be useful, particularly if the competitor is also using its CSR programme for an advantage in domestic and international markets. This motive for CSR takes into account the role of stakeholders, who can directly affect the business.

Company ethos (C3)

Being socially responsible is not necessarily imposed on the company from external sources, but can be an internal prerogative as well. Companies reiterate that their founding fathers ensured that being socially responsible was a part of the core values on which that company is based. For example, the Managing Director's address in Jindal Steel's 2010 annual report states:

“In continuing with the vision of our founding Chairman late Shri O.P. Jindal, JSPL has always tried to reconcile corporate growth with community upliftment....”

[Jindal Steel and Power Limited (JSPL), (2010), p.7]

Another internal motivation for CSR, within the company, is the top management.

Often inspired by their personal beliefs and views or those of peers, experiences with other companies, etc., the top management is in a position to direct the CSR activities that the organisation undertakes. The top management themselves or members close to them are often seen overseeing activities. Some NGO respondents in the study noted that the top management, often, contributed to CSR initiatives that they liked. Some companies, without referring to either, the founder or top management, mention CSR as being integrated into the fabric of the company's value system. For example, in its 2005 annual report, Ranbaxy's (pharma company) Corporate Affairs and Global Corporate Communications Director stated:

“A strong element of CSR is embedded into the value systems at Ranbaxy. We implement best EHS practices to ensure a safe and environment-friendly workplace. We are committed to make a sustainable difference to the society we serve...” [Ranbaxy, (2005), p.30]

Investor concern and gains in revenue (C4)

The literature review (Section 2.6) provided an account of the type of benefits a socially responsible organisation can avail. CSR has been found to have a positive influence on the brand image, market share and market access, improve productivity, attract and retain employees, etc., thus creating opportunities for generating revenues through enhanced sales as well as savings. Increased revenue is bound to pay better returns to investors as well. Further, investors can feel assured about their investments if the company they have invested in is less likely to come under attack for unethical actions or for causing environmental or social problems. The new generation investor is more socially and environmentally conscious, especially, after a number of companies have been found guilty of misconduct and have been punished by other stakeholders. Investors, therefore, encourage companies to adopt CSR measures to ascertain better returns.

Role of the government (C5)

The government has emerged as a distinct motivator for CSR. It has two primary channels through which to encourage CSR. Income tax relief is an instrumental motive for an organisation to undertake CSR. Although no special provisions have been implemented for CSR, contribution to certain philanthropic initiatives, contribution to relief funds, etc. have been put under tax concession categories. The Indian government has also introduced provisions for mandating CSR reporting and by extension, CSR spending, which makes governmental intervention an important motivator. Owing to the increased influence the government has on CSR in India, its role has been elaborated in subsequent chapters.

Access to funds (C6)

CSR is associated with a number of advantages to the firms, in terms of operational, financial, marketing and employee related, benefits, which can help secure a good company performance. In the event of an incident that raises legitimacy issues, it provides the company with the opportunity to use the goodwill garnered, through its CSR, to avoid the harshest blows and to pass it off as a singularity in its history. Product recalls, particularly by the automotive giants Honda, Renault, Toyota and Mahindra & Mahindra were common in 2015. Some researchers have emphasised on the role CSR can play in emerging relatively unscathed from such a crisis. CSR can be an effective reputation insurance after a product-recall (Minor and Morgan, 2011) since the “halo effect” that can extend to unrelated consumer judgements, like new products evaluation, can also impact “consumers' attributions in a product-harm crisis situation” [Klein and Dawar, (2004), p.203]. Others (see Wan-Jan, 2006) have argued that voluntary product recall should be considered CSR and “firms with better CSR performance receive significantly greater firm value change than those with poor CSR performance upon the announcements of voluntary recalls” [Chang and Chang, (2014), p.1]. Many companies have successfully converted their CSR initiatives into success and used sustainable strategies to fulfil requirements at the BOP, as well as, to gain new markets (Prahalad and Hammond, 2003). CSR can, thus, be used to reduce risk associated with various aspects of a company and by virtue of this attract funds to secure its future. A responsible business may also find it easier to gain funds from financial institutions, which are concerned about the economic, as well as the environmental and social feasibility of a project.

Table 4.2: Motivation for CSR in India in the context of CSR motivation theory

Motivation for adopting CSR	Theoretical classifications in CSR motivation literature		
	Sphere of Influence	Branco and Rodrigues (2006)	Maignan and Ralston (2002)
Influence of NGOs, business association and society	External	Instrumental	Stakeholder driven
Role of the government			Stakeholder and Performance driven
Satisfy international partners and generate positive image			
Investor concern and gains in revenue	External and Internal		Performance driven
Access to funds			
Company ethos	Internal	Normative	Value driven

Table 4.2 shows that the classifications of motivating factors, obtained in the discussion above, are in resonance with the existing motivation theories in CSR literature. The table classifies the six motivations for CSR as arising from internal or external sources. The motives can also be mapped under normative, instrumental or stakeholder motivation (see Maignan and Ralston, 2002) and under the broader classification of normative and instrumental motives used in studies (see Branco and Rodrigues, 2006).

4.2.1 Comparison of respondent approach to the motivation for CSR

The technique of summated scales was used to obtain a single value to represent a factor. The comparison of the total mean values of the six motivations for CSR (obtained in the section above) indicates that the ‘Role of the government’ is the biggest factor influencing CSR motivation in India followed by ‘Company ethos’, ‘Satisfying international partners and generate positive image’, ‘Investor concern and gains in revenue’ and the ‘Influence of NGOs, business association and society’ (Table 4.3). ‘Access to funds’ appeared to have the least influence on a decision to adopt CSR. The results purport that there are significant attempts at being responsible from within the company. The comparison of mean scores for each factor was undertaken through ANOVA. The results of the Levene Test for Homogeneity of Variances and ANOVA statistics have been provided in Table 4.3.

Table 4.3: Comparison of respondent approach to the motivation for CSR using ANOVA

Motivation for CSR	Mean values	Mean values			Homogeneity of Variances		ANOVA (df 2, 188)	
		Org	Consul	NGO	Levene Stat.	Sig.	F	Sig.
C5	4.293	4.236	4.361	4.375	2.020	.136	.901	.408
C3	3.955	4.093	3.798	3.750	1.138	.323	2.227	.111
C2	3.677	3.616	3.640	3.881	.817	.443	.843	.432
C4	3.395	3.444	3.244	3.425	2.444	.090	1.074	.344
C1	3.183	3.265	3.016	3.142	.992	.373	1.171	.312
C6	3.100	3.144	3.279	2.788	1.190	.307	1.498	.226

(org- organisation, consul- consultant)

C5- Role of the government, C3- Company ethos, C2- Satisfy international partners and generate positive image, C4- Investor concern and gains in revenue, C1- Influence of NGOs, business association and society, C6- Access to funds

The ANOVA (Table 4.3) did not reveal any significant difference in how different respondent groups viewed the motives for CSR. Therefore, the null hypothesis (H₀₃) that

‘CSR managers, consultants and NGOs perceive the same motivation for adopting CSR’ is accepted.

4.2.2 Ranking individual motivations for pursuing CSR

The motives for companies undertaking CSR are further explored in Table 4.4 by ranking the 16 items of the motivation for CSR scale using mean. The table (4.4) shows that legislation and tax benefits, which are a governmental prerogative, are the most popular motivation for implementing CSR. The government is an external institution that shapes CSR through regulatory and instrumental means. Organisational level predictors like the vision of a company’s top management or founders also influence CSR motivation and allude to the presence of normative influences on CSR motivation. The top management allocates resources and often spearheads CSR programmes in Indian organisations. In addition, companies often follow the views of their founders with regard to the shape their CSR programme will take. Creating positive publicity through the media appears to be a popular instrumental motive. By publicising a CSR programme through the media, a company can

Table 4.4: Motives for adopting CSR in India

Motivation	Mean	Std. Deviation
Laws and regulations mandate it	4.3351	.75587
Tax benefits	4.2513	.83960
Vision and beliefs of top management	4.0576	.86562
Vision of founders	4.0052	.99206
Create positive publicity through media	3.9791	.90588
Value system of the company	3.8010	1.02197
Expectations of international partners	3.7173	.94794
Competitors are doing it	3.6073	1.05519
Improves relation with investors	3.4084	1.03656
Win CSR awards	3.4031	1.22680
Influences company revenue positively	3.3822	.97630
Influence of business associations	3.3717	1.01724
Access to funds from financial institutions	3.2880	.97106
Expectations of society	3.1152	1.08934
NGO Pressure	3.0628	1.04943
Risk management	2.9110	1.03996

enhance its reputation as a responsible company, which generates goodwill and can be useful in the event of impropriety on the company's behalf (Godfrey, 2005 cited in Zyglidopoulos et al., 2011). While some Indian companies supported charity and philanthropy even before LPG, the expectation of foreign partners has encouraged a greater sense of social responsibility. NGO pressure does not seem to have as important a role in motivating companies to be socially responsible as investors, while the role of risk management appears to be negligible. The values of standard deviation for the top four motivating factors (Table 4.4) indicate that respondents do not digress much in their opinion.

4.3 Motivation for CSR reporting

The advantages sought by companies, by means of their orientation as a responsible business will not be possible without communicating it to different stakeholders. An initial list of 16 items was identified as possible motivating factors for CSR reporting from Deegan (2002). A discussion with CSR experts increased the list of items to 19, which was then used in the pilot study and a preliminary PCA was undertaken. The analysis noted an acceptable KMO measure of sample adequacy (above 0.5) and found the Bartlett's test of Sphericity, to be significant. Some respondents expressed reservations about the item 'tax benefit'. The 19-item list was analysed using data obtained from a larger sample, wherein 'tax benefit' showed very low communalities and failed to load significantly onto any factor. Consultation with the CSR experts and observation of the respondents yielded that while tax benefit was a motive for CSR itself, CSR reporting did not have any impact on the filing of income tax returns. Respondents also stated that the term risk management was ambiguous and that their organisations undertook different measures for financial risk, data risk, etc. They felt issues related to company image were covered substantially by items present in the list. The items 'tax benefits' and 'risk management' were removed from the list. PCA analysis of data obtained from 191 respondents yielded similar results.

The results of the PCA with the remaining 17 items is presented in Table 4.5. Both the sample size of 191 and the sample size to item ratio in the current study (10:1) are within acceptable limits for PCA (Hair et al., 2012). KMO value for the 17 items (0.761) and the MSA values for the individual elements were above the accepted level of 0.50 (Table 4.5). Inter-item correlations were significant as seen in the Bartlett's test of Sphericity χ^2 , (136) at $p < 0.001$ (Field, 2009). Following the Kaiser's criteria, five components were retained (Field, 2009), which represented 67.62 percent of the variance (Table 4.5). The scree plot also

showed five distinct factors (Figure 4.2). For clarity, factor loadings below 0.4 have been suppressed (Table 4.5). The value of Cronbach alpha helped assess the reliability of the entire list (0.834), and that of the factors generated through PCA (Table 4.5). The five factors obtained through PCA correspond to the primary motivations for CSR reporting and were identified as Advantages to business (C1), Communicate company ethos (C2), Satisfy international demands and display compliance to standards and norms (C3), Managing company image (C4), and Fear of regulations (C5). The classification of motives for CSR reporting obtained using PCA differs from the motivations for CSR.

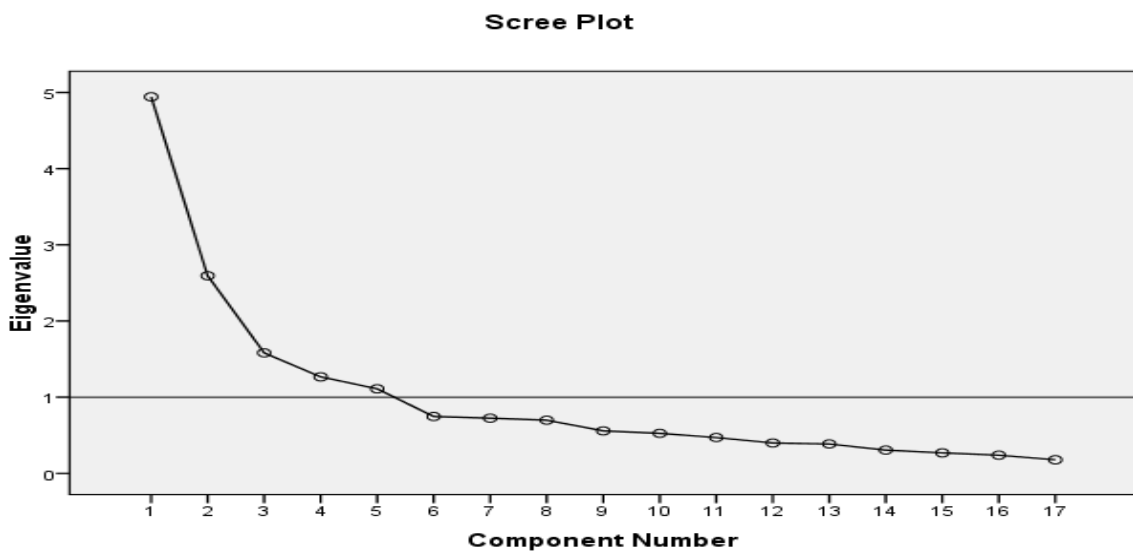


Figure 4.2: Motivation for CSR reporting: Scree plot for PCA

Advantages to business (C1)

Responsible practices, which can help reduce resource wastages and address employee and customer concerns, along with strategic CSR implementation, that considers company core competency to solve problems and identify opportunities, can lead to increased revenues (Rönnegard, 2013). However, it is imperative to report CSR initiatives to different stakeholders, to bring benefits to the business in the form of positive public relations, encouraging customer loyalty, and attracting investors (Idowu and Pappasolomou (2007). The case of the boycott of Nike shoes due to deplorable working conditions for employees in developing countries (Porter and Kramer, 2006) provides a good example of consumer activism in the light of corporate misconduct. Researchers like Ramani and Mukherjee (2010), have discussed cases where CSR has led to market changing product innovations in India, which in turn can be useful to both customers and the company revenue. Employee

concerns can be addressed and initiatives for employee welfare, in particular, can be communicated through CSR reporting. CSR initiatives help generate loyalty and reduce attrition costs.

Table 4.5: PCA results for identifying factors influencing CSR reporting

Motivation for Reporting	Rotated Component Matrix					Comm.*
	C1	C2	C3	C4	C5	
Influences company revenue positively	.789					.710
Influence of business associations	.728					.681
Satisfy employee concerns	.706					.551
Satisfy community concerns	.636					.579
Attract investment funds	.635					.671
Improves relationship with the investors	.618		.486			.650
Express vision and beliefs of top management		.873				.794
Show CSR is part of the value system of the company		.829				.808
Express the vision of founders		.765				.746
Expectations of international partners			.809			.719
To win CSR awards			.717			.624
NGO pressure				.822		.704
Prevent customer activism				.675		.548
Create positive publicity				.549		.533
Competitors are doing it			.468	.532		.586
Pre-empt legally imposed requirements					.886	.817
Laws and regulation mandate it					.863	.777
Cronbach alpha, Eigenvalues for the components and total variance						
Cronbach Alpha (α)	.832	.814	.727	.705	.778	
Total eigenvalues	4.942	2.594	1.582	1.267	1.11	
% of Variance	29.071	15.26	9.306	7.454	6.529	
Cumulative %	29.071	44.33	53.637	61.091	67.62	

* Communalities

Employee participation in CSR activities can help the company explore new markets. Reporting one's CSR activities is an effective way of informing peers, powerful industry bodies and the society about the work a company has undertaken and improving relations with them. Reporting is also a means to attract prospective investors and inform existing investors that activities undertaken were not only in the purview of law but also of ethical standards. Investors have a right to know how their money was spent, and reporting is an important means of conveying this information, particularly, since CSR is often regarded as a non-financial activity that may not necessarily bring an immediate and positive monetary benefit to investors.

Communicate company ethos (C2)

Company CSR reports serve as adequate means to inform different stakeholders that CSR is motivated by the ethical and moral standards emerging from within the company and not undertaken to merely comply with legislation. The discussion on whether CSR should be voluntary or regulatory intervention is needed, has increasingly been brought into focus owing to the spate of incidents that have highlighted inadequacies in corporate governance, misuse and destruction of natural resources and increasing socio-economic problems. Companies failing to demonstrate concern and displaying inactivity often face criticism. Many companies, therefore, feel compelled to highlight CSR initiatives as being internally stimulated, under the aegis of company founder(s) and/or top leadership. Some simply note that 'being a responsible corporate citizen' is a value or founding principle of the company, in an attempt to distance themselves from peers or competitors who are merely following regulations. Reporting CSR is a voluntary and effective initiative to put forward the company's stand vis-à-vis CSR clearly.

Satisfy international demands and display compliance to standards and norms (C3)

The concept of responsibility in the supply chain and its possible benefits are increasing (Bose and Pal, 2012). CSR reporting is a means to assure present and prospective international partners that the company conforms to expected standards, labour and environmental laws, has received ISO certifications and can be considered as being socially and environmentally responsible. Conformity to standards and application of guidelines is expected by international partners, many of whom face strict regulations or customer expectations back home. For example, Ikea, while buying from India, requires the assurance of proper employee standards (IKEA, 2012; Schaefer, 2014). CSR reporting informs partners

about a company's compliance. Reporting of CSR activities also enables admittance to prestigious international CSR awards, like the Golden Peacock award, which adds greater authenticity to a company's CSR efforts. Apart from providing fame at the national level, awards are mentioned prolifically to international audiences, where the company or its partners operate. Incidents of child labour in some industries, low minimum wages, etc., have affected the image of how business is conducted in India, for example, the awareness about child labour in the Indian carpet industry caused severe backlash from Western consumers and ultimately lead to the formation of RUGMARK (Fox et al., 2002; Malaspina, 2006). The need for a platform to inform international partners about compliances and responsible initiatives or to display information to win CSR awards, which in turn can help validate a company's CSR efforts, acts as a source of motivation for CSR reporting.

Managing company image (C4)

Apart from issues like financial soundness and quality of management, a firm's reputation can gain from the concern it shows for social problems, and this encourages organisations to report its CSR activities (Hooghiemstra, 2000). It, thus, serves as a tool for generating positive publicity since organisations can “compensate for negative information by attempting to construct images that overemphasise the positive aspects of their activities and by attempting to manage and control the flow of organisational information received by constituents” [Duimering and Safayeni (1998) as cited in Hooghiemstra, (2000), p.60]. In a competitive market, any attempt to distinguish oneself, especially as a responsible company, can have substantial tangible and intangible advantages and CSR reporting becomes significant if competitors are already doing it. With increasing expectations from companies, reporting CSR activities can be used as a means of public relations, by providing the image they wish to portray to stakeholders.

Concern about resources, societal issues, product safety and the willingness to pay more for better products are just some examples of growing awareness amongst Indian consumers. Young urban Indian consumers, particularly females, are most likely to display socially responsible consumption behaviour, that is, base purchase decisions on a company's response to environmental, resource-related and societal concerns (Singh, 2009). CSR literature has often included going beyond the market stipulated demands on product quality as a part of the company's CSR (see Hackston and Milne, 1996). The increasing expectations of improved and safe products are visible in consumers readily boycotting popular pocket-

friendly products like instant noodles from brand Maggi (from Nestlé), over product quality concerns and others adopting 'organic foods' even at higher prices. The role of NGOs in CSR adoption has been discussed previously. CSR reporting enables companies to address NGOs concerns, with respect to issues like energy, environment, community, etc. How the company works to address NGO and consumer concerns and goes beyond economic interests and legal stipulations to contribute to impoverished neighbourhoods and rural areas can be demonstrated only through reporting. The need to maintain a good image before stakeholders, particularly to external constituents, can save losses in business and makes 'image building' a motivating factor for reporting CSR.

Fear of regulations (C5)

The Indian government has introduced both mandatory regulations for CSR as well as providing guidelines for reporting. Reporting CSR is a requirement imposed by the government on many companies (Companies Act, 2013) and hence serves as a motivation for reporting. Also by displaying compliance to existing CSR regulations as well as complicity in initiatives that may be, in many cases beyond what is required, companies try to curtail further regulatory intervention. Fear of regulations, therefore, serves as a motivator to report CSR activities.

4.3.1 Comparison of respondent approach to factors motivating CSR reporting

After identifying the major motivations for CSR reporting in India, an attempt was made to determine whether different respondents scored these classifications differently. Using the method of summated scales the mean values assigned to each factor as well as the mean value assigned to each factor by the three respondent types was calculated and is represented in Table 4.6. With the assumption of the homogeneity of variance assured through required transformations, ANOVA was used to compare the mean values (assigned by the three respondent types) of the major motivations for CSR reporting. Since the factor 'Fear of regulations' did not satisfy the assumptions of homogeneity of variance, as visible in the Levene statistic (at $p < 0.5$), the Welch F ratio was used as a test of equality of means. Comparison of the total mean values of the five motives for CSR reporting indicated that respondents viewed the 'Fear of regulations' as the primary motive for reporting CSR followed by 'Satisfy international demands and display compliance to standards and norms', 'Communicate company ethos' and 'Managing company image'. The motive regarding gaining a business advantage scored the lowest.

Table 4.6: Comparison of respondent approach to factors motivating CSR reporting using ANOVA

Motivation for CSR reporting	Mean values	Mean values			Homogeneity of Variances		ANOVA (df 2, 188)	
		Org	Consul	NGO	Levene Stat.	Sig.	F	Sig.
Fear of regulations	4.073	3.949	3.872	4.625	.959	.385	9.917*	.000*
Satisfy international demands....	3.83	3.898	3.779	3.7	1.718	.182	1.313	.272
Communicate company ethos	3.805	3.824	3.659	3.908	1.227	.295	.337	.714
Managing company image	3.555	3.569	3.517	3.556	3.130*	.046*	.357 [#]	.701 [#]
Advantages to business	3.3080	3.3889	3.1628	3.2458	.257	.774	.383	.682

* at $p < 0.05$ #Welch F ratio (Robust Tests of Equality of Means) (Org- organisation, Consul-Consultant)

According to the ANOVA (Table 4.6), there is a significant difference in the mean score assigned by different respondent types to ‘Fear of regulations’. The post hoc analysis (Table 4.7) indicates that a significant difference ($p < 0.05$) can be seen between NGOs and consultants and NGOs and organisations. NGOs’ support for the notion of CSR reporting being motivated by the fear of legislation is significantly greater than the belief of consultants

Table 4.7: Post hoc analysis to evaluate difference in means occurring in Table 4.6

Advantage	Respondent type	Mean Difference	Sig.		
			Bonferroni	Hochberg	Games-Howell
Fear of legislation	Org-Consul	.077	1.000	1.000	1.000
	Org-NGO	-.676*	.000	.000	.000
	Consul-NGO	-.753**	.001	.001	.001

* significant at $p < 0.001$; **significant at $p < 0.01$ (Org- organisation, Consul-Consultant)

and organisations. This may be due to the fact that organisations, as well as consultants, wish to downplay the role of legislation in driving CSR reporting, while NGOs as outsiders are more critical and objective of the reasons why organisations report CSR, especially since ‘improving image’ before stakeholders, like consumers and NGOs, scores lesser than ‘Fear of

legislation’. Based on the discussion above, it can be stated that the null hypothesis (H₀₄) ‘CSR managers, consultants and NGOs perceive the same motives for reporting CSR’ is rejected and the alternate hypothesis (H₁₄) ‘NGOs prioritise some of the motives for reporting CSR, as compared to CSR managers and consultants’ is accepted.

4.3.2 Ranking the individual factors motivating CSR reporting in India

Table 4.8 ranks the individual factors for an organisation undertaking CSR reporting. Organisations report CSR, primarily, to gain publicity, to comply with current legislation and in an attempt to pre-empt future legislation by the government or regulatory authorities. Like in the case for motivation for CSR, NGOs do not play a significant role in CSR reporting.

Table 4.8: Motivating factors of CSR reporting in India

Motivation for CSR Reporting	Mean	Std. Deviation
Create positive publicity	4.209	.655
Laws and regulation mandate it	4.189	.933
Pre-empt legally imposed requirements	3.958	1.090
Express vision and beliefs of top management	3.937	.949
To win CSR awards	3.848	.829
Expectations of international partners	3.812	.944
Express the vision of founders	3.780	1.102
Improves relationship with the investors	3.738	.959
Show CSR is part of the value system of the company	3.696	1.052
Competitors are doing it	3.565	1.135
Attract investment funds	3.555	.993
Influence of business associations	3.487	.940
Prevent customer activism	3.278	1.062
Influences company revenue positively	3.178	1.114
NGO pressure	3.168	1.144
Satisfy community concerns	3.042	1.178
Satisfy employee concerns	2.848	1.078

The need to communicate that CSR is an integral part of the company is visible in the respondents’ support to the view that the top management, founders or the value system of the company influence CSR reporting. Communicating that CSR is an ethical prerogative

received similar mean scores as instrumental motives like winning awards, the expectation of international partners and improving relation with investors. The similarity in approach to these varied individual factors was also visible in the proximity of the mean scores of the major factors discussed in Table 4.6. The following section explores, the activities popularly considered as CSR, by CSR personnel.

4.4 Activities perceived as CSR in a post-regulation environment

Table 4.9 helps identify the perceptions about CSR activities, in the context of an environment where the Companies Act, 2013 defines the regulations and guidelines for different aspects of CSR in the country. Using mean values assigned by respondents, Table 4.9 helps evaluate the CSR activities that are perceived as being important by the CSR personnel responding in the study. The value of Cronbach alpha for the list of CSR activities was found to be 0.887, which is acceptable. Community initiatives like education, healthcare, infrastructure development and disaster relief are prominent areas of focus in CSR programmes (Table 4.9). Environmental issues, like pollution reduction, energy conservation, etc., have also been emphasised upon. Organisations are trying to align their CSR programmes with areas of governmental concern like social inclusion and climate change (MCA, 2009b). Low values of standard deviation were seen for these CSR activities indicating that organisations, NGOs and consultants, alike, consider these as important CSR activities.

While employees play an important part in the implementation of CSR programmes, employee related programmes are generally not considered CSR. Chapple and Moon (2005), in their research, found similar sentiments reflected in nations like Thailand and the Philippines. A number of factors can be attributed to the negligence of employees' interest in CSR activities. First, employee related issues are covered by various labour and industrial laws, which have been present for some time and are largely regarded as activities already undertaken by organisations. Another school of thought believes that employee issues are internal to the organisation and organisations can shirk their responsibilities easily by claiming to direct a vast amount of CSR resources towards their employees while ignoring other social and environmental concerns. The Indian government, too, has not mentioned any employee related activity in its list of proposed CSR initiatives in the schedules (Schedule VII) of the Companies Act, 2013. In a study in 2011, Arevalo and Aravind found that 'treating all employees fairly' was an important approach to CSR in India. The current

Table 4.9: Comparison of mean values assigned to perceived CSR activities

CSR activities	Mean value	Mean values			ANOVA (df 2, 188)	
		Org.	Consul.	NGO	F	Sig.
Contribution to education in communities	4.581	4.537	4.581	4.700	1.181	.309
Community infrastructure development	4.461	4.343	4.535	4.700	4.657	.051
Contribution towards healthcare	4.419	4.398	4.372	4.525	.773	.463
Disaster relief	4.309	4.259	4.209	4.550	2.153	.119
Energy conservation	4.188	4.204	4.116	4.225	.161	.852
Recycling resources (water, metals, etc.)	4.173	4.204	4.093	4.175	.162	.851
Reducing pollution	4.147	4.056	4.116	4.425	1.725	.181
Tree plantation	4.147	4.130	4.070	4.275	.772	.463
Waste management	4.115	4.056	4.116	4.275	.641	.528
Renewable sources of energy*	4.079	4.185	3.930	3.950	1.462	.238
Providing job possibilities to handicapped people	4.026	4.065	4.116	3.825	1.402	.249
Encouraging business partners to adopt CSR	3.869	3.833	3.884	3.950	.189	.828
Funding NGOs	3.859	3.833	3.744	4.050	.961	.384
Reusable/ biodegradable product packaging *	3.785	3.880	3.488	3.850	1.41	.25
Complying with all laws*	3.571	3.519	3.465	3.825	1.435	.243
Conducting fair business transactions*	3.382	3.417	3.256	3.425	.246	.782
Health and safety of employees	3.382	3.380	3.279	3.500	.305	.737
Special facilities for women employees	3.346	3.259	3.233	3.700	1.942	.146
Hiring staff belonging to socially backward classes	3.304	3.315	3.302	3.275	.015	.985
Enhancing the quality of products or services	3.131	3.185	3.000	3.125	.384	.682
Sponsoring the sportspersons /events	3.073	3.074	3.116	3.025	.063	.939
Offering training possibilities for employees	2.901	2.843	3.000	2.950	.285	.752
Developing non-financial reports for stakeholders	2.901	2.926	2.953	2.775	.277	.758
Employee training	2.723	2.694	2.744	2.775	.074	.929
Anonymous complaint mechanisms for staff *	2.492	2.546	2.558	2.275	1.16	.318

* Welch test values; (Org.- organisation; Consul.-Consultant)

research shows a distinct change in attitude. Apart from the top ten CSR initiatives, there is a greater dispersion in views about other prospective CSR activities, which can be seen from larger values of standard deviation (Table 4.9). While NGOs can play an important role in implementing CSR programmes for organisations (Table 5.2, Chapter 5), funding of NGOs does not feature as prominently in Table 4.9 as some other CSR activities do. This phenomenon may be explained by the assumption that CSR is gradually maturing in India. Organisations are more committed to their CSR programmes and, therefore, are becoming more particular about the areas they wish to adopt as a part of their CSR programme. Organisations provide select NGOs, which are knowledgeable and experienced in the areas of organisational interest, with funds to help improve the impact and execution of their CSR programmes.

In order to explore whether the high standard deviation values are due to differences in how NGOs, CSR personnel from organisations and consultants view the different activities, ANOVA analysis was also undertaken. Table 4.9 shows the total mean score assigned to each activity as well as the mean scores of the different respondent types. The Welch values were used when the Levine's test for homogeneity of variance fails. The ANOVA analysis did not show any significant difference between the mean values assigned by the three types of respondents. Therefore, the null hypothesis (H_0) 'there is no difference in how CSR managers, consultants and NGOs regard different CSR activities' is accepted.

4.5 The pre-regulation environment (2004-2011): Findings from content analysis of annual reports

The empirical evidence has provided a rich insight into the factors and forces that currently influence CSR adoption and reporting in India. It also helps understand the CSR activities that have gained prominence, in the light of the CSR provisions of Companies Act, 2013. In this stage of the research, the CSD from annual reports of 42 non-financial companies, listed on the NSE, are analysed over the period 2004-2011. The aim of the examination of the secondary data is to understand whether the theories that emerged from the questionnaire survey find support in the years leading up to the institutionalisation of CSR, in India, or are different. For example, the analysis of the factors for motivation (both for CSR and CSR reporting) highlight the importance of institutional forces like the government in driving CSR in the country. Correspondingly, the longitudinal study will help ascertain whether there was a larger amount of CSD (between 2004-2011) in areas where governmental guidelines or regulations were applicable. If the CSD between 2004-2011 were

driven by the need to satisfy international partners or to win CSR awards, which emerged as important motivations from the questionnaire survey, it is likely to be reflected in the amount of disclosures on areas of interest to international partners. Also, since normative motives, like company ethos, appeared as an important motivation, there should be a considerable amount of voluntary disclosures as well. Instrumental motives did not gain as much significance as stakeholder and normative motives, therefore reporting CSR activities in the context of improved company performance is less likely. It will also be interesting to note the amount of reporting in the CSR categories of community, energy and environment, which were identified as popular CSR activities by questionnaire respondents. Apart from appraising the congruence between perceptions of CSR in a post and pre-regulation environment, through CSD in annual reports, the study also analyses the patterns in reporting. It evaluates the nature of evidence provide in the CSD, throws light on sectoral CSR reporting and briefly touches upon the evolution of other sources of CSD like independent CSR reports.

4.5.1 Motivation for CSR

The content analysis of annual reports focused on identifying statements, in the annual reports, that indicated the motivation for adoption or reporting for CSR in India. Table 4.10 notes some of the statements that could be considered to provide some insight into major influences. The statements allude largely to Maignan and Ralston's (2002) CSR classification of normative, instrumental and stakeholders motivation, which were observed in the findings from the questionnaire survey as well.

- Stakeholder Motivation- In this case, the firm adopts CSR under stakeholder pressure (O'Dwyer, 2003). Stakeholder motivation was mostly visible in the reporting of issues like energy saving, environmental measures and certain employment requirements, which are mandated by the government. Since such regulations are applicable across industries, stakeholder motivation was a common motivating principle.
 - Government- International organisations like the UNGC and the European Commission have endorsed governmental intervention to encourage CSR. Governmental intervention can be in the form of mandating CSR activities as well as encouraging companies to adopt voluntary CSR measures through soft legislation (Fox et al., 2002). Regulations appear to act as an important incentive to undertake CSR activities (Table 4.10).

Table 4.10: Motivation for CSR as reported in annual reports

Stakeholder(s)	
<ul style="list-style-type: none"> “...preserving the interests of multiple stakeholders, including the society at large.” [Hero, (2011), p.63] “...large corporations which employ a vast quantum of societal resources should ensure that these resources are utilised in a manner that meets stakeholders’ aspirations and societal expectations...” [ITC, (2008), p.8] 	
Government	
<ul style="list-style-type: none"> “Information on Conservation of energy under Section 217(1)(e) of the Companies Act, 1956...” [PGCI, (2011), p.20] “... following the Presidential Directives issued by the GoI regarding reservation for SC, ST, OBCs and PC. Adoption of the DPE Guidelines on CSR for CPSEs...” (BHEL, 2011) “...conducting our operations in an environmentally responsible manner to comply with applicable regulations” (SAIL, 2007, 2011) 	
Society and Environment	
<ul style="list-style-type: none"> “...the tradition of repaying the society at large...” [BHEL, (2011), p.14] “To ensure inclusive growth and impact society in a positive way..” [Airtel, (2011), p.8] “... aware of the obligation that it has towards planet earth, the country and the society.” [SAIL, (2011), p.19] 	
Instrumental	
<ul style="list-style-type: none"> “...has registered 7 Clean Development Mechanism projects that have already earned carbon credits” [ITC, (2009), p.60] “The initiative enhances two aspects simultaneously – Establishing suitable livelihood for the under-privileged..... accessing markets beyond the reach of traditional distribution models...” [HUL, (2011), p.11] “It is your Company’s endeavour to embed larger societal goals in its various business models” [ITC, (2011), p.38] “It provides the farming community with value-added services such as crop advisories, advance weather forecasts, output price discovery, direct communication tools...The footprint of this network is well established to source most requirements of your Company’s Branded Packaged Foods business” [ITC, (2011), p.37] 	
Normative/ Ethical	
<ul style="list-style-type: none"> “CSR is an integral part of the company ethos” [Hero, (2011), p.61] “Make a meaningful difference in people's lives” [SAIL, (2007), p.4] “CSR is an integral part of the way the company conducts its business. Being a responsible corporate citizen is something very dear to the company.” [Airtel, (2010), p.5, p.17] “Be a committed corporate citizen, alive towards its CSR” [BHEL, (2010), p.14] 	

- Society - Many definitions (Brown and Dacin, 1997; Dodd, 1932) of the term CSR embody the fact that it gained prominence because of societal expectations that require businesses to move beyond thinking only in terms of profit. The presence of social expectations about how a business should operate implies a link to social legitimacy (Moir, 2001). Some statements in company annual reports (Table 4.10) indicated that societal expectations had played a role in driving CSR activities.
- Instrumental motivation- In this case, the firm undertakes CSR activities for perceived benefits like long-run self-interest, public image viability, etc. (Davis, 1973). Motivating factors hardly garnered a specific mention in most of the annual reports reviewed. However, the companies that clearly reported being influenced by instrumental motivation belonged mostly to the CG industry.
- Normative motivation- In this case, the firm adopts CSR as a fundamental purpose or mission of their existence (Galbreth, 2009). This form of motivation was a popular choice for most companies. They expressed that CSR was a part of the ‘ethos of the company’. Citing normative motivating factors, also enabled companies to stress that CSR activities were voluntary and undertaken because the company believed in its responsibilities to stakeholders. It indicates that companies were trying to distance themselves from Friedman’s (1970) idea that companies work for their profit only, thus, appealing to the sensitivities of a larger stakeholder base.

The content analysis showed that companies did not have any dedicated section or sentences in their annual reports that would specifically state the major influences to undertake CSR and in particular report their CSR activities in annual reports. Table 4.10 highlights the type of sentences that can be considered to indicate the reasons for undertaking activities pertaining to CSR, although not all companies explicitly reported such sentiments. While the annual reports did not provide substantial evidence to elucidate all the prominent factors that encourage CSR adoption and its reporting on different platforms, stakeholder (particularly governmental regulations) and normative motives appeared more regularly than instrumental motives. Although, the method of content analysis is largely subjective, the findings of Table 4.10 display similarities to the findings of the questionnaire survey. The next section explores CSR reported in categories of employee H&S, employee other, energy, environment, product, community and general CSR policies in the pre-institutionalised era

(2004-2011). The findings further help gauge similarities, if any, with current perceptions about important CSR activities in India.

4.5.2 Prominent areas of CSR reporting

Figure 4.3 elucidates the percentage of the 42 non-financial companies that have reported in different CSR categories. The analysis of CSD over the eight-year period (2004-2011) shows that reporting in the CSR categories has steadily increased and in particular appears to have gained momentum since 2007. The category of employee other, however, witnessed around 100 percent reporting since 2004. The category of general CSR policies has shown the steepest increase in reporting, possibly under the effect of the actions taken towards the institutionalisation of CSR in the country.

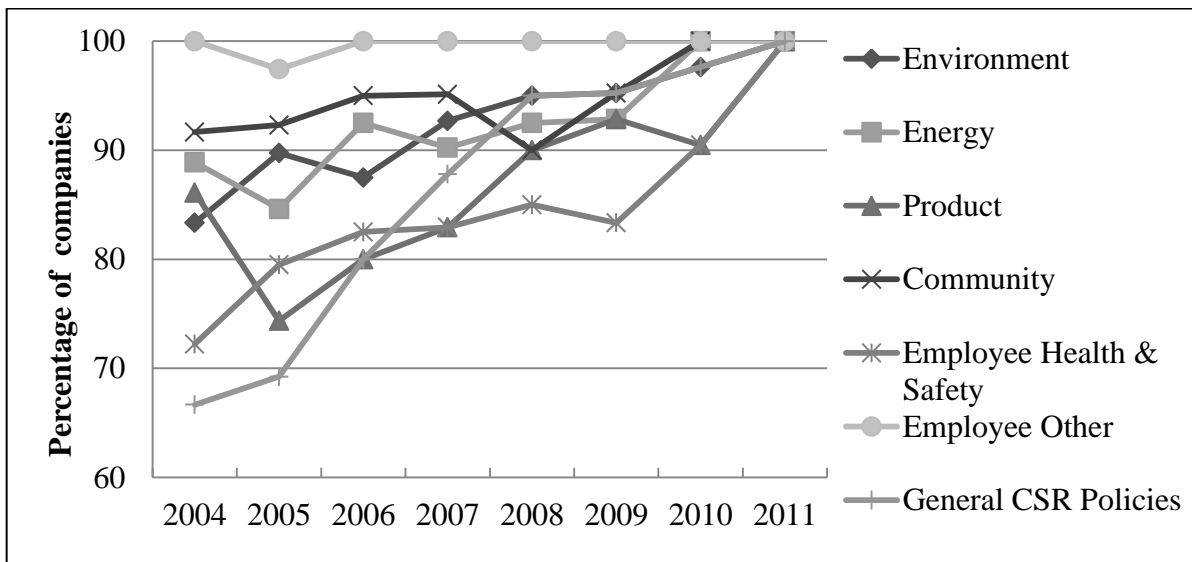


Figure 4.3: Percentage of companies reporting in major CSR categories (2004-2011)

4.5.3 Voluntary and mandatory reporting

Reporting in the CSR categories of community, general CSR policies, employee H&S, and environment can be considered voluntary since there are no particular directives or guidelines regarding CSR spending or reporting in these categories. Indian labour laws emphasise on the safety measures required to improve working conditions for employees, yet industrial accidents are not uncommon, and many companies have failed to implement proper measures. Such issues rarely find mention in company annual reports and, therefore, reporting in the category of employee H&S has been considered under voluntary disclosures in this study. Public sector units (PSUs), under the Presidential Directives and other guidelines issued by ministries like the Ministry of Social Justice and Empowerment and the

DPE, are mandated to provide reservation to special interest groups like SC, ST, OBC, and PC in employment and report statistics about their employment and advancements in their annual reports. Private sectors companies are not mandated to do the same, and they seldom provide information about the recruitment of these special interest groups. Thus reporting about the employment of special interest groups is considered under mandatory reporting.

For, both, PSUs and private sector companies, reporting of employee remuneration and post-retirement benefits (gratuity, leave encashment, provident fund) are mandated under the Indian Accounting Standards while Section 217(1)(e) of the Companies Act, 1956, mandated the reporting of energy conservation initiatives. A comparison of CSR reporting under the mandatory and voluntary categories in Figure 4.4 shows that the amount of voluntary disclosures, in categories like environment, community, employee stock option scheme (ESOS) and employee training, continuously exceeds the amount of mandatory disclosures over the eight-year period. While companies did not mention the motivation behind CSR reporting, van der Laan (2009) posits that the legitimacy theory and the stakeholder theory can be considered to influence the reporting of voluntary and mandatory disclosures. The presence of both mandatory disclosure and voluntary disclosures highlight the importance of regulations as well as the influence of internal mechanisms on CSR reporting. The findings display a similarity to the empirical evidence about the motives for CSR reporting. Reporting in CSR categories and their corresponding sub-categories have been discussed next.

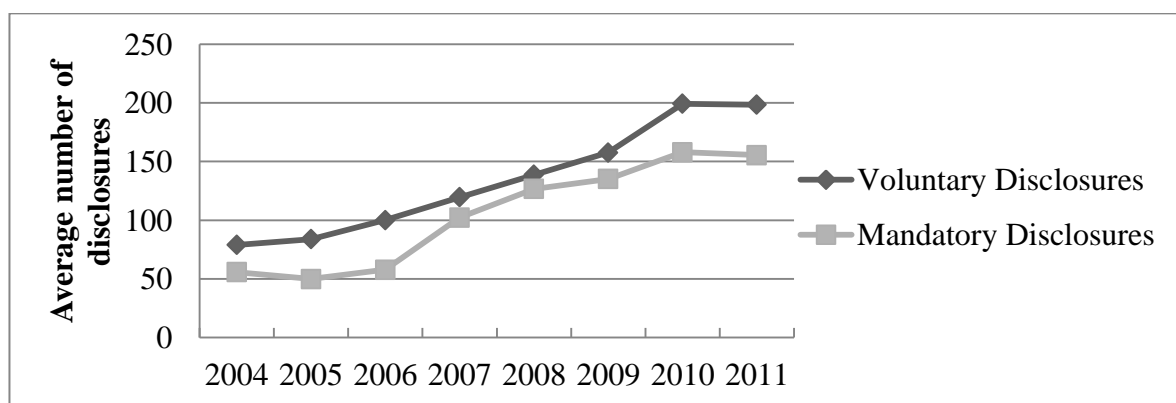


Figure 4.4: Comparison of voluntary and mandatory social disclosures

4.5.4 Disclosures in major CSR Categories

The percentage contribution to the total CSD by the CSR categories of community, energy, employee other, employee H&S, environment, product, and general CSR policies, is

displayed in Table 4.11. Over the eight years, total CSD has received the maximum contribution (around 50 percent) from the employee other category, possibly because of the large number of disclosures in the sub-categories of employee remuneration, post-retirement benefits, and ESOS. In particular, disclosures in the employee other category witness a steep increase around 2007 due to the change in India accounting policies that mandated the reporting of post-retirement benefits in annual reports. A corresponding increase can be seen in the number of monetary disclosures in 2007 as well and signify the impact of regulations on reporting (see Figure 4.8). While the ratio of the number of disclosures in the major CSR categories has remained similar (Table 4.11), the decrease in the percentage contribution by a CSR category, in any year, is not necessarily indicative of a reduction in the average number of sentences reported in the category (Figure 4.5).

Table 4.11: Disclosures in major CSR categories as percentage of the total CSD

Year	Disclosures as percentage (%) of total CSD						
	Environment	Energy	Product	Community	Employee H & S	Employee Other	General CSR Policies
2004	10.27	16.12	3.79	13.63	5.46	48.65	2.08
2005	9.13	13.15	5.31	13.89	4.27	51.39	2.87
2006	9.83	12.84	3.63	15.34	5.75	49.72	2.90
2007	8.38	10.20	3.34	14.14	5.21	56.34	2.38
2008	8.35	10.55	3.30	13.13	4.43	57.73	2.50
2009	8.41	10.31	3.45	13.09	4.53	57.29	2.92
2010	8.12	11.16	4.43	12.61	4.00	55.55	4.13
2011	9.01	11.20	3.64	15.03	4.67	53.27	3.18

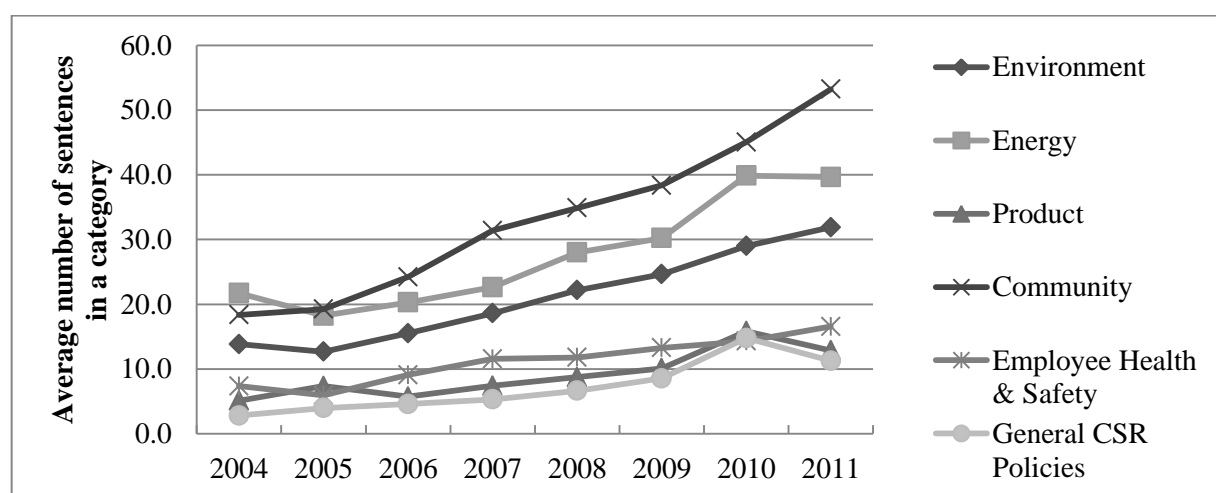


Figure 4.5: Average number of CSD furnished by companies in major CSR categories

Figure 4.5 does not include the disclosures in the employee other category, to enable a better look at the reporting trends in the other CSR categories. Community retains its position as the CSR category with the second highest amount of disclosures and is closely followed by the energy category (Table 4.11, Figure 4.5). General CSR policies is the least disclosed CSR category, although the actual amount of reporting has increased between 2004 and 2011 (Figure 4.3).

4.5.5 Reporting on sub-categories

The discussion above does not provide any insight into the type of reporting undertaken by the companies in the CSR sub-categories under major CSR categories. Table 4.12 details the CSR sub-categories, in which at least 50 percent of the companies have reported on in a given year. Table 4.12 indicates that not all sub-categories have seen a consistent reporting by more than 50 percent of the companies in a year. Further many sub-categories like energy efficiency of products, low-cost healthcare for employees, disaster relief, etc., have received sporadic mention and therefore, not been included in Table 4.12. Over the years, the sub-categories of employee motivation, employee remuneration, post-retirement benefits, and employee training (employee other category), conservation of resources and pollution control (environment category), energy conservation (energy category), infrastructure development (community category) and CSR company policies (general CSR policies category), have been consistently reported upon by a majority (50 percent and above) of the companies. Other sub-categories like health, education, livelihood generation (community category), product development (product category), and reduction in hazards, pollutants at the workplace (Employee H&S) have also gained the attention of companies.

The questionnaire study proposed that the ‘demands of international partners’ is an important motivation for CSR adoption and reporting. Consequently, the influence of international partners should be visible in the CSD between 2004 and 2011 since India liberalised its economy in the early 1990s. Issues like child labour, ensuring better working conditions for employees, and worker safety, which are likely to be reported to satisfy international partners, were less reported than other issues like community, environment and energy. Issues related to women employees, like providing maternity leaves, crèches for children, addressing harassment in the workplace, etc., received very little mention. Most companies did not report about any CSR expectations from their suppliers or partners either.

Table 4.12: Major CSR sub-categories over the eight-year period

Sub-Categories	Percentage of companies in							
	2004	2005	2006	2007	2008	2009	2010	2011
Employee Health & Safety								
Reducing hazards, pollutants at workplace			55.00	51.22	60	71.43	64.29	66.67
Implementing Health and safety standards				56.10	50	54.76	57.14	64.29
Safety award(s) received							50	
Established safety committee, regular safety training				58.54	57.50	57.14		57.14
Employee Other								
Employee training	72.22	71.79	70	80.49	77.50	71.43	83.33	83.33
Financial assistance for education outside the organisation							52.38	
Post-retirement benefits	94.44	89.74	100	100	100	100	100	100
Employee Remuneration	100	89.74	100	100	100	100	100	100
ESOS							50	
Employee motivation	72.22	66.67	82.50	75.61	82.50	80.95	90.48	90.48
Relation with trade unions (strikes, industrial disputes)	55.56	51.28	55				54.76	
Human Resource Awards								50
Product								
Product development (reusable/ biodegradable packaging, etc.)		72.22	66.67	82.50	75.61	82.50	80.95	90.48
Environment								
Pollution control	72.22	74.36	77.50	87.80	85.00	88.10	85.71	90.48
Prevention of environmental damage (through reforestation, reclamation, etc.)					52.50		64.29	61.90
Conservation of resource (water, paper, etc.)	52.78	56.41	55	60.98	65	69.05	66.67	61.90
Environmental Award(s)			52.50				61.90	59.52
Waste management					55			

Energy								
Energy conservation efforts	83.33	71.79	85	82.93	85	83.33	90.48	88.10
Energy award(s)							50	
Renewable sources of energy						59.52		57.14
Community								
Community infrastructure development	63.89	71.79	67.50	73.17	77.50	78.57	90.48	90.48
Initiatives for public health	50		52.50	68.29	72.50	73.81	76.19	66.67
Support to education		51.28	57.50	68.29	60	64.29	69.05	59.52
Supporting government-backed initiatives							61.90	
Livelihood generation				53.66	65	69.05	64.29	71.43
General CSR Policies								
Company CSR policy	52.78	61.54	62.50	75.61	85	92.86	97.62	92.86
Participation in initiatives like UNGC, GRI/ CSR report(s)							50	54.76
CSR Award(s)							52.38	

Empty cells indicate that less than 50 percent of the companies reported on the given issue in that particular year

However, the low incidence of reporting alone is not substantial to judge the role of international partners (during 2004-2011) since reporting in employee H&S has steadily increased over the timeframe. Further, there is no official documentation about the nature of expectation of international partners. In keeping with the objectives of the thesis, the sections below attempt to further examine the CSD in the context of sectoral reporting and the nature of evidence provided in the annual reports.

4.5.6 Reporting by sectors

The analysis of CSD over the 2004-2011 timeframe showed that there were certain CSR activities that had received consistent mention in the annual reports of companies across different sectors over the period of study. Appendix IV provides the sector-wise classification of the companies under consideration, in this study. Figure 4.6 indicates that in the automobile sector no CSR activity received 100 percent reporting over the entire eight year

period. The number of companies in the telecom and CG sectors, due to unavailability of annual reports, reduces to one in some of the years in the 2004-2011 timeframe, thus leading to the exclusion of the two sectors from the analysis presented in Figure 4.6. Employee related disclosures dominate the CSD in all sectors. CSD of the IM and pharmaceutical sectors also featured aspects of product development, like improving product safety features and improved packaging (IM), and making low-cost pharmaceutical ingredients available for all (pharmaceutical). Reporting in all the mandatory CSR categories or sub-categories is not equal. For example, reporting in energy conservation, a sub-category for which reporting is mandatory, did not receive much attention from IT, pharmaceutical and energy sector companies. This trend can be explained, at least for service sector industries like IT, which consume much less energy in their operations as compared to manufacturing industries, although certain IT companies reported about providing energy efficient solutions to their clients. Social initiatives have witnessed a consistent 100 percent reporting from a few sectors. Unlike the social initiatives for health and education that have not featured in the CSD of any industry consistently, community infrastructure has received consistent attention from the IM and cement sectors, in the form of monetary contribution, employee volunteering or NGO collaboration. In particular, the IM sector has displayed consistency in reporting their monetary contribution in the area of community infrastructure development. Pollution causing industries like cement, IM, and metal have regularly mentioned their pollution control initiatives in their CSD. A good congruence is visible between the categories represented in Table 4.12 and Figure 4.6 as the same subcategories emerge prominently over the timeframe of the study.

4.5.7 Comparison of firms based on ownership and industry

The companies, in this study, can be segregated on the basis of two broad categories, ownership and industry, to statistically test the difference, if any, in the amount of CSD in these categories. The classifications and their definitions have been adopted from Gao's (2011) work and have been described below:

- a. **Ownership:** Companies are segregated on the basis of their shareholding pattern. A company is termed as a PSU if the majority stakeholder is the government. It is deemed a private enterprise if the majority stakeholder is a private company or individual. Since the number of multi-national companies, where the majority shareholder is a foreign company or institution, are very few in this study, they have been considered as private sector enterprises.

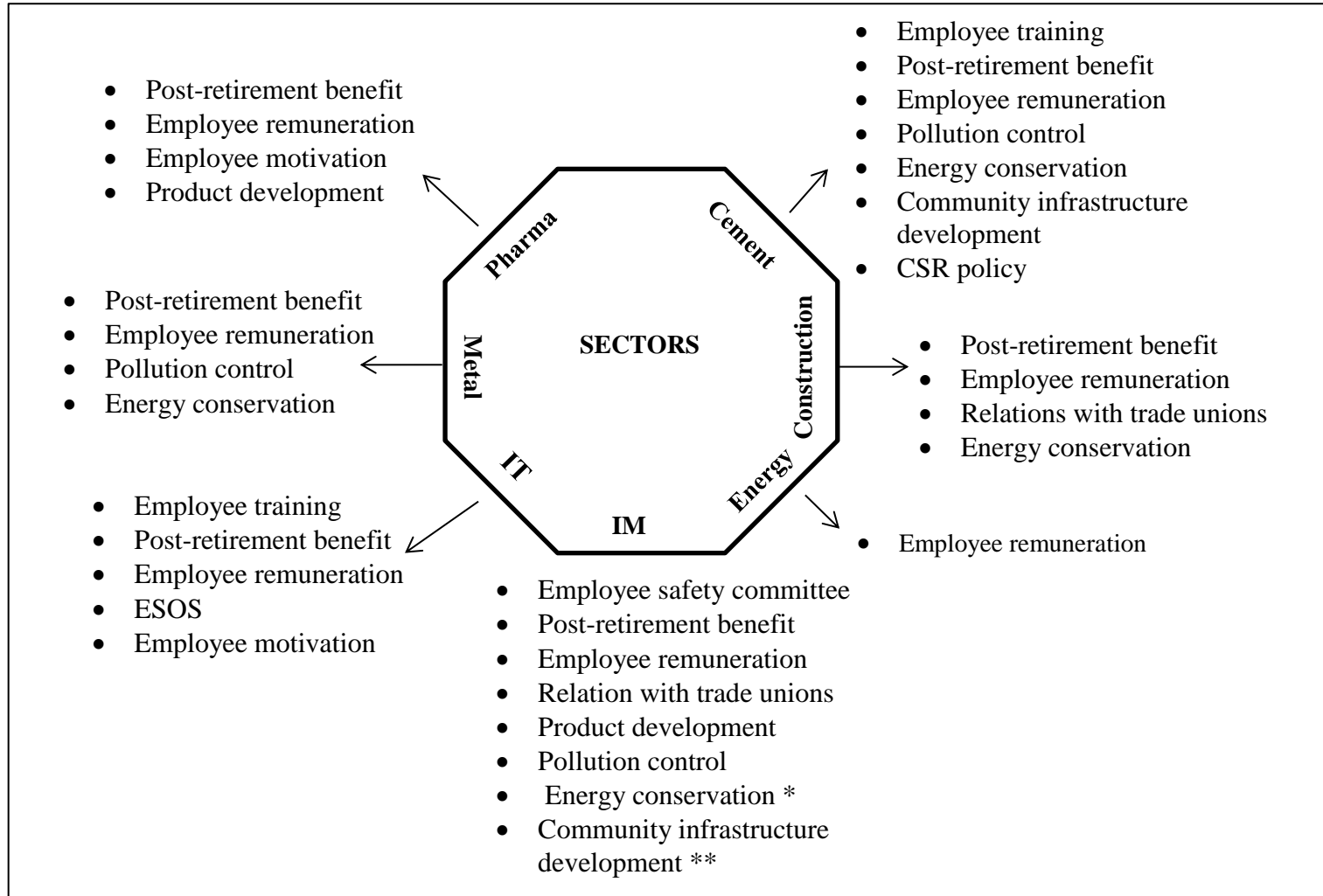


Figure 4.6: A sector wise classification of most reported CSR activities over eight years (2004-2011)

(Pharma- Pharmaceuticals; *Declarative and monetary statements; ** Monetary contribution only)

- b. Industry: Distinction between the companies is made on the basis of their core business and the classification provided by the NSE Service Index. Sectors and companies listed on the NSE Service Index (energy, telecom and IT companies) have been considered as service firms while the others are considered as manufacturing firms.

The low incidence of neutral sentences (Figure 4.7) ensures that of the CSD considered in the study, pertains largely to a company's CSR activities and the amount of CSD corresponds to the level of detail in its CSR reporting. It, therefore, supports the case for using 'number of sentences disclosed in different CSR categories' as the criterion for comparing CSD between public and private sector companies and service and manufacturing sector companies over the eight-year period. The data generated from content analysis is checked for conditions of normality, failing which the Mann-Whitney U-test is employed to compare the total and category wise CSD (Table 4.13).

Table 4.13 does not show any significant difference in the total CSD of PSUs and private sector companies. However, the analysis of the mean rank values assigned to the categories of energy, environment, employee H&S and product displays that PSUs disclose significantly more information (for $p < 0.05$), in these categories, than private sector companies. The results may be partially explained by the fact that PSUs fall under the influence of the government and are, therefore, likely to provide more information in different CSR categories. In the employee other category, however, mandatory declarations about the employment of minority and special groups, by PSUs appear to provide a balance to ESOS disclosures by private sector companies, leading to little difference in reporting in this category. The PSUs, considered in this study, did not provide ESOS to their employees. The difference in reporting practices in the energy category between PSUs and private sector companies can be attributed to a lower incidence of reporting by the private sector, particularly by telecom and IT companies, rather than to regulation mandating reporting in energy conservation, etc. The analysis of the number of disclosures by service and manufacturing sector firms indicates that service firms tend to report significantly ($p < 0.05$) more in the categories of employee other, employee H&S, and product. The results are affected by the larger quantities of CSD, by energy companies, in terms of cleaner fuels and technology, and health and safety initiatives for employees at different operational locations. In the employee other category, the difference can be ascribed to a large number of disclosures by, both, energy and IT companies. IT companies also mention efforts to provide

Table 4.13: Comparison of total CSD between public and private sector firms and between service and manufacturing sector firms

Grouping Variable ↓	Mann-Whitney U Test Statistics							
	Environment	Energy	Product	Community	Employee Health & Safety	Employee Other	General CSR Policies	Total Disclosure
PSU (Mean Rank)	177.68	198.06	164.52	138.79	157.68	154.67	151.23	176.73
Private	143.05	138.19	135.53	157.31	130.80	162.54	137.57	166.56
Z values	-2.774*	-4.767*	-2.343*	-1.482	-2.374*	-.603	-1.161	-.754
Manufacturing	144.14	151.45	132.61	151.95	126.60	151.59	141.77	164.78
Service (Mean Rank)	160.37	147.37	155.50	156.39	156.49	177.41	138.47	174.55
Z values	-1.560	-.390	-2.278*	-.419	-2.985*	-2.399*	-.333	-.896

* significant at $p < 0.05$

sustainable and environment-friendly solutions to their clients.

Based on the discussion, it is visible that there is no significant difference between public and private sector companies and service and manufacturing sector companies in terms of the total CSD reported by them. However, significant differences can be seen in terms of the amount of disclosures in the individual CSR categories of employee other, employee health and safety, energy, environment and product. Therefore, the null hypothesis (H_01) 'the amount of corporate social disclosures reported by public and private sector companies are the same' is rejected and the alternate hypothesis (H_11) 'the amount of corporate social disclosures reported by public sector units is more than private sector companies' is accepted. Similarly, the null hypothesis (H_02) 'the amount of corporate social disclosures reported by manufacturing and service sector companies are the same' is rejected and the alternate hypothesis (H_12) 'the amount of corporate social disclosures reported by service sector companies is more than manufacturing sector companies' is accepted.

4.5.8 Nature of disclosures

Most CSR disclosures are in the form of good statements and seldom provide negative information about strikes and corresponding loss of man hours, industrial accidents, pollution levels, etc. (Figure 4.7). Most good statements elucidate the company's CSR initiatives and policies, but rarely provide corroborating evidence in numerical or monetary terms. Thus, the abundance of good statements, alone, cannot be taken as an indicator of exemplary behaviour. Declarative statements abound, followed by monetary disclosures, and non-monetary disclosures, a trend that can be seen in other studies like Aras et al. (2010), Hackston and Milne (1996), Tilt (2001), etc. Disclosures in the employee other and in particular, the sub-categories of post-retirement benefits and employee remuneration witnessed maximum monetary disclosures. Most companies failed to provide information about their actual CSR spending, either as a percentage of profit or the monetary allocation made. Some companies, however, expressed their CSR activities for the community, like agriculture, livelihood generation, etc. in the form of the monetary benefits, like income, to the beneficiaries. Non-monetary disclosures mostly highlighted the number of activities, undertaken by a company, in the area of community, energy conservation, or environment, but information about the impact of the initiatives, like the number of beneficiaries affected, energy saved or reduced levels of pollution, featured less frequently. Monetary and non-monetary information provide greater transparency and accuracy to a company's CSR claims

since quantitative data allows the opportunity to benchmark and compare performance and gauge the impact of the activities on different beneficiaries.

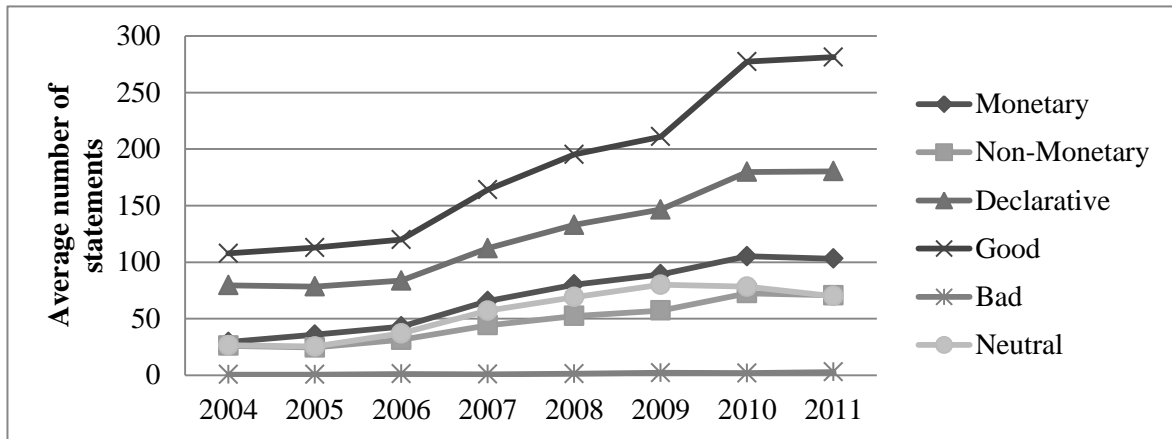


Figure 4.7: Statements classified on the basis of type of evidence

4.5.9 Other disclosure platforms

Table 4.14 summarises the number of companies that, apart from publishing CSD in their annual reports, publish CSR reports on the basis of GRI guidelines or are signatories to the UNGC and hence furnish reports to UNGC. Companies have been considered only if

Table 4.14: CSR disclosure platforms apart from annual reports

Year	Companies providing GRI report		Separate CSR / Sustainability report		UNGC signatories	
	Number	%age	Number	%age	Number	%age
2004	2	5.56	1	2.78	8	22.22
2005	3	7.69	1	2.56	9	23.08
2006	4	10.00	1	2.50	10	25.00
2007	4	9.76	4	9.76	11	26.83
2008	12	30.00	5	12.50	14	35.00
2009	15	35.71	4	9.52	14	33.33
2010	16	38.10	4	9.52	17	40.48
2011	18	42.86	4	9.52	19	45.24

%age- percentage

they mentioned about their participation in UNGC or GRI reporting in their annual report, have presented the requisite reports on their website and their claims can be corroborated

through the availability of reports and information on the UNGC and GRI websites. Non-corroborated reports, independent sustainability reports and CSR reports, which are not produced in accordance with GRI or UNGC guidelines, have also been shown in the table (4.14). While the number of Indian companies participating in globally acknowledged initiatives has steadily increased since 2004, less than 50 percent of the companies, considered in the study, had issued a GRI report in 2011, not all of which were assured by a third party. Similarly, the number of UNGC participants from India has also grown, although not as fast as the increase in GRI participants. 18 of the 42 companies considered, undertook CSR initiatives through a trust or foundation, set up specifically for the purpose of managing a company's CSR initiatives. 95 percent of the companies provided a CSR or sustainability section on their websites that highlighted the environmental and social activities undertaken by the company. A handful of the companies depicted sustainability and CSR as independent sections on their website.

4.5.10 Arguments in favour of regulatory intervention in CSR

The analysis of CSD between 2004 and 2011 displayed certain inadequacies in CSR reporting that present a case for introducing regulations to institutionalise CSR:

- Most companies did not give weightage to activities undertaken specifically for BS, whether in terms of facilities for health, education, and infrastructure or opportunities for employment in companies, although the situation seemed to improve in the latter years (2010-2011). As sections that have been ostracised for a long time, these sections may not be able to avail the benefits of generic initiatives for health, education, etc. PC and the elderly also received little attention in the CSD of the companies. Employment opportunities for the BS and PC featured in the CSD of PSUs, which are mandated by law, to display employment and advancement statistics for these sections. The attainment of the objective of inclusive growth cannot be fulfilled if equitable social welfare is not undertaken for the weakest and poorest in society. Regulatory intervention has the propensity to guide companies' CSR funds and activities to areas and sections which require development.
- In 2004, the majority of the companies had not adopted internationally accepted reporting formats like GRI, etc., which follow a stringent form of reporting and cover various topics that fall under the concept of the triple bottom line of a company. The increase in the number of companies issuing GRI reports, since 2008, coincided with the increasing interest of the government in CSR activities, which eventually led to the MCA releasing

the “Voluntary Guidelines” for CSR in 2009. By 2011, GRI reporting had increased and a little less than 50 percent of the companies, considered in this study, issued GRI reports.

- Company annual reports convey information about a company’s financial and non-financial, environmental and social activities to their investors and stakeholders. However, the lack of details about monetary spending on CSR activities opens the communication to “multiple interpretations” (O'Connor and Shumate, 2010), and reduces the accountability and transparency of the CSR programmes. In the light of the limited attempts at self-regulation by companies, legislation or stringent guidelines can be helpful.
- The CSR reports displayed many examples of ambiguity. The prominent use of declarative statements about company CSR activities makes it difficult to verify the claims of a company. Companies appeared to be dependent on NGOs for the implementation of their CSR programmes, but details about the NGO partner and the NGO-business partnership remained vague, which makes the verification of facts difficult. In many cases the beneficiaries of a CSR activity were unclear, and while CSD were mostly in the form of good news statements that implied a positive impact on beneficiaries, the actual impact on the beneficiaries or the companies was seldom mentioned. This, in turn, implies that either there is a shortage of impact measurement systems for CSR activities, or companies are engaging in “corporate greenwashing” to distract concerned stakeholders with embellished content in their reports. Porter and Kramer (2006) had noted that the CSR content in annual reports of many of the largest MNCs failed to provide a strategic framework for their activities but rather presented a disjoint set of activities, a similar case may be prevalent in India as well. Further, a lot of CSR data was repetitive, with companies doing little to elaborate on the progress made by them in subsequent years. Governmental intervention can provide stricter guidelines for CSR reporting, and encourage the development of a CSR impact assessment mechanism, which can help reduce “greenwashing” and distinguish poor performers from companies doing exemplary work.
- The government can encourage CSR activities, by providing incentives to companies, in the form of tax rebates, etc., and this is visible in the emerging role of the government as a motivator for adopting CSR as well as CSR reporting (in the form of regulations).

4.6 Changing CSR perceptions in India

This section aims to understand the perceptions about the type of responsibilities that practitioners in India associate with CSR in India on the basis of the motives for CSR adoption and reporting, as well as the type of activities that are given priority under CSR. The findings are explained on the basis of the CSR responsibilities that were proposed by the Schwartz and Carroll's (2003) model rather than Carroll's (1979) pyramid model. Schwartz and Carroll (2003) posited the three-domain model of CSR in lieu of the four-dimensional Pyramid model of CSR (Carroll, 1979), to overcome the issues of – “ the use of a pyramid to depict the relationships among the four components of the model, the role of philanthropy as a separate component in the model and the incomplete theoretical development of the economic, legal, and ethical domains” [Schwartz and Carroll (2003), p.505]. The three-domain model of CSR proposed that an organisation has economic, legal, and ethical responsibilities, the interaction between which is best represented by a Venn-diagram that shows none of the responsibilities is more important than the other (Figure 4.8). However, it is possible that environmental conditions lead to some responsibilities gaining more prominence than the other. This section briefly dwells on the fact that CSR, in India, is not a phenomenon that is only restricted to the intersection of ethical, economic and legal responsibilities [area (i) in Figure 4.8] but, unlike most other nations, CSR is as much a strictly legal imperative [area (ii) in Figure 4.8] as it is ethical [area (iv) in Figure 4.8].

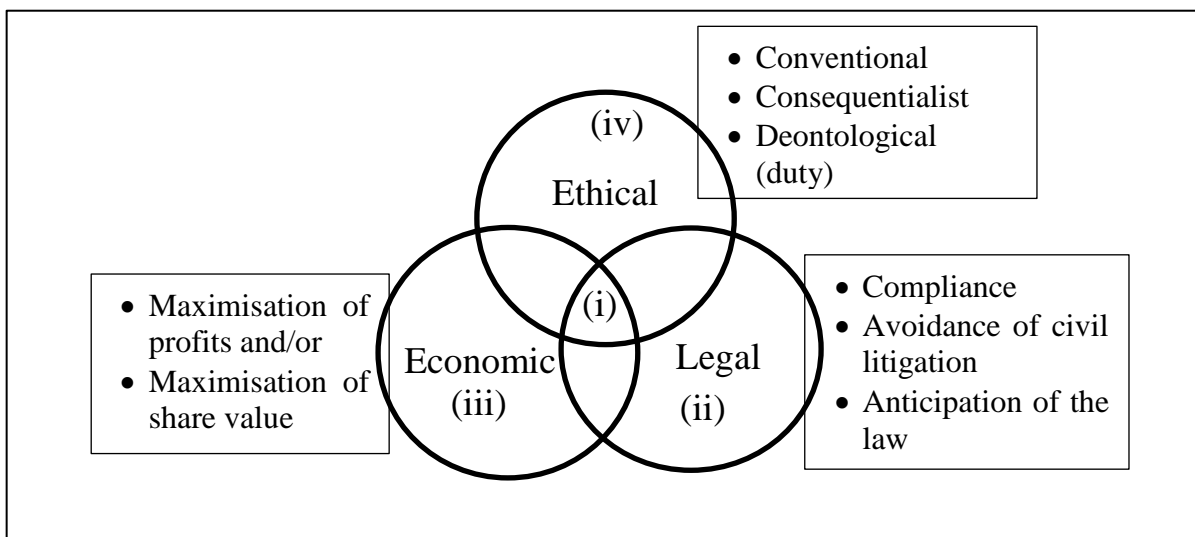


Figure 4.8: The three-domain CSR model (adapted from Schwartz and Carroll, 2003)

CSR as a legal imperative

The provisions of the Companies Act, 2013, have ensured that CSR is an indelible

part of business in India. This is visible in the important role that the government plays in the CSR scenario and the repeated mention of the need to undertake CSR as legal compliance and anticipation of future legislation. Content analysis of annual report (2004-2011) also noted a high incidence of reporting in employee related affairs, particularly those influenced by regulation. The impact of regulations on the reporting of CSR activities between 2004 and 2011, as well as on the motivation for CSR in the current environment, indicates that fulfilling legal responsibilities can be thought of as being an important part of CSR in India.

CSR as an ethical imperative

The content analysis of annual reports (2004-2011) revealed that, while some employee related activities were reported due to regulations, companies often embellished their content by reporting prominent awards, received by employees and for employee initiatives, like the ‘the best employer’. This phenomenon may be indicative of the efforts companies have been putting in to build an image of a fair and righteous employer. Companies also reported undertaking social and environmental initiatives that had not been mandated by law and which were beyond the scope of their regular business. In the survey of CSR professionals, ‘Company ethos’, that includes the vision of founders and top management, and the value system of the company emerged as an important motivation for CSR. Respondents also noted that the most favoured CSR activities pertain to community welfare, followed by environment and energy. The choice of activities before and after the Companies Act, 2013 as well as the nature of reporting before the legislation, ascribe to companies’ intentions of portraying their CSR ventures not merely as legal compliance but as a normative prerogative. Normative imperatives, which have an undertone of corporate philanthropy being an inherent duty rather than a consequence of the expectations of society, employees or NGOs, present the case for the role of the ethical domain, in particular, deontological standards.

CSR as an economic imperative

A general opinion seemed to pervade CSR thought that if a company makes profit or benefits out of its CSR activity, it should not be included as social responsibility. A notable area of this conflict was seen in the inclusion of the CSR activity “sponsoring sports events and sports people”. While some rejected the idea, stating this would be akin to sponsoring a sports event for greater brand visibility that is likely to bring gains in the future, others insisted that support to lesser known, Olympic and para-Olympic sports and sports persons,

which rarely get money, audience or acclaim, may be considered CSR. Most CSR activities are philanthropic, with little to do with the competency of the organisation. Further, respondents in the questionnaire survey did not give much weightage to activities undertaken for employees, including employment of women, BS, and PC, as comprising CSR. The section on the motivation for CSR and for CSR reporting indicated that apart from legal compliances and ethical motives, businesses expect some kind of advantage from their CSR activities, although the idea of benefits from CSR is not given much priority. The nature of possible advantages, in areas like operations, marketing and improved stakeholder relations, has been discussed in Chapter 6. Based on the motivation underlying CSR adoption and the choice of CSR activities, it is apparent that CSR is not undertaken, solely to fulfil the economic responsibilities of an organisation like profit maximisation [area (iii) in Figure 4.8]. Rather, economic gains are a likely by-product of undertaking CSR.

4.7 CSR in India: Through the lens of Institutional Isomorphism

“Institutional features of organisational environments shape both the goals and means of actors” [Scott, (1987), p.493]. A discussion on CSR in India, in the context of the institutions and isomorphic mechanisms involved, is not common. In this section, the institutional forces affecting the Indian CSR scenario are explored chronologically.

Post-independence (after 1947), CSR in India did not witness much regulatory intervention, but only in the form of some laws in the area of labour and environment. CSR, prior to active governmental interest around 2009, can, therefore, partially be attributed to normative forces, arising from a sense of social propriety and internal forces, like the vision of the founders or top management. The content analysis of annual reports (2004-2011), found references to the limited governmental regulations, albeit not directly linked to CSR, (coercive), as well as, founder’s vision and company values (normative), in the context of why the companies indulged in CSR. While the presence of mimetic isomorphism is difficult to gauge from the content of CSR in annual reports, its presence can be seen in the increasing support to philanthropic ventures by Indian organisations until the advent of LPG (Rao, 2011; Sahu and Nickerson, 2008). Some of the oldest organisations, like TATA, followed an exceptional CSR programme as a part of the moral code instilled by their founders and enjoyed substantial goodwill among Indian masses. Thus, showing that organisations that did exceptionally well in the social and environmental areas garnered rewards, or at the least, respect and goodwill of their stakeholders. This, in turn, had the

propensity to encourage other organisations to follow in the footsteps of these ‘responsible’ companies, even in the absence of any other guidelines or directives, thus presenting a possible context for mimetic isomorphism, as well, in the years preceding the introduction of any form of guidelines or legislation in India. These forces (normative and mimetic) continue to be important motivating factors today as well.

The respondents in the questionnaire survey gave substantial importance to the expectation of international partners as being a motivator for CSR. After LPG in the 1990s, business with international companies increased and Indian partners started investing in CSR to fulfil the expectations of their foreign associates, rather than fulfil regulatory guidelines. These CSR activities, which are undertaken in the absence of formal structures and definitions of CSR, can be identified to be undertaken through mimetic processes (Jamali and Neville, 2011). In the course of empirically evaluating the motivation for CSR reporting, the expectation of international partners and CSR awards were identified as a separate factor, through PCA, that received substantial support from respondents. These findings highlight that mimetic pressures continue to play a significant role in influencing CSR in India. Companies can find it easier to contribute to CSR activities that their international partners support, to satisfy partner requirements and, by extension, legal requirements, if they so arise. Competitor’s engagement in CSR may not be one of the leading factors to motivate CSR in India, but it scored moderately higher than factors like the effect of social institutions and instrumental motives. Organisations adopting CSR activities, because their competitors are doing so, presents another case where mimetic isomorphism may be used to describe a change in attitude towards CSR.

The continued presence of normative isomorphism, in the post-regulatory environment, was visible in the results of the questionnaire survey of CSR professionals. The study found that the vision and beliefs of the top management play a significant role in promulgating CSR in Indian organisations and ‘Company ethos’ or ‘Communicating company ethos’, emerged as a prominent motivation for CSR adoption and CSR reporting respectively. Normative isomorphism primarily stems from professionalism (DiMaggio and Powell, 1983). Top management professionals generally have similar educational backgrounds and are selected on the basis of similar criteria that transcend across industries. They are inclined to have comparable views on normatively correct policies, procedures and structures and approach decisions in a similar manner. The exchange of information across

industries, through movement of professionals, is an important mechanism of normative isomorphism (DiMaggio and Powell, 1983). Business associations when it came to addressing individual motives for CSR and CSR reporting scored moderately. Improved relations with business associations also featured prominently as a benefit of CSR in the country. This, coupled with the fact that, currently, CSR in India tends to reflect Western philosophy and approach, whose adoption, in an unadulterated form, will not be useful in a different cultural and socio-economic context, requires the integration of CSR into the educational system in India. Some respondents specifically stated that CSR is likely to be integrated into the curriculum in educational institutes and that will influence the way CSR is viewed in the country. The influence of normative forces may be more visible in the future.

Coercive isomorphism made a late appearance in the CSR scenario in India. Consumer activism has rarely made an appearance in India and societal activism, culminating in protests, has remained restricted to areas directly affected by a company's action. That customer activism, employee expectations or NGOs pressure are still not a primary concern, is visible in the findings of the questionnaire survey. Coercive pressures, originating from customers, employees and even NGOs, are, therefore, limited in India. A similar situation can be seen in other nations like Lebanon as well (see Jamali and Neville, 2011). The advent of LPG and India becoming a member of the World Trade Organisation has significantly changed the economic scenario of the country by imbibing capitalistic thinking and triggering growth. CSR legislation has become an important aspect of the government's plan for social and financial inclusion. In this research, the government emerged as an influential institution in the area of CSR in India today. It featured prominently as a motivator for CSR adoption and CSR reporting. The role of the government, as a regulatory institution of CSR in India, cannot be ignored and in the current CSR environment, it is best explained by the mechanism of coercive isomorphism.

The above discussion shows that the changing outlook towards CSR in India is a result of coercive, normative and mimetic processes, although, different pressures may have exerted more influence at different points in the history of independent India.

4.8 Conclusions

This chapter attempted to identify the motivation for CSR and CSR reporting, the trends in CSR reporting, in a pre-institutionalised timeframe, and the perceptions about CSR activities following legislative intervention, using both primary and secondary data sources.

- The major factors that influence the adoption of CSR in an organisation were identified as ‘Role of the government’, ‘Company ethos’, ‘Satisfy international partners and generate positive image’, ‘Investor concern and gains in revenue’, ‘Influence of NGOs, business association and society’ and ‘Access to funds’. Of these factors, the ‘Role of the government’, followed by the normative motivation of ‘Company ethos’ were found to be the most prominent.
- The major motivations for CSR adoption, obtained through the content analysis of annual reports as well as the questionnaire survey were congruent to the stakeholder, instrumental and normative motivation theories, prominently referred to in CSR literature.
- The factors ‘Fear of regulations’, ‘Communicate company ethos’ and ‘Satisfy international demands and display compliance to standards and norms’ emerged as an important motivations for CSR reporting. In previous studies, CSR disclosure has been positively related to stakeholder interest, like that of the government (Idowu and Pappasolomou (2007) and export-oriented sectors (see Muttakin and Khan, 2014) too. ‘Managing company image’ and ‘Advantages to business’ are the other motivations for reporting CSR, with ‘Advantages to business’ being the least important.
- The classification of motivating factors for undertaking CSR and CSR reporting were distinctly different in terms of the individual items under each motivating factor. However, there was little disagreement about the crucial role that the government and company ethos play in encouraging CSR in India.
- Financial motives for CSR adoption and reporting, like access to funds, gain in revenue, attracting investors, did not receive prominence from respondents. The results are similar to some studies about the determinants of CSD, which did not find financial parameters, like profitability, to have a profound impact on CSD (see Hackston and Milne, 1996; Gray et al., 1995a; Mahadeo et al., 2011). This finding is, however, contrary to those who found that profitable companies tend to disclose more about the CSR activities in reports (Gamerschlag et al., 2011; Kansal et al., 2014; Muttakin and Khan, 2014).
- Community-related activities, with emphasis on infrastructure development, education and health, energy and environmental issues have retained favour as CSR activities, with businesses. Apart from employee other, the three categories saw increased reporting in CSD in annual reports (2004-2011) as well as respondent support in the questionnaire survey.

- While the ‘expectations of international partners’ appears to be an important motivation for CSR currently, there was little evidence about its role in the CSD in annual reports (2004-2011).
- The evaluation of the characteristics of CSD between 2004 and 2011 revealed that the employee other category, and in particular the sub-categories of post-retirement benefits and employee remuneration dominated the disclosures. However, the Companies Act, 2013 does not give prominence to employee-related initiatives, and respondents of the questionnaire survey reflected a similar view as they did not favour activities for employees to be a part of CSR.
- The product category witnessed a low incidence of reporting in the annual reports (2004-2011), a phenomenon that was in congruence with the findings of researchers like Gray et al. (1995a) and Guthrie and Parker (1989) who conducted CSD studies in different countries. Post Companies Act, 2013 as well, respondents remained neutral to the inclusion of improvements in products and services as a CSR activity.
- The evaluation of CSD in annual reports (2004-2011) revealed that the amount of CSD reported by PSUs and service sector companies was more than private sector companies and manufacturing companies, respectively.
- Declarative statements, which rarely made a reference to the monetary contributions made to specific CSR activities and reduce the verifiability and accountability of a company’s claims, dominated the CSD in the annual reports (2004-2011) of a majority of the companies. Efforts for impact measurement and benchmarking were also found to be lacking. The ambiguities in companies’ CSR policies and disclosures as revealed by CSR reporting provide a context for regulatory intervention in CSR in India.
- Coercive, normative and mimetic institutional forces have shaped CSR in India and continue to do so in the present. However, when considered through the prism of the legal, ethical and economic responsibilities associated with CSR and as envisioned by Schwartz and Carroll (2003), companies in India seem to associate legal and ethical responsibilities with CSR rather than their economic benefits.

CHAPTER 5 - THE ROLE OF THE GOVERNMENT AND NGOs IN CSR

5.1 Introduction

The change in the nature of the relationship between the Indian government and business has been accompanied by a transition in the government's policies for CSR. The objective of this chapter is to study the Indian government's role in the area of CSR in recent years by adopting both primary and secondary research techniques. First, the strategies adopted by the Indian government to promote the adoption of CSR by business in recent years are analysed using an analytical framework. The questionnaire survey of 191 CSR personnel provides insight into the nature of governmental intervention by identifying the various instruments at the government's disposal. It also evaluates how different categories of CSR personnel view the governmental roles identified in the study. The chapter also examines the role of the NGOs in the CSR scenario since they have become important collaborators in the CSR process who work with companies in the implementation of CSR programmes. The exploration of the NGO-business partnership will be useful to different CSR stakeholders and in particular, to NGOs themselves. The content analysis of the annual reports of 42 non-financial companies (2004-2011) is employed to investigate areas like the number of companies working with a CSR partner, the nature of disclosure about NGO-company interface provided in company annual reports, areas of collaboration and beneficiaries or target groups of the NGO-business association. The questionnaire survey of CSR professionals provides insight about the platforms for NGO-business engagement, criteria for selection of NGO partner, advantages of collaboration with NGOs, challenges in NGO-business collaboration and the nature of the relationship between business and NGO.

5.2 Significance of government and NGO roles in CSR

Chapter 4 has shown that the Indian government plays a significant role in the CSR scenario today. Through legislation, it has emerged as the primary motivating force for CSR adoption in India. Table 5.1 displays the stakeholders who, respondents felt, would play a significant role in the CSR scenario in the coming decade. The government, followed by the media emerged as clear leaders and NGOs (with a mean score of 3.901), while not as important as the government, are likely to wield far greater influence than consumers and employees. The literature review, too, has discussed the growing influence of NGOs and the

government in the CSR scenario. Further, an overwhelming majority (78 percent) of the respondents believed that the government should be involved in CSR implementation in the country.

Table 5.1: Groups likely to affect CSR in India in the next decade

	Mean	Std. Deviation
Government	4.482	.664
Media	4.115	.766
Society	4.084	.749
International/ Inter-governmental institutions	4.021	.840
NGO	3.901	.938
Association of business organisations	3.869	.807
Investors and financial institutions	3.681	.893
Competitors	3.670	.985
Consumers	3.529	.999
Employees and trade unions	3.120	.969

Table 4.2 (in Chapter 4) showed that NGO activism did not play a significant role in motivating CSR adoption. However, NGOs, non-profit organisations and other social institutions are crucial partners in implementing a company’s CSR programme (Table 5.2). The content analysis of CSD in annual reports noted that many companies also have a philanthropic arm, in the form of a foundation that takes care of its social commitments. Foundations may work directly with prospective beneficiaries or in conjugation with NGOs specialised in the specific area of social development. Both NGOs and company foundations are external to the operational unit of the companies. A list of the CSR foundations of select companies (considered for content analysis) has been attached in Appendix VIII. In the light of the regulations, mandating CSR spending and reporting, companies have also started establishing a separate CSR department to oversee implementation and reporting of CSR activities. A CSR department or foundation is likely to see the involvement of CSR managers and senior executives and allows companies to have greater control over their CSR programmes. The findings are concurrent with Dhanesh (2012) who found that senior business executives and manager played a more important role in CSR in companies than public relation (PR) executives.

The standard deviation of responses for both NGOs and company foundation are

Table 5.2: Instruments of implementation of CSR programmes

	Mean	Std. Deviation
NGOs and other social institutions	4.152	.936
Organisation's own foundation	4.068	.912
Dedicated CSR department	3.759	1.250
Employee volunteers	3.655	.955
Public relations/ Corporate communications	3.539	.999
Following Governmental guidelines	3.539	1.173
A definite allocation of budget	3.518	1.156
Socially responsible business practices	3.398	1.209
Advertisements with social messages	3.372	1.012
Assisting government projects	3.356	1.165
Cause-related marketing initiatives	3.178	1.091
Code of Ethics	3.031	1.293

relatively less (~0.9) as compared to the other items (Table 5.2), indicating considerable unanimity among the respondents. As an important internal stakeholder group (Skudiene and Auruskeviciene, 2012), employee representatives and trade unions can play an active role in an organisation's CSR, even though HR managers are not always at the forefront of CSR operations (Preuss et al., 2009). Employee volunteers are encouraged to participate in an organisation's CSR activities (Jamali and Neville, 2011), particularly in activities related to communities around manufacturing centres or those (communities) adopted by the company. Companies like HUL (India), ensure that all employees participate in their rural programmes, which enables employees to contribute to the company's health awareness initiatives while understanding the requirements of the rural Indian market (HUL, 2011). Other employee initiatives like contributing a part of their salaries, for example, the Salary Sacrifice program of software giants Infosys, are also prominent. Employee initiatives have the advantage of being easier to coordinate and do not require the resource commitment needed to set up a new department. Following governmental guidelines, allocation of a fixed budget for CSR activities is gaining importance, with respondent scores ranking them the fifth and sixth most popular means of implementation respectively. The standard deviation values for the factors like dedicated CSR department, following governmental guidelines and the allocation of a

budget, can be seen to be a little high (Table 5.2), indicating greater variation in respondent opinions. A few companies have also included social messages, featuring women's empowerment, anti-corruption slogans and encouraging voters to vote, in their CSR campaigns.

Apart from being considered as one of the most influential stakeholders in the CSR scenario in the coming decade (Table 5.1), a case for governmental intervention was also proposed in the previous chapter. The role of the NGOs as a partner and collaborator in the CSR scenario also piques interest. The role of the government and NGOs are explored further in the sub-sections below.

5.3 Government intervention and CSR in India

5.3.1 Emergence of relational state in India

In the 1920s, Mahatma Gandhi propounded the philosophy of Gandhian trusteeship. Philanthropic contribution remained the major form of CSR till the 1990s when the trusteeship philosophy surfaced in public, political and competitive environment again owing to the challenges and changes ushered in with LPG of the economy (Rao, 2011), which encouraged foreign investment and allowed Indian companies access to international markets. By the 2000s, a change in the dynamics between the government and businesses saw the government, through different ministries especially the MCA, openly soliciting help from businesses to overcome social concerns like poverty, illiteracy, malnourishment and global challenges like climate change (MCA, 2009b). The government's stand towards the acknowledgement of business units', both private and public, important role in development emerged in the form of greater emphasis on CSR and heralded the emergence of the relational state in India. Table 5.3 explores the Indian government's CSR interventions using the relational framework developed by Albareda et al. (2008).

Table 5.3 provides an account of the different sections of the government involved in CSR related decisions that affect businesses and society. The relational framework approach adopted by Albareda et al. (2008) allows government initiatives to be explored in the perspective of possible government, business and societal interface but does not discuss the initiatives themselves (Steurer, 2010). To overcome this shortcoming, the initiatives undertaken by public sector agencies have been discussed under the classifications of soft and hard legislative policy.

Table 5.3: Government CSR policy framework in India

Vision	<ul style="list-style-type: none"> • Generating corporate value and sustainability and alleviating societal concerns through environmentally, socially, and ethically responsible behaviour in corporate governance • Strengthening Indian traditions and helping in the evolution of the Indian corporate sector as a global leader in responsible business
Strategy	<ul style="list-style-type: none"> • Top to down approach with the central government initiating policies • Change in governmental policy from soft to hard regulations, mandating CSR reporting and spending
Objectives	<ul style="list-style-type: none"> • To encourage corporate sector to adopt good governance and CSR practices • To encourage collaboration between the government, business sector, society, organisation and common citizens • To manage the environment and secure the energy future of India
Priorities and issues on CSR agenda	<ul style="list-style-type: none"> • Socio-economic change by encouraging inclusive growth • Overcoming environmental challenges through sustainable business practices • Encouraging micro, small and medium enterprises (MSMEs) to undertake CSR activities
CSR internal governmental structure	<ul style="list-style-type: none"> • MCA • Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises • SEBI • Reserve Bank of India (RBI) • Telecom Regulatory Authority of India (TRAI)
CSR Cross-cutting policies	<ul style="list-style-type: none"> • Ministry of Labour and Employment • Ministry of Commerce & Industry, Department of Industrial Policy and Promotion • Ministry of Consumer Affairs, Food and Public Distribution • Ministry of Environment and Forests • Ministry of Law and Justice • Ministry of Social Justice and Empowerment • Ministry of Micro, Small and Medium Enterprises • Department of Women and Child Development • National and State Human Rights Commission • National Commission for Backward Classes • Competition Commission of India • Insurance Regulatory and Development Authority (IRDA) • Comptroller and Auditor General
CSR responsibilities	<ul style="list-style-type: none"> • Central government leads CSR policy • State governments like Karnataka, Gujarat have included CSR in some

at different levels of Government	<p>policy formulations</p> <ul style="list-style-type: none"> • Governmental involvement with business organisations like CII, FICCI, ASSOCHAM, etc. • Public-private partnerships (PPP) encouraged at Central and State levels through legislative, administrative or financial support.
Multi-stakeholder forums	<ul style="list-style-type: none"> • National Foundation for Corporate Governance (NFCG) established by the MCA in partnership with CII, Institute of Company Secretaries of India (ICSI), Institute of Chartered Accountants of India (ICAI) to promote better corporate governance practices towards achieving stability and growth. • IICA, under the auspices of MCA, provides institutional support to the ministry, corporate, professionals, entrepreneurs, shareholders and other stakeholders.

Documents consulted- MCA, 2009a, 2009b, 2010, 2011a, 2011b; GoI ministry websites

A soft regulation includes guidelines and principles that are voluntary in nature and not enforceable by law (Ashley, 2014). Hard regulations refer to mandatory regulations or legislations issued by the government. By going beyond voluntary guidelines, the government increased its role in institutionalising CSR in the country and compelled organisations to think more deeply about their responsibilities to a wider set of stakeholders.

Soft Regulations:

- Corporate Governance and CSR voluntary guidelines, based on guidelines of FICCI, CII and the report of the expert group set up under the IICA, which examined the global best practices, were issued by MCA in 2009.
- In 2011, governance and CSR guidelines were merged to form the “National voluntary guidelines on social, environmental and economic responsibilities of business”, which provided nine core principles of CSR, guidance on implementation of principles, guidelines for application to MSMEs and a reporting framework (MCA, 2011a).

Hard Regulations:

- The purview of legislation in areas of labour welfare, wage, environment, consumer protection, etc. overlap with areas closely related to CSR.
- The DPE issued the mandatory “Guidelines on CSR for Central Public Sector Enterprises” in, March 2010, which provides guidance on planning, implementing, funding, documentation and monitoring of CSR activities. The guidelines were revised, to also focus on internal stakeholders like employees, apart from external initiatives for the

environment and community, in 2013 (DPE, 2013). Public sector enterprises are organisations in which the government has a majority stake holding.

- RBI and Financial Inclusion- To ensure availability of appropriate financial products and services of major institutional players, at affordable costs to weaker sections and low-income groups, the RBI issued guidelines, for licensing of new private sector banks, requires banks to open at least 25 percent of its branches in unbanked rural centres. The RBI also requires financial institutions to formulate a board approved 'Financial Inclusion Plan' for three years, to ensure consideration of weaker sections (Chakrabarty, 2011; RBI, 2012).
- SEBI mandated top 100 companies, in terms of market capitalisation, to submit BRRs, as a part of their annual reports, describing measures taken by them according to the key principles detailed by the MCA voluntary guidelines in 2011 (SEBI, 2011).
- The Companies Act, 2013 provides statutory provisions for CSR spending, reporting, policy formulation and implementation. Provisions for disclosure on CSR policy in the board report, the mandatory spending of at least 2 percent of average net profits made, during three immediately preceding financial years, by the company, and requiring the CSR board to report the reasons for failure to spend to stakeholders, etc., if a company has "a net worth of INR 500 crore or more, or turnover of INR 1000 crore or more or a net profit of INR 5 crore or more during any financial year", enhance company accountability. (MCA, 2013)
- Government solicits greater participation in community programmes for cleanliness and sanitation in 2014.

5.3.2 Expectations from the government

In order to identify the activities, stakeholders expect the Indian government to undertake to encourage CSR, the 21-item list was ranked using mean values. Starting with initiating PPP, the top ten initiatives (Table 5.4) feature mandatory initiatives as well as providing guidelines for voluntary action. This approach is, perhaps, influenced by the need to balance the inevitability of facing the mandatory provisions of Companies Act, 2013 with the freedom to determine the initiatives to be undertaken, the manner of implementation of these initiatives and the nature of CSR reporting. The top ranking items (Table 5.4) have comparatively small standard deviations, indicating greater unanimity for the top choices.

Table 5.4: Top ten initiatives the Indian government should undertake to encourage CSR

Initiative	Mean	Std. Deviation
Initiating PPP for development	4.4188	.67470
Framework for voluntary CSR implementation	4.3665	.63389
Enforce laws for environmental protection	4.3613	.85247
Making CSR reporting mandatory	4.3351	.90191
Award schemes for innovative CSR practices	4.2880	.68504
Promote investments in clean technology	4.2827	.72813
Creating public awareness about CSR	4.2408	.77772
Making CSR spending mandatory	4.2199	1.03304
Enforce labour laws	4.1937	.92859
Guidelines for voluntary reporting	4.1728	.86845
Encouragement for eco-friendly products	4.1152	.85676

5.3.3 Classification of governmental roles

In order to attain the objective of assessing the major roles that the government can undertake vis-à-vis CSR, PCA was applied, in the initial stages of data collection, to a list of 21 current and expected governmental initiatives. While the KMO measure of sampling adequacy (MSA) (0.782) was also found to be acceptable (above 0.50), the MSA for all individual items in the anti-image correlation matrix showed that for the item, ‘Implementing international principles’ MSA was 0.490 (below 0.50). A similar result was obtained with the sample of 191 respondents as well. The item was subsequently omitted. Further, respondents stated that many companies were voluntarily adopting international standards, particularly GRI reporting to improve compliance with CSR reporting legislation or anticipating stricter laws and companies following UNGC, ISO 26000 were also on the rise. PCA was therefore applied to a list of 20 items (Table 5.5). The sample size of 191 and the sample size to item ratio in the current study (9:1), the KMO test value for all 20 items (0.792) and the MSA values for individual items (>0.5) are within acceptable limits for PCA (Hair et al., 2012). The Bartlett’s test of Sphericity χ^2 , (190) at $p < 0.001$ shows that inter-item correlations were significant (Field, 2009).

Following the Kaiser’s criteria, which encourages the retention of factors with an eigenvalue greater than 1 (Field, 2009), and the scree plot that shows six distinct factors

(Figure 5.1), six factors were retained. The factors represented 71.207 percent of the variance (Table 5.5). The factor structure obtained through the rotated component matrix with varimax rotation and the communalities of each item (>0.5) can be seen in Table 5.5. Factor loadings below 0.4 have been suppressed for clarity, and the maximum loading for an item has been indicated in bold (Table 5.5).

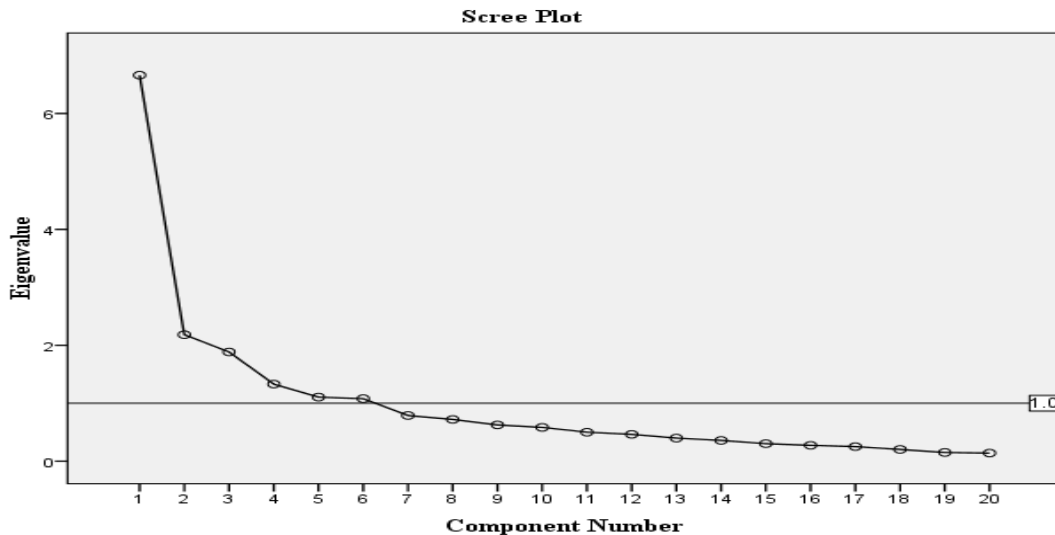


Figure 5.1: Governmental roles in CSR in India: Scree plot for PCA

Cross-loading was visible in the item ‘Facilitating Socially Responsible Investing (SRI)’. However, since the exercise is restricted to data reduction to classify the nature of government’s involvement, the cross-loadings have been ignored in favour of theoretical synergy. Removing the cross-loaded terms of SRI did not yield a suitable solution. Further, it removes activities that the government has supported, thereby going against the objective of undertaking PCA, that is, to classify the nature of governmental initiatives in India. The factor structure obtained through PCA has been discussed below. Cronbach alpha for each factor set was found to be above 0.7 and the corrected item-total correlation value for each item, in every factor identified, was also above 0.3 and indicates good internal consistency in the factors generated through PCA (Field, 2009). The six factors were identified as Facilitation (C1), Participation (C2), Awareness generation (C3), CSR Regulation (C4), Peripheral legislation (C5), and Penalising (C6) and were assessed in the context of the works like Fox et al. (2002), Steurer (2010) and Ward (2004).

Table 5.5: PCA results to determine governmental roles in CSR in India

Activities	Rotated factor loadings for components						Com.*
	C1	C2	C3	C4	C5	C6	
Framework for voluntary CSR implementation	.830						.754
Guidelines for voluntary reporting	.800						.769
Award schemes for innovative CSR practices	.616						.595
Formulation of information sharing platforms	.520						.613
Promote investment in clean technology	.506	.437			.460		.669
Initiating PPP for development	.501					-.445	.641
Encouragement for eco-friendly products		.844					.788
Including CSR elements in public procurement		.727					.722
Tax incentives for CSR activities		.584					.580
Funding awareness programmes amongst organisations			.787				.701
Providing training to managers			.778				.724
Creating public awareness about CSR			.637				.662
Define minimum standards for business performance			.604	.477			.619
Making CSR spending mandatory				.873			.816
Making CSR reporting mandatory				.684			.755
Facilitating Socially Responsible Investing (SRI)		.503		.539			.677
Enforce labour laws					.897		.839
Enforce laws for environmental protection					.871		.833
Penalties for non-compliance						.723	.768
Naming poor performers						.709	.667
Cronbach alpha, Eigenvalues for the components and total variance							
Cronbach Alpha (α)	.806	.795	.734	.800	.837	.764	
Total eigenvalues	6.66	2.183	1.885	1.329	1.106	1.079	
% of variance	33.302	10.914	9.423	6.647	5.528	5.393	
Cumulative %	33.302	44.216	53.639	60.287	65.815	71.207	

* Com.- Communalities

Facilitation (C1)

Facilitation represents how the government, by providing guidelines, frameworks and information sharing platforms, allows companies the freedom to mould their CSR programmes according to their own core competencies and business systems while contributing to social and environmental causes. The framework for voluntary CSR implementation alludes to formulation of CSR principles (see MCA, 2011a), possible areas of CSR activities, like those mentioned in Companies Act, 2013 (see MCA, 2013), partnership based assessment of social problems and development of labels and codes like the voluntary, product-based Ecomark scheme, which is administered by Indian government ministries (Fox et al., 2002), etc. The Indian government also encourages usage of renewable energy sources and technology incubator programmes, with educational institutions, for efficient and cleaner technology. As a part of its impetus to CSR, the government facilitates development through the PPP model wherein public and private resources complement each other to yield fruitful solutions for different problems. The government has a dedicated website (<https://www.pppinindia.gov.in/>) for people to access or analyse the number of public-private initiatives undertaken for development in both urban and rural areas. The government has taken steps to create information sharing platforms, that can provide corporations with the opportunity to learn from the experiences of peers and interact with prospective partner NGOs, through affiliated institutions like the IICA. The government has not instituted incentives, in the form of awards to acknowledge organisations' CSR performance, so far. Industry associations like FICCI, CII, along with a few corporate partners (see Appendix VII), and the media have tried to fill this gap as they award exemplary performance by corporations in the field of CSR. The presence of Ministers, of the central government, in such award ceremonies, reflects the governmental support to these initiatives. Facilitation can be an effective tool in a post CSR awareness phase where the stakeholders in the CSR process are, at the least, aware of the concept, the government acknowledges business' contribution and a synergetic relation between private institutions, the state and other development agencies provides opportunities for creating "shared value" (Porter and Kramer, 2011).

Participation (C2)

This factor highlights greater governmental involvement in CSR, where it encourages eco-friendly products, and CSR becomes a criterion in its procurement policy. The government can augment its involvement by providing tax incentives to companies

performing exceptionally in the area of CSR. Specific tax rebates for CSR spending have not been given much prominence by the government. Pre-existing provisions of tax saving, for corporations, for contribution to particular charities, etc. have not been explicitly linked to the CSR spending requirements of the Companies Act, 2013. Participation, while not implying direct regulation, can be regarded as a strong economic motivation for corporations. The Indian government has not explicitly used 'Participation' as a tool, but involvement can be expected to mature further in this direction.

Awareness generation (C3)

As an 'awareness generator' for different CSR stakeholders, the government propagates awareness programmes for organisations and the public, training programmes for managers and attempts to define basic standards it expects of organisational performance. This is a soft approach to CSR, which can complement stricter or mandatory norms and requires little governmental effort but can help create a business-society outlook, which is more accepting and comprehending of CSR. Defining minimum standards in different aspects of business can help companies understand stakeholder expectations in a changing economic environment, like the Indian Textiles Committee, under the Ministry of Textiles, GoI, apprising the textile industry to the challenges of liberalisation of the Indian textile and clothing industry and introducing them to compliance mechanisms (Fox et al., 2002). Establishing voluntary standards for domestic industries, like the Kaleen label, is a CSR tool that can act as a non-tariff barrier to trade against imposing foreign ideas detrimental to the Indian carpet industry (Fox et al., 2002). In this role, the government, through affiliate institutes, like IICA, and departments, like MCA, has tried to create greater acceptability for CSR and explored standards, not necessarily with legal implications, that can be expected of companies. In time, the minimum standards prescribed can be embedded in a legal framework.

CSR regulation (C4)

Regulation is one of the strictest forms of involvement the government can display. The Companies Act, 2013 mandates CSR spending and reporting for companies in India. In recent years companies, which had not evaluated the social and ecological consequences of their investment, had faced hindrance in executing projects or even cancellations when the government stepped in to assuage different stakeholders related to the project. Companies in the banking sector are mandated to open branches in backward rural areas to give impetus to

financial inclusion (see RBI, 2012). CSR regulation provides an economic motive both through possible losses due to non-compliance as well as exploring new markets through SRI.

Peripheral legislation (C5)

While the government has not included employee related issues under suggested CSR areas in the current form of the Companies Act, 2013, the aspect has received attention as a part of CSR literature (see Hackston and Milne, 1996). Environment finds representation in the CSR clause of the Companies Act, 2013, in the form of activities like ensuring environmental sustainability, conservation of natural resources, flora, fauna, etc. Pre-existing labour and environment laws in the country complement the CSR provisions of the Companies Act and the government's role in enforcing these laws have been named as 'peripheral legislation'.

Penalising (C6)

Apart from making laws, the government can go further in highlighting the level of compliance by companies by naming poor performers whose CSR programmes are not adequate or penalising non-compliance with existing regulations, or both. The Indian government has not adopted 'penalising', however, the possibility of such a measure in the near future cannot be ignored.

The government is expected to balance a CSR approach that formulates rules, enforces them and penalises non-compliance with a role that encourages and facilitates organisations in their CSR campaigns by bringing greater awareness about CSR within organisations and society. PCA has segregated these roles in the broad categories of hard and soft regulations. CSR regulation, peripheral legislation and penalising can be considered hard regulations by the government, while the other three components can be regarded as a soft approach. Further, in each category (hard and soft) PCA identified a role that was yet to be adopted by the government.

5.3.4 Comparison of respondent opinions on governmental roles

After exploring the classifications of roles of the government, an attempt was made to determine whether different respondents scored these classifications differently. The method of summated scales was used to calculate the mean values assigned by CSR personnel from companies, consultants and NGOs, to the six governmental roles identified in the study. To

ensure that assumptions of homogeneity of variances were satisfied, requisite transformations were applied. ANOVA was used to compare the mean of the transformed mean scores of the three respondent types. Table 5.6 shows that ANOVA did not reveal any significant difference in how different respondent groups have scored the six governmental roles obtained in the study. Thus the null hypothesis (H_0) ‘there is no difference in how CSR managers, consultants and NGOs perceive the governmental roles, with regard to CSR’ is accepted.

Table 5.6: Comparison of mean scores assigned by the respondents

Factors	Total Mean	Mean scores			ANOVA	
		Org*	Consul*	NGO	F (2,188)	Sig.
Facilitation	4.239	4.248	4.202	4.254	.049	.952
CSR Regulation	4.218	4.111	4.248	4.475	2.476 [#]	.090 [#]
Peripheral legislation	4.277	4.194	4.326	4.450	1.072	.344
Participation	4.023	4.046	3.891	4.100	.548	.579
Awareness generation	3.720	3.729	3.785	3.625	.283	.754
Penalising	3.293	3.093	3.407	3.713	3.281	.058

[#] Welch F ratio; (Org- organisation, Consul- Independent Consultant)

5.4 NGOs and CSR implementation in India

Many Indian villages lack basic amenities for health, education and infrastructure and have to travel large distances to the nearest district centres to avail such facilities like schools, computer centres, and community centres. As a part of their CSR activities, companies have often mentioned taking initiatives to alleviate such deficiencies in rural communities around their operations. In the following paragraphs, an attempt has been made to understand the relation between NGOs and organisational CSR using data obtained from the content analysis of annual reports (2004-2011) and a questionnaire survey of CSR professionals. The findings from the content analysis of annual reports are presented in the first two sub-sections (5.4.1 and 5.4.2), and the results from the questionnaire survey of CSR personnel are displayed subsequently.

5.4.1 Disclosures about NGO partner(s) in annual reports

The content analysis of annual reports revealed that companies worked mostly with Indian NGOs, probably because they are better attuned to social and regional issues in India

and allow the firm's community outreach programme to reach beneficiaries more effectively. Indian NGOs included national level NGOs like Smile Foundation, Akshaya Patra, HelpAge, Bharat Sevashram, Nanhi Kali, Muskan, Art of Living, etc., and local NGOs, like Seva Mandir in Rajasthan. A few international NGOs, like Red Cross, Clinton Foundation, Oxfam and Toys r Us Foundation, also found mention. Multinational firms, whether Indian (example Airtel, TCS) or foreign (example HUL, Siemens), mentioned working with NGOs to fulfil their social responsibilities in India, although, the information about their CSR efforts in foreign countries, seldom contained references to an NGO partner.

The evaluation further revealed that most companies did not disclose any significant details about their partner NGOs, although, companies mentioned lending support to local causes and partnering with local NGOs. The number of companies that mentioned working with, at least, one NGO partner has gradually increased over the years (Table 5.7). Out of them, the percentage of companies that mentioned working with more than one NGO partner fluctuates, as does the type of information provided about the NGO partners. A majority (>50%) of the companies, working with NGOs, have disclosed the name of at least one NGO partner. Of the 42 companies, only one company had, consistently, disclosed information about their NGO partner, over all eight years, while 19 others provided an indication about their partnership with an NGO in at least five years of the given period (2004-2011). Corporate partners appeared to provide financial assistance or donations for the NGO's activities, and in the process attained their CSR goals as well.

Table 5.7: Percentage of companies disclosing about NGO partners

Year	Percentage of companies		
	Working with NGO partner(s)	Working with more than one NGO partner	Naming, at least, one NGO partner
2004	30.56	36.36	63.64
2005	30.77	50.00	100.00
2006	32.50	61.54	76.92
2007	48.78	50.00	65.00
2008	47.50	78.95	73.68
2009	50.00	38.10	71.43
2010	61.90	46.15	57.69
2011	59.52	52.00	56.00

5.4.2 Areas of NGO-business collaboration

Barring a few reports that only made a brief reference to NGO involvement, in their CSR policy formulation, most reports mentioned actively seeking NGO collaboration in community-related activities of health, education, livelihood and infrastructure, although the reporting was inconsistent (Table 5.8). CSR programmes were directed to the underprivileged and socially and economically backward sections (BS) of society through various NGOs. In particular, women and children belonging to socially and economically underprivileged classes, elderly and the PC have frequently been mentioned as the beneficiaries of a company's NGO-implemented CSR programme (Table 5.9). Maternal and infant and child care, providing aid and prosthetics to the PC, eye surgery and aid to the destitute elderly and community health camps are most commonly undertaken health programmes. Encouraging women self-help groups and providing training to women and youth in impoverished areas are common livelihood initiatives. Infrastructure development included the construction, repair or maintenance of structures like community halls, tanks, tube wells and facilities to improve or facilitate agriculture. In the area of health, businesses often donated mobile medical units and ambulances to NGOs or provided NGOs with funds to conduct medical camps for general checkups, maternity care or eye operations. Partnerships in the area of education seem to be declining, probably because companies are providing funds, stationery, furniture, computers, etc., directly to the schools or the local authorities responsible for the schools. Sometimes company foundations help in the setting up of schools in rural areas or employees volunteer for educational initiatives. Human rights received a passing mention by a company in 2011.

Table 5.8: Areas of partnership between NGOs and company

Year	CSR activities mentioned (in terms of %age of companies working with NGO)				
	Health	Education	Livelihood	Community Infrastructure	Environment
2004	63.64	18.18	27.27	36.36	9.09
2005	75.00	33.33	33.33	33.33	8.33
2006	46.15	38.46	38.46	23.08	15.38
2007	60.00	40.00	30.00	35.00	15.00
2008	68.42	42.11	42.11	36.84	10.53
2009	33.33	28.57	38.10	57.14	23.81
2010	42.31	34.62	50.00	50.00	23.08
2011	56.00	28.00	40.00	60.00	20.00

Few companies collaborated in the area of environment to protect flora and fauna that are indigenous to the company's area of operation. This trend may not last since the number of organisations working exclusively towards providing environment-friendly solutions has increased and these companies act as both consultants and solution providers. Companies may find coordinating with firms that focus on business ready solutions easier than collaborating with inexperienced NGOs.

Shumate and O'Connor's (2010) work, about 155 US Fortune 500 companies, had found that companies in the same industry often worked with different NGOs. Similarly, in India, apart from a few well-known national NGOs working for children's causes, like providing mid-day meals in schools, and for the elderly, companies were found to be working with different local partners. The quality of reporting when discussing the areas of NGO-business partnership remains inconsistent. Information about how the partnership progressed through the years is rarely available, with some companies mentioning their NGO partners and areas of partnership sporadically, making it difficult to evaluate the average duration of the partnership or the outcome of the partnership. Most disclosures are declarative in nature, although non-monetary details like the number of people affected by CSR projects, the number of villages covered or the number of NGO partners and monetary information about the amount donated to an NGO or incomes generated by beneficiaries of CSR programme, find sporadic mention. The annual reports gave no indication about how companies chose their partners, the advantages they sought through such a partnership or the challenges in working together. The questionnaire survey of CSR personnel attempted to explore such questions, the findings of which are discussed below.

Table 5.9: NGO-business partnership: Beneficiaries of CSR programmes

Year	Beneficiaries specifically mentioned (in terms of %age of companies working with NGO)			
	Women	Child	Elderly	PC
2004	9.09	18.18	9.09	9.09
2005	8.33	33.33	25.00	8.33
2006	7.69	15.38	7.69	15.38
2007	10.00	20.00	5.00	5.00
2008	15.79	10.53	0.00	15.79
2009	9.52	4.76	0.00	14.29
2010	11.54	3.85	7.69	7.69
2011	16.00	16.00	12.00	4.00

5.4.3 Platforms for NGO-business engagement

Table 5.10 identifies the most popular methods and forums where NGOs and firms can discuss a prospective engagement for the future. The most popular form of engagement in India, as viewed by the majority (85.3%) of the respondents, is NGOs approaching corporate offices for funding of their development and social initiatives. With CSR becoming a mandatory facet of business for many large organisations, funding opportunities are likely to be available for NGOs working at the national and local levels. Being invited by the company is another popular means of establishing contact. 62.3% of the net respondents, which included 67.5% of NGO respondents, agreed to this method of interaction. Respondents also supported engagement platforms created by industry associations, like ASSOCHAM or FICCI, which help NGOs and companies interact with many prospective partners at the same place. Web-based platforms appeared to be the least favoured method of establishing contact with prospective partners. The authenticity of partners and partner

Table 5.10: NGO-business engagement platforms

Platforms for NGO-business engagement	Total		Respondent type (Mean)			Test of Homogeneity of Variances		ANOVA (df 2, 188)	
	Mean	Std. Dev.	Org.	Consul.	NGO	Levene Stat.	Sig.	F	Sig.
NGOs approach corporate office for funding	4.230	.833	4.213	4.256	4.250	.533	.588	.054	.947
Company invites NGOs	3.607	.961	3.593	3.698	3.550	.551	.577	.272	.762
Government sponsored platforms	3.199	1.125	3.222	3.140	3.200	.090	.914	.082	.921
Industry association sponsored platforms	3.440	1.059	3.500	3.488	3.225	1.353	.261	1.043	.354
Web based platforms	3.058	1.175	3.120	3.233	2.7	4.039	.019*	1.962 [#]	.147 [#]

* significant at $p < 0.05$ #Welch F ratio (Std. Dev.- Standard deviation; Org.- organisation; Consul.-Consultant)

interaction is difficult to gauge on websites, and many NGOs find it difficult to identify the websites with valid and actionable content. An NGO respondent elaborated that smaller NGOs, which operated with a limited number of local volunteers and for local causes, often did not have a website of their own and approached organisations for funding through its members. Popular and well-established NGOs are better equipped to avail newer forms of interactive platforms. Over the past few years (2013 onwards), the emergent web platforms have facilitated information sharing about key NGO projects, provided the availability of job vacancies and internships at different NGOs and displayed company advertisements for prospective partners. Some respondents felt that the web-based platforms were useful for dispersal of information to even smaller NGOs and enabled companies to reach a wider audience with their programmes.

A face-to-face interaction gains importance since a company can be involved in different regions or different developmental activities with different NGOs simultaneously. It helps generate trust and information about a prospective collaborator and simplifies the process of idea exchange. Once an NGO has been selected, it coordinates with a CSR manager or individual appointed by the company. Key officials from the company may even participate in joint events conducted with the NGO partner to display the company's support to the cause. The Indian government, too, is making an effort for a smoother engagement. Detailed information about existing voluntary organisations and NGOs across the country and about the grants and schemes offered by key ministries and departments to NGOs are available on a website (<http://ngo.india.gov.in/>). Through its affiliated institutions, the government aims to create platforms that will further facilitate NGO-business interaction. The ANOVA in Table 5.10 shows that respondents' views about platforms for NGO-business engagement are quite similar and appear to be independent of the type of respondent (CSR personnel from organisations, CSR consultants, NGOs).

5.4.4 Criteria for selection of NGO partner

Table 5.11 shows that the respondents view NGO's credibility as the most popular selection criterion for an NGO partner. Some respondents stressed that credibility and visibility were not necessarily synonymous, particularly, in the light of allegations about discrepancies in the working and the funding received by some NGOs, which has brought them under the government's scanner and led to the cancellation of licences in some cases. The content analysis of annual reports showed that apart from well-known national and

international NGOs, organisations worked with regional NGOs that may not have had much visibility nationally but were effectively engaged in social activities locally. The present format of the Companies Act, 2013 has an inclination towards philanthropy and generic CSR activities in the areas of community and environment, rather than strategic CSR activities that can affect competitiveness. Companies are, therefore, likely to choose CSR activities that will display their compliance to the law better and give priority to their CSR agenda while choosing an NGO partner. Correspondingly, the NGO’s expertise in the required field is also bound to be an important selection criterion (Table 5.11). Another reason many companies engage with NGOs is to provide validity to their CSR endeavour. While ‘visibility of the partner’ scored the lowest in terms of mean values, it remains an important selection criterion. The participation of a well-known and visible NGO can enhance the visibility of a company’s CSR effort and lend support to its claims of being a responsible company. Some cause-related marketing studies conducted in India (see Chaudhary and Ghai, 2014; Kamarapu, 2015) have shown that the choice of NGO partner may play an important role in how positively young consumers will view cause-related company campaigns. ANOVA values (Table 5.11) did not show any significant difference in opinion between the different types of respondent when it comes to criteria for selection of an NGO partner.

Table 5.11: Criteria for selection of NGO partner

Selection Criteria	Total		Respondent type (Mean)			Test of Homogeneity of Variances		ANOVA (df 2, 188)	
	Mean	Std. Dev.	Org.	Consul.	NGO	Levene Stat.	Sig.	F	Sig.
NGO’s reputation for credibility/ stability	4.461	.7795	4.463	4.419	4.5	.337	.714	.113	.893
NGO’s field of expertise	4.356	.8391	4.3889	4.349	4.275	.591	.555	.269	.765
Company’s CSR priority areas	4.319	.8063	4.3981	4.302	4.125	.033	.967	1.700	.186
National or International visibility	3.984	.9759	4.0556	3.861	3.925	.866	.422	.706	.495

(Std. Dev.- Standard deviation; Org.- organisation; Consul.-Consultant)

5.4.5 Advantages of collaboration with NGO

Apart from achieving greater success in its CSR endeavours, having a credible and experienced NGO partner can enable an organisation to leverage its CSR programme for other benefits (Table 5.12). Factors like the achievement of local goals, providing credibility to an organisation's CSR programme and enhancing public trust show relatively high mean scores. An ANOVA (Table 5.12) shows that there are significant differences in the mean scores for items, 'enhancing public trust' and 'enhances the quality of a company's CSR policy', which were explored through post hoc procedures (Table 5.13). Table 5.13 indicates that NGO respondents give more importance to their role in enhancing public trust and enhancing the quality of the organisation's CSR policy (significant at $p < 0.05$) than either organisations or consultants. Thus, positing that NGOs are more optimistic about the advantages, an organisation could incur by associating with them.

Working with NGOs can have a moderate impact on providing information about the local market (Table 5.12), indicating that there is a limited potential for leveraging an NGO's resources in developing local markets. While an NGO cannot substitute as a market consultant, its insight about different sections of society, in the areas it operates, may help a company envisage a new market segment or utilise its local CSR efforts to have a positive influence on existing and prospective consumers. A 'company's priority CSR area' is an important criterion for NGO selection (Table 5.11) and it supports the notion that organisations often have pre-determined CSR programmes for which they solicit local help and distribute funds to respective NGOs. NGOs, thus, appear to be a tool for implementation only and this fact can be seen in the moderate support that respondents extended to the ability of an NGO to raise the quality of a company's CSR programme. The prospects of the NGO partner steering corporate CSR programmes, towards important but less visible social problems are, therefore, limited. An NGO partner also has limited influence on organisational transparency (Table 5.12). When organisations choose to pursue generic CSR activities that have no relation to their value chain or strategy, it is unnecessary for the functional and operational part of the organisation to interact with any CSR partner. Over the years, NGOs have often been on the forefront to unveil corporate transgressions by either revealing damaging evidence that has led to stakeholder awareness or leading a campaign against corporate malpractices. Table 5.12 shows that working with an NGO partner to formulate or implement a CSR policy does not automatically merit protection against NGO activism. These results also subtly point to the fact that an organisation's attempt to validate its

Table 5.12: NGO–business partnership: Gains for the business

Advantages	Total		Respondent type (Mean)			Test of Homogeneity of Variances		ANOVA (df 2, 188)	
	Mean	Std. Dev.	Org.	Consul.	NGO	Levene Statistic	Sig.	F	Sig.
Achieves local development goals better	4.199	.8158	4.093	4.372	4.300	.815	.444	2.222	.111
Brings credibility to company’s CSR commitment	4.178	.8142	4.167	4.023	4.375	.607	.546	1.978	.141
Enhances public trust	4.042	.8133	4.093	3.767	4.200	1.703	.185	3.504*	.032
Enhances the quality of a company’s CSR policy	3.822	1.0612	3.769	3.535	4.275	2.545	.081	5.616*	.004
Provides information about local market	3.555	1.0983	3.676	3.326	3.475	2.190	.115	1.712	.183
Raises organisational transparency	3.518	1.0802	3.583	3.209	3.675	1.080	.342	2.411	.092
Diminishes the risk of NGO attacks	3.22	1.1068	3.287	3.093	3.175	4.928*	.008	.484 [#]	.618 [#]
Ensures against NGO campaigns	2.995	.9542	3.019	2.930	3.000	2.217	.112	.131	.877
Decreases risk of information leaks	2.545	1.1035	2.667	2.419	2.350	.893	.411	1.572	.210

*significant at $p < 0.05$; [#]Welch F ratio (Std. Dev.- Standard deviation; Org.- organisation; Consul.-Consultant)

Table 5.13: Post hoc analysis to evaluate difference in means occurring in Table 5.12

Advantage	Respondent type	Mean Difference	Std. Error	Sig.		
				Bonferro ni	Hochberg	Games-Howell
Enhances public trust	Org-Consul	.326	.14475	.078	.075	.106
	Org-NGO	-.107	.14858	1.000	.851	.666
	Consul-NGO	-.433*	.17634	.045	.044	.031
Enhances quality of a company's CSR policy	Org-Consul	.234	.18686	.638	.511	.469
	Org-NGO	-.506*	.19181	.027	.027	.005
	Consul-NGO	-.740*	.22764	.004	.004	.002

* significant at $p < 0.05$ (Org- organisation; Consul-Consultant)

questionable practices or transgressions by aligning itself with an NGO may not be a prudent approach.

5.4.6 Challenges in NGO-business collaboration

Table 5.14 elucidates the challenges of an NGO-business partnership. NGO inexperience in dealing with companies is one of the primary challenges in the NGO-business

Table 5.14: Challenges in an NGO-business partnership

Challenges in NGO-business partnership	Total		Respondent type (Mean)			Test of Homogeneity of Variances		ANOVA (df 2, 188)	
	Mean	Std. Dev.	Org.	Consul.	NGO	Levene Statistic	Sig.	F	Sig.
NGO inexperience in dealing with corporates	4.026	.9028	4.083	3.767	4.150	2.430	.091	2.393	.094
Lack of co-ordination in implementation	3.916	.9366	3.972	3.954	3.725	.834	.436	1.062	.348
Lack of trust between partners	3.607	.9721	3.593	3.721	3.525	.728	.484	.447	.640
Lack of commitment of business leaders	3.497	1.0900	3.482	3.349	3.700	4.823*	.009	1.489 [#]	.231 [#]

* significant at $p < 0.05$ [#]Welch F ratio (Std. Dev.- Standard deviation; Org.- organisation; Consul.- Consultant)

partnership, partly because they have different resources and expertise at their disposals (Table 5.14). Many NGOs operate as non-profits with a limited number of hired staff and volunteers from different backgrounds, which makes their organisational and functional structure and motives fundamentally different from organisations which follow the ‘for profit’ principle. The lack of co-ordination between NGOs and companies is another impediment to the partnership. Some NGO respondents noted that coordination problems arose while securing funds as well as implementing programmes. Often, corporate partners have expectations as to how funds should be used to execute projects and about the level of control entitled to them. Clashing ideas and working styles combined with NGO inexperience in dealing with companies lead to coordination issues. The lack of trust between partners and the lack of commitment of business leaders may also put a strain on the partnership. However, since companies actively seek NGO partners, and the relation can prove useful to organisations as well, business leaders can be expected to, at the least, be interested in the association, if for nothing else but, to fulfil their mandated CSR commitment. ANOVA shows that the difference in mean scores assigned to the challenges in an NGO-business partnership, by the respondents, are not significantly different (Table 5.14).

5.4.7 Nature of relationship between business and NGO

The NGO-business partnership has become an important part of CSR in India. However, a study of different aspects of this partnership indicates that businesses may be the influential partner in the relationship. Businesses tend to dominate the relation often through the funds they control. Some respondents noted that the sense of accountability that recent guidelines and laws have tried to imbibe in companies is, often, reflected in the greater focus on ‘why and how’ funds are distributed rather than evaluating the impact on the imminent recipient. The analysis of disclosures in the annual reports also showed that the impact of the initiatives or involving beneficiary groups in the formulation of the programme to increase its effectiveness was rarely mentioned in previous years.

This research has revealed that NGOs seeking corporate funding was one of the most potent methods of starting a partnership and NGO selection is likely to be dominated by an NGO’s credibility and the organisation’s CSR priority area, thus placing an organisation in a position of power in the NGO-business relationship. The sentiment is reflected in Table 5.15 that shows that there is little support for the notion that NGOs could wield any significant influence on the partnership. However, few respondents felt that an element of cooperation

existed wherein organisations tried to take into account some ideas from NGO partners, particularly, if it fit with their CSR policy. This notion had also found support in the social disclosures in annual reports (2004-2011), which showed that a few companies actively sought the expertise of local NGOs in, not only, formulating a CSR programme better suited for the region but also in implementing and subsequently evaluating the impact of their actions. Table 5.15 and the post hoc analysis in Table 5.16 indicates that consultants support the notion of collaboration between NGOs and firms significantly ($p < 0.05$) lesser than NGOs. As relative outsiders to the partnership, consultants' views, about the degree of influence in the NGO-business partnership, may be argued to be a fairly objective assessment.

Table 5.15: Identifying the influential partner in an NGO-business relationship

Nature of relationship	Total		Respondent type (Mean)			Test of Homogeneity of Variances		ANOVA (df 2, 188)	
	Mean	Std. Dev.	Org.	Consul.	NGO	Levene Stat.	Sig.	F	Sig.
Businesses dominate the partnership	4.000	1.0563	3.926	4.163	4.025	.929	.397	.786	.457
Collaborative partnerships	3.450	1.0241	3.500	3.116	3.675	1.076	.343	3.465*	.033
NGOs influence greater power over the partnership	2.204	.9149	2.213	2.233	2.150	.696	.500	.095	.910

* significant at $p < 0.05$ (Std. Dev.- Standard deviation; Org.- organisation; Consul.- Consultant)

Table 5.16: Post hoc analysis to evaluate difference in means occurring in Table 5.15

Advantage	Respondent type	Mean Difference	Std. Error	Sig.		
				Bonferroni	Hochberg	Games-Howell
Collaborative partnerships	Org-Consul	.384	.18232	.110	.106	.123
	Org-NGO	-.175	.18715	1.000	.725	.577
	Consul-NGO	-.559*	.22211	.038	.038	.036

* significant at $p < 0.05$ (Org- organisation; Consul-Consultant)

5.5 Conclusions

This chapter examined the role of the government and the NGOs in the CSR scenario in India, separately. Both these areas have received lesser attention in empirical CSR research, and this chapter has been an attempt to remedy this research gap in the context of a developing nation. In order to examine the different governmental roles in CSR in India, the research combined the analysis of the Indian government's intervention in CSR, using Albareda et al.'s (2008) framework to evaluate governmental policy, with a questionnaire survey of CSR personnel comprising CSR managers and employee volunteers in organisations, CSR consultants and NGOs. The evaluation of the initiatives implemented by the government yielded the following points:

- The government has made its intentions clear towards CSR by providing, a slew of policies to spur businesses, in both the public and the private sector, into playing a greater role in the social and economic development of classes that have been unable to reap the benefits of growth and development that many other sections have availed. The Indian government's CSR policy can be, therefore, linked to inclusive development.
- Using PCA, with different government initiatives as items, the role of the government was classified as 'facilitation', 'participation', 'awareness generation', 'CSR regulation', 'peripheral legislation' and 'penalising'. Of these, the Indian government has not explicitly adopted 'participation' and 'penalising' as a tool for encouraging CSR adoption yet but may choose to do so in the future. ANOVA also showed that there was no significant difference between the factor scores assigned, by the different types of respondents (CSR professionals from companies, CSR consultants and NGOs), to the governmental roles obtained through PCA. In CSR literature, possible governmental roles have been discussed mostly in theory. This re-classification of government roles, obtained on the basis of empirical evidence, therefore, lends greater validity to theoretical assumptions.
- The analytical framework employed in the study gives a holistic view of the development of the corporate responsibility policies of the government as well as the different actors involved. The approach adopted by the government can be classified into two categories – obligatory (MCA, 2013; DPE, 2013; SEBI, 2011) and voluntary (MCA, 2011a). The present public policy on CSR provides a framework for their implementation in terms of the role the company leadership can play in formulating CSR policies and spreading awareness in the organisation, embedding the principles into the core values of the

organisation and stakeholder engagement. CSR reporting, emphasised by a BRR framework is a step towards transparency that can help organisations assess the effect of their social and environmental initiatives.

In the past, NGOs and organisations have often found themselves on opposing sides. However, social, political and economic compulsions have led to greater awareness about CSR amongst corporations in India (Gupta, 2011) and this research has shown that NGOs have become an indelible part of an organisation's CSR plan. The NGO-business relationship was explored by using content analysis of company annual reports (2004-2011) and a questionnaire survey of CSR professionals in India. Some of the important insights garnered in the area of NGO-business partnership are:

- The emergent relationship between firms and NGOs has enabled companies to achieve their CSR goals while contributing to community goals of NGOs. The analysis of annual reports identified the community initiatives like health, education, etc., and to a lesser extent, environment to be the main areas of NGO-business cooperation. The analysis also revealed the lack of partner-specific information like the nature of NGO contribution to a project, criterion for NGO selection, reasons for partnering, etc., even though, over the years, at the least 30 percent of the companies, considered for the analysis, reported having an NGO partner. This hints to the fact that having a partner was probably deemed necessary, even if other details about the partner was not provided to stakeholders.
- Interaction with NGO respondents revealed that companies were not always forthcoming about their NGO selection procedures and criteria, although the NGO's credibility played an important part in its selection. The most popular means of establishing contact with a prospective NGO partner was when the company was approached by the said partner. Despite the growing interest in firms to work with NGOs, NGO inexperience, poses a hurdle in the relationship's success. ANOVA showed that the views of NGOs, organisations and consultants differed regarding the advantages of the NGO-business partnership and whether the relation could be considered a collaborative partnership.
- In most cases, respondents described the company-NGO partnership to be dominated largely by the corporate partner, which was also visible in the companies' priorities in NGO selection and the mode of company-NGO engagement. Despite this, the relation retains elements of collaboration, particularly in implementing social programmes in areas that are economically backward or those that are outside the purview of organisational expertise.

CHAPTER 6 - CSR: IMPLICATIONS FOR BUSINESS AND SOCIETY

6.1 Introduction

There is an “inherent contradiction between the pursuit of economic growth and goals of ecological maintenance and social justice” [Haigh and Jones, (2006), p.245]. However, in the case of CSR, the inherent moral underpinnings of being “socially responsible” coexist with a “deference to the mechanics of capital” [Haigh and Jones, (2006), p.245]. Instrumental theories driving CSR adoption, treatise on the case for CSR (Carroll and Shabana, 2010; Davis 1960, 1973), and the findings in previous chapters, which refer to the expectation of organisational benefits from CSR adoption, purport that CSR need not be restricted to philanthropy, but can have a positive impact on the organisation, too. Correspondingly, it also encourages an assessment of the potential impact CSR can have on the environment and society. This chapter explores the implications of CSR on, both, business and society. It attempts to establish, clearly, the expectations of Indian organisations from their CSR programmes as well as the nature of impact that CSR activities can have on society.

The chapter, first, focusses on unveiling the business implications of CSR in India. The items selected for business implications represent the multidimensional impact CSR has been seen to have, in existing literature. PCA is used as a data reducing tool to identify the major business implications of CSR in India. Mean values for each major implication is calculated using summated scales, and ANOVA analysis helps evaluate whether there is a significant difference in the mean values assigned by the different respondent groups. Using mean and standard deviation the ranking of individual business implications is also examined.

Financial performance is a key determinant of organisational success. Given the emphasis of CSR researchers, including some in India, the CSP-CFP relation is explored separately. Further, existing studies in this area in India (see Mittal et al., 2008; Mishra and Suar, 2010b) have either used a binary variable (presence or absence of CSR) or a questionnaire survey of managers to represent CSR. The use of CSD as a substitute for CSP, as has been used in literature (see Aras et al., 2010), provides the opportunity to explore CSP-CFP relation in India, from a different perspective.

CSD literature has not explored the possibility of whether CSR activities, undertaken by companies, can help in achieving the governmental goal of inclusive growth. The third part of this chapter attempts to understand if reporting in the categories and sub-categories of the CSR subject index (Hackston and Milne, 1996), corresponds to some of the important areas of inclusive growth, conceptualised by the Indian government. The use of content analysis of the annual reports, of 42 non-financial companies (2004-2011), to address the possible relation between CSR and inclusive growth, covers the timeframe when CSR and its reporting were largely voluntary and free from governmental intervention.

6.2 Business Implications: An argument for CSR

In order to attain the objective of assessing the major business implications of adopting a CSR programme in India, PCA is applied to the list of 19 business implications identified through the item selection processes, explained previously in the methodology section. Both the sample size of 191 and the sample size to item ratio in the current study (10:1) are within acceptable limits for PCA (Hair et al., 2012). The KMO measure of sampling adequacy (MSA) was found to be 0.880, which is acceptable (above 0.50) (Field, 2009; Hair et al., 2012). The MSA for all individual items was also found to be above 0.50 (acceptable), and inter-item correlations were significant as seen in the Bartlett's test of Sphericity χ^2 , (171) at $p < 0.001$ (Field, 2009), indicating that PCA could be applied to the list of items. The Cronbach alpha value (0.922), which is greater than 0.7, reflects the reliability of the scale of items.

Following the Kaiser's criteria, which encourages the retention of factors with an eigenvalue greater than 1 (Field, 2009), and the scree plot, which shows four distinct factors (Figure 6.1), four factors were retained, which represented 68.219 percent of the variance (Table 6.1). The factor structure obtained through the rotated component matrix with varimax rotation and the communalities of each item can be seen in Table 6.1. The cut-off value of factor loading adopted for this study is 0.5, and factor loadings above this range have been indicated in bold. For clarity, loadings below 0.4 have been suppressed (Table 6.1). The factor structure obtained through PCA has been discussed below. Cronbach alpha for each factor set was found to be above 0.7 and the corrected item-total correlation value for each item, in every factor identified, was also above 0.3 and indicates good internal consistency in the factors generated through PCA (Field, 2009).

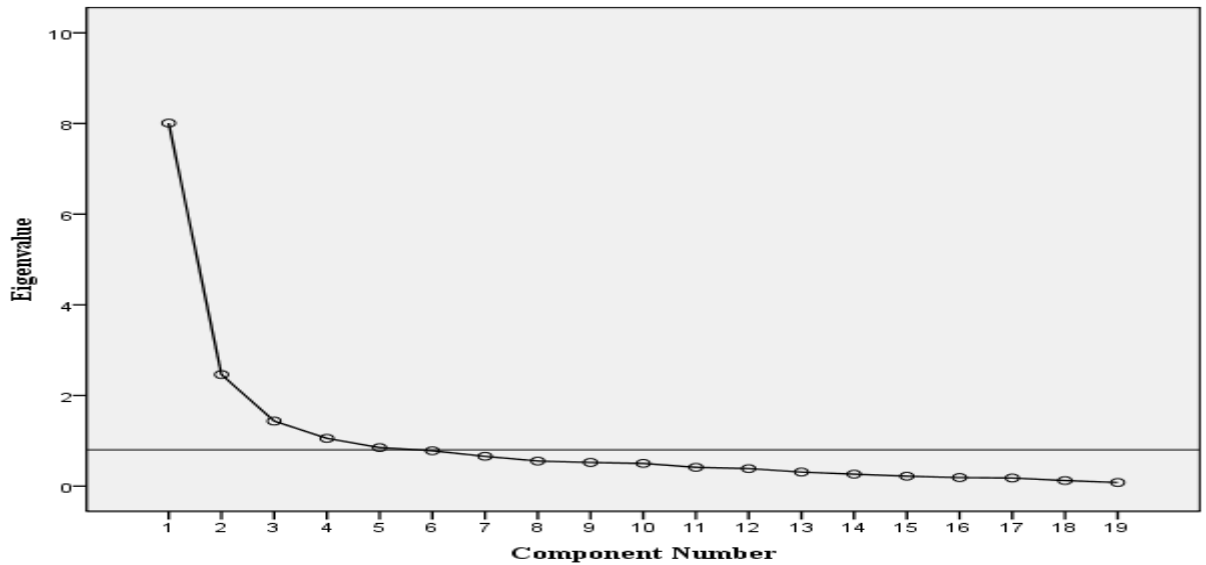


Figure 6.1: Business implications of adopting CSR: Scree plot for PCA

Table 6.1 shows that four major business implications can be attributed to the involvement of a company in CSR activities. The four classifications of business benefits assimilate the major clusters of business benefits identified by Weber (2008), - positive effects on company image and reputation, cost savings, CSR-related risk reduction or management and increased revenues, and by Schaltegger and Wagner [(2006), p.8] – “market effects, direct financial effects, effects on business and production processes, non-market effects and effects on learning and organisational development”. Based on how different items have loaded onto the four emergent factors, and using the nomenclature presented in Weber’s (2008) and Schaltegger and Wagner’s (2006) works, the factors, obtained from PCA, have been identified as Operational and financial benefits (C1), Improved marketing performance (C2), Employee motivation, retention and hiring (C3) and Improved relations with stakeholders (C4).

Operational and financial benefits (C1)

A company’s economic prospects can be deeply affected by the CSR policy (Parnell, 2003). The CSR efforts of an organisation can provide operational benefits like increased productivity (Thorpe and Prakash-Mani, 2003; Weber, 2008), reduced operational costs (Schaltegger and Wagner’s, 2006) and improved product quality (Strugatch, 2011). Companies can use energy efficient technology like LEDs, switch to renewable energy sources, generate energy from waste, and recycle and reuse materials to reduce operational

Table 6.1: PCA results identifying the major classifications of business implications of CSR

Implications of CSR	Rotated Component Matrix				Comm.*
	C1	C2	C3	C4	
Increase productivity	.879				.854
Reduce operational costs	.856				.788
Increase revenues	.816				.795
Increase sales	.803				.807
Lower the cost of capital	.751				.708
Improve product quality	.509		.470		.621
Encourage innovation		.756			.655
Increase competitiveness		.752			.731
Improve market share		.689			.648
Increase market access		.602			.521
Enhance customer satisfaction		.545	.439		.579
Enhance brand awareness		.532		.437	.634
Employee retention			.820		.810
Attract good employees			.815		.784
Ensure organisational motivation			.636		.672
Improve relations with the Government				.793	.654
Act as a public relations campaign				.697	.507
Improve firm reputation		.434		.622	.597
Improve investor relations				.587	.595
Cronbach alpha, Eigenvalues for the components and total variance					
Cronbach alpha (α)	.917	.854	.832	.717	
Total eigenvalues	8.009	2.461	1.436	1.055	
% of Variance	42.154	12.955	7.557	5.552	
Cumulative %	42.154	55.109	62.667	68.219	

costs. CSR can encourage companies to improve their business processes (Epstein, 2008) and motivate employees to increase employee productivity (Heal, 2005), which can improve product quality and cut costs (Weber, 2008). Improved product quality can boost sales (Weber, 2008), which along with reduced operational cost can improve company revenues. Non-compliance with regulations leads to delay in projects and loss in productivity due to frequent checks imposed by regulatory authorities (Epstein, 2008). The increased awareness of financial institutions, many of which are signatories to the Equator principles, about the

social, environmental and economic feasibility of a project they are investing in, can help responsible companies avail capital at lower costs (El Ghoul et al., 2011).

Improved marketing performance (C2)

CSR can have a positive effect on brand preference (Chomvilailuk and Butcher, 2010) and long-lasting strategic cause-related marketing campaigns could increase brand loyalty, especially in the case of low involvement products (van den Brink et al., 2006). Socially responsible business practices are likely to positively influence consumer attitudes towards the company and their purchase decisions (Jain and Kaur, 2004; Planken et al., 2010). Cause-related marketing studies in India (see Chaudhary and Ghai, 2014; Kamarapu, 2015; Planken et al., 2010) show that young consumers, particularly, young, educated women (Singh, 2009) are likely to display socially responsible consumer behaviour. The impact of cause-related campaigns on brand switching, consumer loyalty, consumer readiness to pay more and increased sales, however, are affected by the company's image and brand-campaign fit, the effectiveness of message delivery and choice of NGO partner (Chaudhary and Ghai, 2014; Kamarapu, 2015). Integrating CSR into business has also led to product innovations (Ramani and Mukherjee, 2010) and competitiveness (Chahal and Sharma, 2006), which can improve marketing performance (Chahal and Sharma, 2006). With growing consumer interest towards CSR in India, social causes have been integrated by companies into marketing strategies, like "cause promotions, cause-related marketing, and corporate social marketing", as proposed by Kotler and Lee [(2006), p.23]. Cause-promotion initiatives include sponsoring marathons and half marathons (Vodafone Delhi Half Marathon 2007, Airtel Delhi Half Marathon 2008-2015, Idea GiveLife Chennai Marathon 2009, Sunfeast World 10K Bangalore 2008-2010, TCS World 10K Bangalore 2008-2015) to raise awareness about diseases and the ill-effects of a sedentary lifestyle. As a part of its cause-related marketing strategy, ITC contributes one rupee for every four notebooks sold under its education and stationery brand Classmate, to social development projects, like primary education, supported by it (ITC, 2015a), making it the market leader in the notebooks section (ITC, 2015b). Similarly, P&G informs consumers that a part of their sales is spent on the company's flagship CSR Program in India 'Shiksha', which works with NGO partners in the area of education for girls, women's sanitation and aids schools and children affected by disaster (P&G 2015). TATA Tea encouraged social change through its corporate social marketing campaign 'JaaGo RE' (<http://www.jaagore.com/>), meaning wake up. The campaign encouraged young, first-time

voters to exercise their right to vote, generated awareness about gender sensitisation, and discouraged practices of bribery and corruption.

Employee motivation, retention and hiring (C3)

CSR can have a positive effect on employee motivation, retention, and recruitment (Weber, 2008). Employee motivation can be enhanced by encouraging them to participate in CSR activities like charitable giving, environmental programmes, etc. (Korschun et al., 2014). Further, special initiatives that display a company's concern for the health, welfare and future of employees and their families also motivates employees and possibly boosts loyalty to the company (Skudiene and Auruskeviciene, 2012). Many researchers (Du et al., 2010; Lee et al., 2012a; Weber, 2008) have identified a positive relation between CSR and employee retention and the potential of CSR in improving company reputation, which in turn can attract good employees. CSR has also been noted to improve employee self-image (Turban and Greening, 1997) with some employees even willing to accept lesser pay to work in a socially responsible organisation (Heslin and Ochoa, 2008).

Improved relations with stakeholders (C4)

Another advantage of implementing a CSR programme is improved relations with different stakeholders, like the government, who have taken an active interest in encouraging CSR, and investors, who will be affected if the company is accused of any social or environmental malpractice. CSR has the propensity to improve a firm's reputation as mentioned in many CSR studies and it can act as a public relations campaign, through which an organisation can hope to improve relations with other stakeholders like the consumer, business associations, NGOs, etc.

6.2.1 Business implications: Variance in respondent views

Using the method of summated scales the mean values assigned to each factor as well as the mean value assigned to each factor by the three respondent types was calculated. With assumptions of the homogeneity of variance assured, ANOVA was used to compare the mean values assigned by the three respondent types to the major business implications. The comparison of the total mean values of the four implications indicates that respondents believe adopting a CSR programme provides maximum benefits in the form of improved stakeholder relation, followed by improved marketing performance, that is, brand attractiveness, etc., employee motivation, attraction and retention and operational and financial performance.

Table 6.2: Business implications-Comparison of respondent views

Business Implication	Mean value	Mean values			Homogeneity of Variances		ANOVA (df 2, 188)	
		Org	Consul	NGO	Levene Stat.	Sig.	F	Sig.
C4	4.1427	4.1921	4.1105	4.0438	1.081	.341	1.155	.317
C2	3.6745	3.6944	3.7132	3.5792	1.377	.255	.475	.623
C3	3.3822	3.4321	3.5736	3.0417	.762	.468	4.023	.019*
C1	3.0620	3.0463	3.2519	2.9	.727	.485	1.522	.221

*significant at $p < 0.05$; (Org- organisation, Consul- consultant)

C4- Improved relations with stakeholders; C2- Improved marketing performance; C3- Employee motivation, retention and hiring; C1- Operational and financial benefits

Respondents' giving 'operational and financial benefit' the lowest score may be related to a lack of clarity of whether CSR results in direct financial gains, a fact that is also reflected in the varying views presented in the literature on the CSP-CFP relation. Further, for CSR to truly contribute to operations like improved process and reduced costs, companies in India must change their perception about CSR. Rather than focusing wholly on community initiatives as a part of CSR, companies should adopt responsible practices across departments and redefine measures of operational parameters, for example, consider productivity as a function of improved employee motivation and attracting good employees. ANOVA did not reveal any significant difference in how different respondent groups have scored business implications like 'operational and financial benefits', 'improved marketing performance' and 'improved stakeholder relations'. However, a significant difference in mean values can be seen in the case of 'employee motivation, attraction and retention' (Table 6.2). The post hoc analysis (Table 6.3) indicates that a significant difference ($p < 0.05$) can be seen between NGOs and consultants, wherein NGOs support the notion of CSR ensuring employee motivation significantly lesser than consultants. NGOs are relative outsiders to the organisation, whose interaction with the organisation's employees is often limited to those who participate in programmes related to CSR and, therefore, may not be well equipped to analyse the impact of CSR on employees. Consultants, who are themselves a part of a business setup, may be more inclined to project maximum gains to a client organisation. Thus the null hypothesis (H_0) 'there is no difference in how CSR managers, consultants and NGOs perceive the business implications of CSR' is rejected and the alternate hypothesis

(H₁₇) ‘CSR managers and consultants assign more importance to some of the business implications of CSR, as compared to NGOs’ is accepted.

Table 6.3: Post hoc analysis to evaluate difference in means occurring in Table 6.2

Business Implication	Respondent type	Mean Difference	Standard Error	Sig.		
				Bonferroni	Hochberg	Games-Howell
Employee motivation, attraction, retention	Org-Consul	-.4246	.48562	1.000	.764	.668
	Org-NGO	1.1713	.49848	.059	.058	.067
	Consul-NGO	1.59593*	.59160	.023	.023	.032

* significant at $p < 0.05$

6.2.2 Ranking individual business implications of CSR

Table 6.4 shows intangible benefits like improved firm reputation, improved relations with the public and the government and enhanced brand awareness as the leading business outcomes of implementing a CSR programme. These findings are in congruence with

Table 6.4: Leading business implications of CSR

Business implications of CSR	Mean	Std. Deviation
Improve firm reputation	4.288	.629
Act as a public relations campaign	4.236	.748
Improve relations with the government	4.199	.783
Enhance brand awareness	4.152	.770
Improve investor relations	3.848	.823
Ensure organisational motivation	3.843	.988
Increase market access	3.791	.820
Enhance customer satisfaction	3.764	.974
Improve market share	3.476	.934
Increase competitiveness	3.440	.992
Encourage innovation	3.424	1.023
Increase sales	3.330	1.115
Increase revenues	3.293	1.137
Attract good employees	3.267	1.108
Increase productivity	3.105	1.192
Employee retention	3.037	1.063
Reduce operational costs	2.974	1.167
Improve product quality	2.885	.983
Lower the cost of capital	2.785	1.042

Aguinis and Glavas' (2012) research, which found that for institutional level predictors like regulation, standards, etc., improved firm reputation is an important and frequently mentioned business outcome. The respondents' perception that CSR could improve investor relations in India shows that investors and shareholders, who under a purely capitalist view could regard CSR as an unnecessary expenditure that reduces their profits, view responsible business as an asset. This opinion may be influenced by two factors. The first is the fear of sanctions by a government which is very particular about CSR spending and reporting as a part of the Companies Act, 2013 and which is increasingly taking an interest in environmental issues arising from ill-thought projects. Secondly, major financial institutions and banks have become members of global initiatives like the Equator Principles, wherein the signatories are concerned about the economic, social and environmental consequences of their investment. CSR also seemed to positively affect marketing areas like customer satisfaction which in turn contributes to market access and market share. Operations related items, like product quality, reduction in production costs, etc., were not found to be significantly affected by CSR. However, the value of the standard deviation suggests that respondent views vary, due to which these operations related items need not be ignored completely.

6.2.3 Relation between corporate social and financial performance

In the section above, respondents considered operational and financial benefits as the least important business implications for an organisation adopting a CSR programme. The relation between social and financial performance has been further explored in this section from the lead-lag perspective (Preston and O'Bannon, 1997) and by accounting for the impact that research and development (R&D) is likely to have on company performance (Waddock and Graves, 1997). The CSP-FP relation is, therefore, examined in the context of two hypotheses, availability of fund hypothesis and the social impact hypothesis, that have been tested in different national contexts previously and have been represented as H_{08} and H_{09} , respectively in this research.

As in many studies, multiple regression is used to explore this relation. The following paragraphs discuss the choice of variables used to represent CSP, CFP and control variables, to test the hypotheses, in this study. Each hypothesis is tested with data obtained over a period of four years (2008-2011) owing to some missing data in years prior to 2007 that affect the assumptions of multiple regression. The analysis uses data obtained from the Nifty

50 companies (Appendix IV). The choice of the number of companies, as well as, the timeframe of the study is congruent with other studies, on the relation between social and financial performance, some of which were mentioned in the literature review.

6.2.3.1 Measures of social performance

The measurements used in the past for CSR have been discussed in the literature review. In Chapter 4, a detailed analysis of CSD provided in the annual reports of 42 non-financial companies had been provided. Since CSD has been used as a substitute for CSP in previous CSP-CFP studies (Aras et al., 2010; Orlitzky et al., 2003), it is considered as a representative of social performance in this study. Further reputational indices, which mark companies on the basis of CSR related parameters, have not yet gained prominence in India and indices like KLD or Forbes ratings have included very few Indian companies, if any. In recent years, due to increased interest and governmental intervention, different agencies have attempted to rate the social performance of companies in India. However, owing to their recent emergence, most ratings do not provide a longitudinal perspective, and the validity of the emerging ratings have yet to be established. Studies using CSD have often used large firms which are listed on the stock exchanges of the particular country (see Aras et al., 2010; Hackston and Milne, 1996; Reverte, 2009; Trotman and Bradley, 1981) since listed firms have greater propensity to disclose CSR information in order to satisfy multiple stakeholders like investors, financial analysts, media, etc. (Mishra and Suar, 2010b). The companies whose CSD have been evaluated in this study, fulfil these criteria as well.

6.2.3.2 Measures of financial performance

“The uncertainty about the relation between financial and social performance in part is due to the lack of consensus on the measurement of financial performance” [Scholtens, (2008), p. 48]. In prior research both accounting based variables, like Return on Asset (ROA) (Aras et al., 2010; Aupperle et al., 1985; Aupperle and van Pham, 1989; Hackston and Milne, 1996; Makni et al., 2009; Patten, 1991; Preston and O’Bannon, 1997; Reverte, 2009; Yang et al., 2010), Return on Equity (ROE) (Aras et al., 2010; Aupperle and van Pham, 1989; Hackston and Milne, 1996; Makni et al., 2009; Patten, 1991; Roberts, 1992; Preston and O’Bannon, 1997; Yang et al., 2010), Return on Sales (Yang et al., 2010), Return on Investment (ROI) (Preston and O’Bannon, 1997), average values of ROA and ROE (Patten, 1991; Hackston and Milne, 1996), and market-based variables like earning per share (EPS) (Ullmann, 1985), Stock Price Return (differential stock price for five years) (Belkaoui and Karpik, 1985), etc. have been used to represent financial performance. Barnett and Salomon

(2012) advised the use of distinct yet conceptually related variables to represent financial performance in order to counter some of the inherent deficiencies, like ratio measures (ROA, etc.) exaggerating relations of interest and leading to misinterpretation of results, that arise when selecting one measure over the other. Therefore, in the current study financial performance is represented by ROA and earnings after tax, interest, depreciation (PAT). The data for measures for financial performance and control variables have been obtained from Capitaline Plus, one of India's largest financial databases, which has records of more than ten thousand listed and non-listed companies, for a period of over ten years.

6.2.3.3 Control variables

Different studies have employed control variables like company size, risk, research and development intensity and in many cases, the choice of a variable to represent size, etc. have been different. Control variables have the potential to affect CSP and CFP and, therefore, require to be operationalized (Makni et al., 2009; Ullmann, 1985; Waddock and Graves, 1997). For example, size has been represented by total assets (Aras et al., 2010; Chen and Metcalf, 1980; Hackston and Milne, 1996; Rahman et al., 2011; Trotman and Bradley, 1981; Waddock and Graves, 1997; Yang et al., 2010), number of employees (Barnett and Salomon, 2012; Waddock and Graves, 1997), sales (Aras et al., 2010; Belkoui and Karpik, 1989; Stanwick and Stanwick, 1998; Waddock and Graves, 1997), market capitalisation (Aras et al., 2010), etc. Since a firm's size has the potential to influence its financial performance (Barnett and Salomon, 2012;) and larger firms have a greater propensity to disclose about their responsible behaviour than smaller ones (Waddock and Graves, 1997), firm size, represented by sales and total asset (TA), has been considered as a control variable (also see Makni et al., 2009). A firm's debt affects the managerial decision regarding spending. While debt can incentivise managers to undertake decisions that are in the best interest of the firms, reduced funds can decrease the chances to explore new business opportunities, which in turn can negatively impact profit (Barnett and Salomon, 2012). Debt to total assets (DTA) is, therefore, used as a control variable to account for the effect of financial risk on company performance (Aras et al., 2010). Aras et al. (2010), Barnett and Salomon (2012), Makni et al. (2009) and Waddock and Graves (1997), are some of the other studies where DTA has been used as a control variable. Research and development (R&D) investment has the potential to affect performance (Graves and Waddock, 1994; Waddock and Graves, 1997). R&D can lead to innovation, which in turn creates value for the firm (Aras et al., 2010; Barnett and Salomon, 2012). Hence, the ratio of R&D to net sales (as a

percentage), referred to as the R&D Intensity, has also been used as a control variable, in accordance with previous studies of Aras et al. (2010), Barnett and Salomon (2012), Lin et al. (2009), McWilliams and Siegel (2000) and Yang et al. (2010). The study replicates Aras et al.'s (2010) methodology, in exploring the relation between CSP and CFP.

6.2.3.4 Availability of funds hypothesis

To test the hypothesis of whether a good financial performance leads to a good social performance, financial performance variables (t), where 't' represents any given year between 2010 to 2007, are used as independent variables, correspondingly CSD (t+1) represents the dependent variable. Subsequently, for each year, two models are generated, with different independent variables - PAT for one and ROA for the other. Control variables for size (TA, Sales) and financial risk (DTA) were also used. Table 6.5 reports the correlations between the variables representing financial performance in 2010 and social performance (CSD) in 2011. It also provides the descriptive statistics for all the variables used in the two models. The table (Table 6.5) shows that the CSD in 2011 has a significant correlation to total assets and PAT values of 2010. However, in both cases, the value of the correlation coefficient is quite

Table 6.5: Pearson correlations matrix and descriptive statistics for the availability of funds hypothesis (2011-2010)

	Dependent	Control			Independent	
	CSD2011	TA2010	DTA2010	SALES2010	PAT2010	ROA2010
CSD2011	1.000	.394*	.099	.143	.282*	-.187
TA2010		1.000	.463*	.495**	.513**	-.522**
DTA2010			1.000	.290*	.041	-.368*
SALES2010				1.000	.7048**	.155
PAT2010					1.000	.439*
ROA2010						1.000
Descriptive statistics						
N	42	42	42	42	41	41
Minimum	83	3.41	0	1.47	2.44	-1.68
Maximum	620	5.3	1.46	57.74	4.22	.04
Mean	354.97	4.2494	.5378	24.4631	3.3387	-.7372
Std. Deviation	137.9877	.4281	.38992	10.58953	.39748	.35551

* significant at $p < 0.05$; **significant at $p < 0.01$

small, and a relation between them seems unlikely. Further, the correlation matrix also provides a preliminary assessment for multicollinearity, which can be further tested using the

values for VIF and tolerance. The correlation and the descriptive matrices for all four years between 2010-2008 have been shown in Appendix IX.

The results of the regression analysis, in which the effects of risk and size were controlled, for the years 2008-2011, are presented in Table 6.6. The R value refers to “the values of the multiple correlation coefficients between the predictors and the outcome”, while R^2 “measures the amount of variability in the outcome that is accounted for by the predictors” [Field, (2009), p.235]. For both models (PAT and ROA) of 2011-2010, R^2 values show that only around 15 percent of the variation in CSD values of 2011 were accounted by the models. The adjusted R^2 gives an idea of how well the model can be generalised. The values of adjusted R^2 in the columns pertaining to 2011-2010 in Table 6.6 show that “if the model were derived from the population rather than the sample” [Field, (2009), p.235], there would be a decrease of around 9 percent in the variance in the outcome. For both models (PAT and ROA) in 2011-2010 values, (Table 6.6) the value of the Durbin–Watson statistic is closer to 2 and shows that the errors in the regression are independent which is acceptable (Field, 2009). VIF values (average 1.238) were below 10 and tolerance values above 0.2, indicating that there was no perfect multicollinearity.

The F values obtained from the ANOVA analysis, over the four years, show that the proposed regression model does not provide a significant improvement in the prediction ability of the model viz-à-viz the inaccuracy that exists in the model (Field, 2009). The value of the coefficients of the regression model (β values) shows how a predictor variable affects the dependent variable “if the effects of all other predictors are held constant” [Field, (2009), p.238], while the corresponding t statistics helps estimate whether the “predictor makes a significant contribution to the model” [Field, (2009), p.239]. Table 6.6 shows that over the years, the coefficients of regression (β values) for the variables representing financial performance (PAT, ROA) have not contributed significantly to the prediction of social performance (CSD). The null hypothesis (H_0) ‘a good social performance is independent of a good financial performance’ is accepted and the alternate hypothesis (H_1) ‘a good financial performance leads to a good social performance’ is rejected.

6.2.3.5 Social impact hypothesis

To test the hypothesis of whether a good social performance leads to a good financial performance, CSD (t), where ‘t’ represents any given year between 2010 to 2007, is used as

Table 6.6: Regression results for the availability of funds hypothesis (2011-2010)

Dependent Variable	Independent variable:							
	PAT (t=2010)	ROA (t=2010)	PAT (t=2009)	ROA (t=2009)	PAT (t=2008)	ROA (t=2008)	PAT (t=2007)	ROA (t=2007)
CSD (t+1)								
Control variable (β values)								
TA (t)	.354	.380	.288	.207	.289	.289	.031	.043
Sales (t)	-.025	-.063	.036	.046	.056	.117	.189	.452
DTA (t)	-.0052	.043	-.093	-.095	-.293	-.367	.036	.029
Financial performance as Independent variable (β values)								
PAT/ROA (t)	.138	-.018	-.073	-.157	.161	-.219	.267	-.017
Model Summary								
R	.398	.388	.247	.247	.475	.474	.449	.473
R Square	.159	.151	.061	.061	.225	.225	.201	.224
Adjusted R Square	.065	.056	-.41	-.40	.137	.141	.110	.137
F	1.697	1.595	.600	.602	2.547	2.683*	2.205	2.591
Durbin–Watson statistic	2.574	2.627	2.192	2.181	2.023	2.221	2.215	2.245
Excluded variables	PAT2010	ROA2010	PAT2009	ROA2009	PAT2008	ROA2008	PAT2007	ROA2007

t = year of study; * significant at p< 0.05

the independent variable, correspondingly financial performance variables (t+1), represent the dependent variable. Control variables for size and financial risk were retained. Table 6.7 shows the correlation between the various components of the model. The dependent variable, ROA2011, has a statistically significant relation (negative) with TA 2010 ($p < 0.01$) and DTA 2010 ($p < 0.05$), while PAT2011 had a significantly positive relation with Sales2010 and TA 2010 ($p < 0.01$). The correlation matrices as well as the descriptive matrices for the years 2008-2010 have been shown in Appendix IX. The model summaries of the regression analysis for all the four years considered are shown in Table 6.8.

Table 6.7: Pearson correlations matrix and descriptive statistics for the social impact hypothesis (2011-2010)

	Dependent		Control			Independent
	ROA2011	PAT2011	TA 2010	SALES 2010	DTA2010	CSD2010
ROA2011	1	.400*	-.458**	.163	-.355*	-.185
PAT2011		1	.596**	.669**	.063	.182
TA2010			1	.495**	.463**	.263
SALES2010				1	.290	.090
DTA2010					1	.034
CSD2010						1
Descriptive Statistics						
N	39	39	42	42	42	42
Minimum	-1.77	2.44	3.41	1.47	0	73
Maximum	-.08	4.31	5.3	57.74	1.46	612
Mean	-.7628	3.4046	4.2494	24.4631	.5378	357.35
Std. Deviation	.3231	.39543	.4281	10.58953	.38992	141.3031

* significant at $p < 0.05$; **significant at $p < 0.01$

The interpretation of Table 6.8 is similar to that of Table 6.6. For both models, R^2 values show that only 58.3 and 51.2 percent of the variation in PAT 2011 and ROA 2011 respectively, was accounted by the representative for social performance, that is, CSD 2010. The adjusted R^2 values indicate that “if the model were derived from the population rather than the sample” [Field, (2009), p.235], there would be a decrease of 4.9 percent in the variance of the dependent variable (PAT2011) and 5.8 percent in the variance of the dependent variable (ROA2011). The Durbin–Watson statistic, which helps decide if the errors in the regression are independent, was found to be near 2 in both models. VIF values were less than 10 for both models, which shows that there is no perfect multicollinearity.

Table 6.8: Regression results for the social impact hypothesis (2011-2008)

Independent Variable:	Dependent variable:							
	CSD 2011	PAT (t=2011)	ROA (t=2011)	PAT (t=2010)	ROA (t=2010)	PAT (t=2009)	ROA (t=2009)	PAT (t=2008)
Control variable (β values)								
TA (t-1)	.483**	-.744***	.257	-.815**	.219	-.729***	.623***	-.389
Sales (t-1)	.478**	.516***	.571**	.639*	.559***	.5749***	.230	.380
DTA (t-1)	-.313*	-.155	-.221	-.136	-.116	-.224	.020	-.104
CSD as Independent variable (β values)								
CSD (t-1)	-.029	-.053	.108	.032	.108	.019	.122	.054
Model Summary								
R	.763	.715	.744	.753	.713	.768	.856	.366
R Square	.583	.512	.554	.566	.509	.590	.733	.134
Adjusted R Square	.534	.454	.504	.518	.456	.546	.702	.032
F	11.877***	8.902***	11.162**	11.758**	9.580***	13.334***	23.361***	1.314
Durbin–Watson statistic	2.212	1.761	2.037	1.996	2.360	2.055	2.575	2.138
Excluded variables	CSD2010	CSD2010	CSD2009	CSD2009	CSD2008	CSD2008	CSD2007	CSD2007

t = year of study; * significant at $p < 0.05$; **significant at $p < 0.01$; ***significant at $p < 0.001$

In both cases, the independent variable CSD2010 did not have a significant effect on the variables representing financial performance. However, PAT 2011 was found to be influenced positively by TA2010 ($p < 0.01$) and Sales2010 ($p < 0.01$) and negatively by DTA2010 ($p < 0.05$). Similarly, ROA2011 was found to be affected negatively by TA2010 ($p < 0.001$) and positively by Sales2010 ($p < 0.001$). Based on the model summary and ANOVA values in Table 6.8, it is visible that both models are significant (significant F values). However, the values of regression coefficients corresponding to CSD were not significant, and in each case, CSD is excluded. Similar findings can be seen in the four years.

In the next stage of the research, R&D Intensity is introduced in the model as a control variable while variables for risk (DTA) and size (TA, Sales) are retained. The inclusion of R&D intensity is not likely to affect the outcome of the analysis of the relation between CSP and CFP since there was no visible relation between CSP and CFP. In the event of any correlation between CSP and CFP, the absence of R&D intensity would most likely overestimate this relationship, since R&D expenditures and CSP are likely to have a positive correlation (Aras et al., 2010). The new model continues to use financial variables ($t+1$), as dependent variables and CSD (t), as independent variables. Table 6.9 presents the descriptive statistics and Pearson correlation values for the new model. The findings of Table 6.9 are similar to those in Table 6.7 (refer to Appendix IX for the correlations matrices and descriptive statistics of the remaining three years). As visible from Table 6.9, no significant relation was found to exist between R&D Intensity and variables representing social and financial performance. Table 6.10 presents the findings of the regression analysis across the four years. It (Table 6.10) does not show any significant relation between CSP and CFP and between profitability and R&D intensity, except for the singular case of a statistically significant relationship between R&D Intensity2009 and PAT2010. These results are congruent to Aras et al. (2010), who failed to find any significant relation between profitability and R&D intensity, although the timeframe of their study was restricted to two years, which increases the chances of getting anomalous behaviour in certain variables. Other control variables of TA, sales and DTA have a more significant impact on financial profitability, over the years.

Based on the above discussion, the null hypothesis (H_0) that ‘a good financial performance is independent of a good social performance’ is accepted and the alternate hypothesis (H_1) ‘a good social performance leads to a good financial performance’ is

rejected. Since no link could be established between social and financial performance, the exclusion of R&D intensity while testing the hypothesis (H_09), should not create a problem (Aras et al., 2010). It can also be seen that the findings are similar to other studies (Aras et al., 2010; Aupperle and van Pham, 1989; Makni et al., 2009; Mittal et al., 2008; Yang et al., 2010) that did not find any significant relation between social and financial performance.

Table 6.9: Pearson correlations matrix and descriptive statistics for the social impact hypothesis with R&D intensity as control variable (2011-2010)

	Dependent		Control				Independent
	ROA 2011	PAT 2011	TA 2010	SALES 2010	DTA 2010	R&D Intensity 2010	CSD2010
ROA2011	1	.400*	-.458**	.163	-.355*	-.143	-.185
PAT2011		1	.596**	.669**	.063	-.185	.182
TA 2010			1	.495**	.463**	-.204	.263
SALES2010				1	.290	-.293	.090
DTA2010					1	-.072	.034
R&D Intensity 2010						1	.100
CSD2010							1
Descriptive Statistics							
N	39	39	42	42	42	42	42
Minimum	-1.77	2.44	3.41	1.47	0	.000	73
Maximum	-.08	4.31	5.3	57.74	1.46	14.6613	612
Mean	-.7628	3.4046	4.2494	24.4631	.5378	1.732	357.35
Std. Deviation.	.3231	.39543	.4281	10.58953	.38992	3.227	141.3031

* significant at $p < 0.05$; **significant at $p < 0.01$

There are many factors that can have affected the results of the current analysis. The companies, considered in the analysis were listed on the same index (NSE). However, there was a substantial dispersion in the values of variables used in the study. The limited number of years, over which the analysis is spread, was the result of the unavailability of CSD data of certain companies (around 2006 and before), that could potentially affect the basic assumptions of the regression analysis. This study was based on the lead-lag linear relation

Table 6.10: Regression results for the social impact hypothesis with R&D intensity as control variable (2011-2008)

Independent Variable:	Dependent variable							
	CSD 2011	PAT (t=2011)	ROA (t=2011)	PAT (t=2010)	ROA (t=2010)	PAT (t=2009)	ROA (t=2009)	PAT (t=2008)
Control variable (β values)								
TA (t-1)	.483**	-.750***	.411*	-.727***	.267	-.723***	.625***	-.390
Sales (t-1)	.477**	.620***	.461**	.496**	.467**	.452**	.221	.382
DTA (t-1)	-.313*	-.159	-.318*	-.260	-.199	-.268*	.017	-.103
R&D Intensity (t-1)	-.006	-.123	.057*	.035	-.051	-.092	-.021	.004
CSD as Independent variable (β values)								
CSD (t-1)	-.028	-.038	.041	-.051	.118	.037	.123	.054
Model Summary								
R	.763	.725	.728	.742	.695	.762	.856	.366
R Square	.583	.525	.531	.550	.482	.581	.734	.134
Adjusted R Square	.520	.453	.462	.484	.408	.521	.693	.003
F	9.223***	7.302***	7.689***	8.314***	6.524***	9.701***	18.174***	1.021
Durbin–Watson statistic	2.217	1.877	2.073	2.079	2.342	2.067	2.556	3.139
Excluded variables	CSD2010	CSD2010	CSD2009	CSD2009	CSD2008	CSD2008	CSD2007	CSD2007

t = year of study; * significant at $p < 0.05$; **significant at $p < 0.01$; ***significant at $p < 0.001$

between variables, but, the relationship may be estimated through more complex models, like a U-shaped model (Barnett and Salomon, 2012). The choice of variables for CSP and CFP may also affect the outcome of the results. For example, CSD, while being one of the commonly used methods of measuring CSP, may not necessarily be a perfect or ideal representative of CSP. Similarly, many variables can represent CFP.

6.3 The relevance of CSR in inclusive growth

The Planning Commission's Eleventh Five-Year Plan (2007-2012) introduced the multi-dimensional economic and social objectives of inclusive growth, the achievement of which has become one of the mainstays of the Indian government's policies. The concept of inclusive growth covered categories, some which would be under the direct monitoring and purview of the Central government, like women and children, community infrastructure, health, education, environment, and income and poverty, while others like sex-ratio, agriculture, etc. would be monitored by the states (Planning Commission, 2008). Apart from noting the initiatives undertaken towards achieving inclusive growth, the Twelfth Five-Year Plan's (2012-2017) approach paper emphasised that (Planning Commission, 2011a):

- Providing livelihood opportunities for an ever-increasing labour force along with improving incomes can help reduce poverty and consequently improve economic growth.
- Inclusive growth can only be achieved when attitudinal and institutional changes complement the changes in the government's policies and programmes.
- For inclusive growth to be a reality, the basic requirements of food and water, housing and sanitation, roads and electricity should be made available to all. In particular, the needs of sections like BS, women and children require attention.
- The 'right to education' (RTE) should be enforced to ensure that educational facilities are available to all.

An expert group was also formulated to discuss low carbon strategies for inclusive growth and suggest initiatives to fight the challenges of climate change (Planning Commission, 2011b). The group advocated gaining strategic knowledge for climate change, proposed curtailing environmental problems in sectors like power from the perspective of demand and supply, encouraged increased energy efficiency and research in renewable energy sources like wind, hydel power, solar and second generation biofuels, stressed on the role of the National Missions for integrated management of water resources, proposed the enforcement

of sector-specific emission limits and development of sustainable habitat and transportation systems, among others suggestions (Planning Commission, 2011b).

In the following sub-sections, the possibility of inclusive growth through CSR is explored by showing the congruence of the themes of CSR subject indices, like that of Hackston and Milne (1996), with some of the important themes pertaining to inclusive growth, as identified by the government.

6.3.1 Congruence of themes between CSD research and inclusive growth

A review of documents issued by the Planning Commission (see Planning Commission, 2008, 2011a, 2011b) as complementary to the five-year plans elucidated the government's focus areas with regard to Inclusive growth. Table 6.11 attempts to demonstrate that the CSR categories, like community, energy, environment, employee H&S and employee other, and their corresponding sub-categories (Appendix I, III), which have been mentioned in CSD research like Hackston and Milne (1996), and used in this study (see Section 3.5.4), are congruent with some of the aspects of inclusive growth, as defined by the Planning Commission of India (Planning Commission 2008, 2011a, 2011b). In India, agriculture generates employment and livelihood, contributes substantially towards the alleviation of poverty, plays a significant role in the Indian economy, and is an important aspect of inclusive growth (see Planning Commission, 2008). It is considered as a state subject under inclusive growth and has been included as a sub-category of community in the CSR subject index. The congruence of themes between CSR disclosure (CSD) research and inclusive growth indicates that a company's CSR programmes can contribute towards the goals of achieving inclusiveness in the country. Using the 42 non-financial companies mentioned previously in the thesis, this congruence is further explored, in the context of:

- The number of companies reporting in the categories which are present in, both, CSR and inclusive growth literature (Table 6.11), between the year 2004-2011, when CSR disclosures were largely voluntary.
- CSR activities carried out in categories such as health, education and employment and livelihood, for beneficiaries, like BS, children, PC, NC, women, and the elderly. Hackston and Milne's (1996) CSR subject index identified different employee related themes, which serve as initiatives for beneficiary groups like women, BS and PC, and are hence retained here.
- Industries prominently participating in the different areas of inclusive growth.

Table 6.11: Congruence of themes between CSD studies and inclusive growth

	Theme for Inclusive Growth	Similar theme listed under		
		Hackston and Milne (1996)	Planning Commission (2008)	Planning Commission (2011a)
1.	Employment and livelihood	Employee Other (Opportunities for women/minorities), Community	Employment and livelihood	Employment and livelihood
2.	Agriculture	No specific mention	Agriculture*	Agriculture*
3.	Health	Employee health and safety, Community	Health	Health
4.	Education	Community	Education	Education
5.	Infrastructure Development	Community	Infrastructure Development	Infrastructure Development
6.	Energy	Energy	Energy	The Energy Challenge
7.	Environment	Environment	Environment	Natural Resource Management– Water, Land and Forests

*State subject- rest fall within the purview of the central government

Disclosure in any of the categories mentioned above or their sub-categories, by a company in its annual report, was noted by the presence of sentences divulging the company’s CSR activities in that area. The decision rules for determining CSD were once again adapted from Hackston and Milne (1996).

6.3.2 Groups benefiting from CSR activities

The analysis of CSR content mentioned in annual reports reveals that despite the lack of mandatory requirements from stakeholders like the government, a number of initiatives have been undertaken by companies that can contribute significantly to inclusiveness. A company was considered to have contributed towards the welfare of a group if it was found to undertake at least one activity (education, health, etc.) for the group. Table 6.12 identifies BS, NC, women, children, elderly and PC, as the beneficiary groups, for which companies have directed certain CSR programmes. These groups serve as special interest groups for the study. Of these special interest groups, NC seemed to have received the most attention from the companies over the years (Table 6.12). Activities mentioned with respect to NC are likely to benefit all categories of special interest groups. CSR activities directed towards children and BS have also gained prominence over the years, while limited activities were undertaken by the companies for the elderly and PC. The following tables further explore the CSR

initiatives undertaken by companies for these special groups as well as activities undertaken under each theme of analysis discussed above (in Table 6.11).

Table 6.12: Beneficiaries explicitly mentioned in CSR disclosures

Year	Percentage of companies reporting					
	NC	BS	Women	Children	Aged	PC
2004	66.67	38.89	47.22	47.22	25.00	11.11
2005	66.67	56.41	43.59	61.54	10.26	10.26
2006	70.00	45.00	40.00	57.50	12.50	5.00
2007	82.93	60.98	65.85	75.61	14.63	2.44
2008	82.50	55.00	52.50	70.00	22.50	2.50
2009	83.33	47.62	50.00	78.57	26.19	7.14
2010	92.86	73.81	54.76	73.81	11.90	11.90
2011	95.24	78.57	57.14	78.57	11.90	9.52

6.3.3 Potential to generate employment and livelihood

Mandatory allocation of a percentage of jobs for BS has been a source of contention for private companies in India. While that debate is beyond the purview of the thesis, it takes note on whether companies have mentioned BS employment and initiated programmes for them as a part of their CSR activities. Table 6.13 discusses the role of companies in providing special provisions for employment opportunities for special interest groups, like BS, women and PC, within the organisations as well as allocating CSR resources to train and provide help to generate livelihood opportunities to empower them. Post 2006, there is some consistency in reporting about recruitment of BS and PC but not in the employment of women. According to the Presidential Directives and other guidelines issued by ministries like the Ministry of Social Justice and Empowerment and the DPE, it is compulsory for PSUs to report on reservations in the recruitment of SC, ST and OBC and special interest groups like those with physical disabilities. All PSUs seemed to abide by these rules, but recruitment of women received lesser attention than BS and PC. Some private enterprises mentioned being equal opportunity employers, fewer still explicitly mentioned recruitment opportunities provided to BS or women and recruitment of PC received negligible mention. The number of private sector enterprises reporting about the employment of BS and women, however, saw an increase after 2006, though most did not furnish any statistics supporting their claims.

Table 6.13: Employment and livelihood opportunities for different sections of the population

Year	Percentage of companies reporting				
	Recruitment by company			Vocational training/ Helping set up livelihoods	
	BS	Women	PC	Total reported	Specifically for Women
2004	13.89	5.56	16.67	41.67	16.67
2005	12.82	5.13	10.26	46.15	10.26
2006	15.00	5.00	12.50	47.50	15.00
2007	24.39	17.07	12.20	53.66	24.39
2008	22.50	25.00	15.00	65.00	27.50
2009	16.67	28.57	9.52	69.05	30.95
2010	19.05	7.14	9.52	64.29	7.14
2011	19.05	9.52	11.90	71.43	7.14

Despite companies showing less enthusiasm in formulating special provisions for recruitment of the interest groups, an increasing number (71% in 2011) of companies provided either training and/ or provided infrastructural support like vocational training, repair tool kits, etc. to youth. Comparatively, fewer opportunities are made available to women, either through employment or support like training, women development centres or empowering women self-help groups, to enable them to earn their livelihoods (Table 6.13). Livelihood opportunities were discussed primarily in the context of youth and women. Some companies mentioned training PC persons and youth belonging to BS from around their areas of operations and then absorbing them in the organisation. These cases were considered as recruitment by the company in Table 6.13. While companies from most industries reported on providing training and livelihood opportunities, as a part of their CSR, IM, cement and CG industries appeared to give it greater attention. For example, as part of its ‘Environmental Stewardship’ programme, ITC, a CG company, carries out extensive research in disease resistant clonal saplings, which has reduced its dependence on conventional energy sources (ITC 2010a, 2015c). The clonal saplings, with high survival rates, provides sustainable raw material sources for the company's paperboards business and has also created livelihood opportunities for disadvantaged tribes and farmers in rural areas with over 46 million person days of employment (ITC, 2015c). It further helps farmers to convert their private degraded wastelands into viable pulpwood plantations.

6.3.4 Impetus to agriculture

The agricultural sector has not witnessed much progress in India, although a large section of the population is involved in it. Table 6.14 shows the nature of support received by farmers as a part of company CSR programmes. Corporate support was described in the form of monetary data like financial aid given to farmers and in a few cases, the income gained by farmers because of this support. Such financial details were inconsistently reported (Table 6.14). Numerical information about the number of farm equipment and farm animals provided and the number of beneficiaries has been increasing over the years. Declarative information refers to information that is neither in monetary terms nor provides numerical information. Declarative information pertained to issues like providing assistance to farmers about crops and developing watershed and irrigation projects. Such information is also on the rise. Companies from industries like CG and cement reported supporting agriculture-related issues prominently over the timeframe of the study, while some telecom, metal and automobile companies reported their initiatives only in later years.

Table 6.14: Activities undertaken to assist agriculture in the country

Type of information about agricultural support:	Percentage of companies reporting							
	2004	2005	2006	2007	2008	2009	2010	2011
Crops/ watershed/ irrigation	25.00	10.26	20.00	21.95	20.00	26.19	35.71	33.33
Numerical information	19.44	10.26	15.00	21.95	22.50	26.19	35.71	30.95
Financial assistance	0.00	0.00	2.50	4.88	5.00	7.14	11.90	2.38

ITC's E-Choupal is a well-publicised initiative that shows how a company can leverage its competency in IT to improve agribusiness in rural India. E-Choupal has helped farmers earn higher prices for their produce by minimising transaction costs involved in marketing farm produce, while its own procurement costs have fallen as intermediaries are practically removed from the equation even as farmers are paid more for their produce (ITC 2010b, 2015c). E-Choupal simultaneously helps increase the farmers' productivity by disseminating the latest information on weather and best practices in farming, and by supporting other services like soil and water testing, thus facilitating the supply of quality inputs to both farmers and ITC (Prahlad and Hammond, 2003). Correspondingly, ITC has lowered its operational costs, has direct access to better products, sourced directly from the farmer, and a source of raw material (ITC 2010b, 2015c). The company also runs initiatives to empower women and provide health care facilities for them.

6.3.5 Supporting healthcare

Tables 6.15 and 6.16 show the two-pronged approach adopted by companies, of providing a healthy workplace and medical facilities for employees and their families and supporting healthcare initiatives for special interest groups, which can make a significant difference in making healthcare available to a broad spectrum of people. Table 6.15 displays the total percentage of companies undertaking public health initiatives and supporting medical research as a part of their CSR activities and also identifies the percentage of companies working with different interest groups. Companies across different sectors reported sponsoring different healthcare initiatives as a part of their CSR activities. Companies mentioned providing healthcare facilities mostly for NC through initiatives like health check-up camps and donating mobile medical units to NGOs to expand the availability of health services to the underprivileged in both rural and urban areas (Table 6.15). Maternal and infant care also received impetus in the form of sanitation programmes and health camps. Apart from sponsoring medical facilities for children in hospitals, companies contributed towards providing a balanced meal to children, particularly through Aanganwadis and the Mid-Day Meal (MDM) scheme (for school-going children), to combat malnutrition amongst children. Health care for BS received mention but increased substantially in 2010 and 2011. Initiatives for the elderly were least reported and mostly restricted to clinics for cataract and ocular implants. Similarly, initiatives for PC were related to providing them with implants and prosthetics, although, few companies have consistently supported PC. Support for mental disabilities was seldom mentioned.

Hindustan Unilever's (HUL) project Shakti, is a leading example of how a company can spread awareness about sanitation, an important aspect of healthcare, while generating employment for women in rural India. Started in 2000, Project Shakti impacts society through two programmes (HUL, 2011, 2014; Prahlad and Hammond, 2003):

- *Shakti Amma* – An entrepreneur program which creates livelihood opportunities for underprivileged rural women as 'direct to consumer' distributors of products like iodized Annapurna Salt.
- *Shakti Vani* – Improves the quality of life by spreading health and hygiene awareness through women, trained to communicate on these issues in rural India, where poor hygiene kills more than 500,000 children every year.

Table 6.15: Activities undertaken to provide healthcare to communities

Year	Total percentage reporting on Public Health	Of the total number of companies reporting on public health, the percentage of companies reporting about:							Total percentage reporting on Medical Research
		Financial support	BS	NC	Women	Children	Elderly	PC	
2004	50.00	2.78	19.44	55.56	27.78	25.00	22.22	11.11	8.33
2005	48.72	2.56	23.08	46.15	20.51	20.51	7.69	10.26	5.13
2006	52.50	7.5	17.50	60.00	25.00	30.00	12.50	17.50	7.50
2007	68.29	9.76	34.15	68.29	26.83	29.27	14.63	14.63	4.88
2008	72.50	5.00	30.00	70.00	25.00	35.00	20.00	22.50	7.50
2009	73.81	4.76	23.81	73.81	23.81	35.71	19.05	28.57	4.76
2010	76.19	2.38	40.48	80.95	26.19	38.10	9.52	23.81	7.14
2011	66.67	11.90	42.86	80.95	42.86	30.95	9.52	23.81	7.14

Table 6.16: Activities undertaken to safeguard health of employees

Year	Percentage of companies				
	Reducing hazards, pollutants at the workplace	Promoting physical/ mental health of employees	Health and safety standards implemented	Safety committee / Safety training	Low-cost health care for employees
2004	47.22	8.33	38.89	47.22	13.89
2005	48.72	7.69	35.90	35.90	15.38
2006	55.00	12.50	47.50	45.00	20.00
2007	51.22	12.20	56.10	58.54	19.51
2008	60.00	17.50	50.00	57.50	22.50
2009	71.43	28.57	54.76	57.14	19.05
2010	64.29	23.81	57.14	47.62	19.05
2011	66.67	23.81	64.29	57.14	30.95

Thus, project ‘Shakti Amma’, is supplemented by ‘Project Vani’ which helps spread health awareness in villages, typically, with a population of fewer than 5000 persons (HUL, 2011). Through innovative awareness campaigns in rural areas, HUL spread the message of sanitation and cleanliness and made branded products available to those who could not afford soaps, shampoos or water purifiers. Further, enlisting the help of self-help groups (SHG) provided the women in villages with a sustainable livelihood. Following the programme’s success, HUL enlisted the help of local men as shaktimaans (HUL, 2014). Arming deprived sections with livelihood opportunities or making them capable of earning a livelihood can help alleviate poverty in the communities.

Table 6.16 also investigates some organisational health and safety initiatives undertaken for employees. Companies across industries have consistently mentioned about making the workplace safe by removing various types of work hazards and through the formulation of safety committees and imparting safety training. Companies are increasing efforts to control hazardous substances at work and providing safety gears to employees. Low-cost health care facilities for workers, their families and retired staff and disclosures of company policy and intent to promote employee physical health or mental health through counselling, also received mention but to a lesser extent. In general, Table 6.16 indicates that employee health and safety is receiving greater attention from employers.

6.3.6 Initiatives for education

Table 6.17 represents the initiatives undertaken by companies to educate employees, as well as, the special interest groups considered in the study. Most companies claimed to impart job-related training to their employees and some assisted their employees to attain a higher education at different institutes within the country and abroad. Barring 2004, more than 50% of the companies extended their support to educational activities, like supporting schools, libraries, donating books, computer centres for children, providing financial assistance, offering scholarships to children to continue education, providing training to qualify higher educational intuitions like IITs, etc., as a part of their CSR. Initiatives spanned across the country though a lot of these activities were centred in communities around company operations. Education has received significant support from companies across industries and in particular, consistent support from the IT and metals industries. Education for children, particularly in rural areas, has been a priority area (Table 6.17). Education for the girl child and young women was also encouraged mostly through scholarships and funding schools for them. Initiatives for adult education received scant mention, while special initiatives for BS, particularly in areas dominated by them saw a significant increase in 2010 and 2011. Education and healthcare for children saw significant support in the form of contribution to the development of new infrastructures like hospitals and schools. This is reflected in the column dedicated to infrastructure for children in Table 6.18.

Tata Consultancy Service (TCS), an IT services company, has shown that education need not only be in the form of establishing schools but also disseminating useful information within communities from where an organisation sources its raw materials. TCS developed a Computer Based Functional Literacy (CBFL) solution, based on the theory of cognition and laws of perception, in 2000 to encourage learning in rural communities (TCS, 2009). The programme has been implemented in Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal and has saved more than Rs. 8 crores on social cost to the nation (TCS 2009, 2015a). CBFL has had a positive impact on the environment as well, since its repeatability allows it to use fewer resources than traditional methods, like paper (TCS 2015a, 2015b). It imparts quicker results in the area of adult learning than normal methods and propagates social awareness about education (TCS, 2009). The CBFL platform is also a potent method to spread knowledge about health care. Education and healthcare awareness can go a long way towards improving the lives of the underprivileged members of society. TCS' efforts have won it the goodwill of the people, support of the local

Table 6.17: Activities undertaken to encourage education amongst employees and communities

Year	For Employees		Total percentage reporting on Education	Of the total number of companies reporting on education, the percentage of companies reporting about:						
	In- house training	Higher education		Financial support	BS	NC	Children	Women & girl child	Adult	PC
2004	72.22	33.33	41.67	13.89	19.44	25.00	41.67	25.00	11.11	11.11
2005	71.79	25.64	51.28	2.56	33.33	17.95	58.97	20.51	10.26	0.00
2006	70.00	25.00	57.50	12.50	25.00	35.00	50.00	12.50	5.00	7.50
2007	80.49	24.39	68.29	17.07	31.71	36.59	70.73	39.02	2.44	9.76
2008	77.50	35.00	60.00	5.00	37.50	45.00	62.50	35.00	2.50	20.00
2009	71.43	35.71	64.29	14.29	38.10	50.00	71.43	28.57	7.14	16.67
2010	83.33	52.38	69.05	9.52	64.29	52.38	64.29	42.86	11.90	11.90
2011	83.33	42.86	59.52	16.67	69.05	66.67	61.90	35.71	9.52	16.67

Table 6.18: Activities undertaken to develop community infrastructure

Year	Total percentage reporting on Community infrastructure	Of the total number of companies reporting on community infrastructure, the percentage of companies reporting about:					
		Financial support	BS	NC	Children	Elderly	PC
2004	63.89	66.67	19.44	47.22	13.89	2.78	2.78
2005	71.79	64.10	.23	.56	.26	.03	.03
2006	67.50	62.50	25.00	57.50	20.00	5.00	2.50
2007	73.17	56.10	39.02	63.41	31.71	0.00	7.32
2008	77.50	57.50	27.50	55.00	25.00	2.50	5.00
2009	78.57	61.90	26.19	64.29	28.57	7.14	9.52
2010	90.48	71.43	47.62	66.67	28.57	2.38	9.52
2011	90.48	66.67	38.10	71.43	40.48	2.38	4.76

administration and also helped develop a programme that would be effective in other cultures where the company operated.

6.3.7 Development of community infrastructure

Community development has been detailed through information about infrastructure in an overwhelming number of annual reports as indicated by Table 6.18. Over the years, a lot of this effort has been focussed on neighbourhood infrastructure. This commonly included construction and repair of community structures like halls, wells and tube wells for drinking water, roads, etc. Making such basic amenities available to the BS, particularly economically weaker sections in 2010-2011, and people in remote rural India has also been given some consideration. This is significant since BS have been denied the opportunity to avail many facilities available to others members of society, owing to dogmas and taboos that India is trying to overcome, and they have remained poor. Directing funds for community infrastructure, schools or hospitals in villages where BS comprise a major part of the population can enable them to avail the advantages of development. Support to old age homes has received little attention and PC barely fair better. Not much is mentioned about making areas handicap accessible even for employees or supporting institutions that have been set up specifically to cater to the special needs of PC. In general, community infrastructure has featured prominently in the CSR efforts across different industries.

6.3.8 Addressing energy concerns

Table 6.19 shows that most companies have revealed steps taken to conserve energy, essentially under the influence of Section 217(1)(e) of the Companies Act, 1956 that mandates the filing of the details regarding energy conservation and technology absorption, in all annual reports. Some service sector firms, like IT firms, noted that due the nature of their activities, which did not consume much power, the reporting directives did not apply to them. IT companies, however, mentioned about providing green and energy efficient solutions to their customers. Company disclosures, in the area of energy, are predominantly narrative and inform about projects undertaken. The amount of energy savings or number of units involved were also disclosed but to a lesser extent. The government has advocated the fuelling of energy needs by using low carbon emission technology and by encouraging renewable energy through programmes like the National Solar Mission (Planning Commission, 2011a, 2011b). Table 6.19 reflects the increasing focus on renewable energy sources, particularly since 2008. Adoption and propagation of non-conventional sources of

Table 6.19: Activities undertaken in the areas related to energy

Activities	Percentage of companies reporting							
	2004	2005	2006	2007	2008	2009	2010	2011
Energy conservation	83.33	71.79	85.00	82.93	85.00	83.33	90.48	88.10
Energy from waste	11.11	15.38	20.00	29.27	22.50	28.57	26.19	28.57
Energy efficiency of products	8.33	7.69	2.50	7.32	25.00	16.67	26.19	21.43
Renewable energy initiatives	22.22	20.51	22.50	31.71	42.50	59.52	38.10	57.14

energy, particularly solar, hydro-electric and wind power, was reported by companies across sectors like energy, CG, cement, construction and IM. Energy from waste has received maximum impetus from cement industries while receiving sporadic mention from CG and metals industries. IM companies mostly reported information about the energy efficiency of products. An example of energy conservation can be seen in the case of ITC, which has increased its energy consumption from renewable sources, like wind, from 30.9% in 2009-2010 (ITC, 2010a) to 43% in 2014-15 (ITC, 2015c). The energy generated, met the requirements of ITC's packaging business in Chennai (India), reduced pollution, reduced ITC's dependence on conventional sources of power and enabled substantial cost savings, to the company, through the generation of Carbon Credits under the Clean Development Mechanism of the Kyoto Protocol (ITC, 2010b, 2015c). The use of clean energy also helped provide a clean working environment for workers and helped the company adhere to and possibly surpass prescribed standards of working conditions.

6.3.9 Advocating environmental conservation

Table 6.20 shows how the companies have addressed environmental concerns. Pollution control has been an important issue for all types of industries and the reporting in this regard has increased over the years. There is an increasing focus on environment monitoring, which includes companies monitoring the environmental changes due to company activity, emission, pollution, etc. by setting up monitoring centres at different places and particularly in areas where the impact of company activity is likely to be high. Companies also focus on water conservation. Since 2007, more than 60% of the companies, considered in this study, have made provisions for recycling water and other liquids and invested in processes which use water efficiently. The area has received attention from all industries, though sporadically from the IT, telecom and pharma sectors. IT companies like Infosys have encouraged a green supply chain and a green infrastructure in their operations

(Infosys, 2010, 2015). As a part of its Green Supply chain, Infosys sources raw materials from vendors, located within a 500-mile radius, who follow ethical work and environmental practices (Infosys, 2015). The green supply chain initiative generates employment opportunities for local vendors, promotes talent diversity, and encourages ethical work practices in vendors while saving transportation costs. The company's green infrastructure ensures the optimal use of concrete, glass and steel in building construction (Infosys, 2010, 2015). The policy of reduce, reuse and recycle as well as the use of renewable energy sources has helped preserve the environment.

Table 6.20: Activities undertaken to protect the environment

Initiatives affecting:	Percentage of companies reporting							
	2004	2005	2006	2007	2008	2009	2010	2011
Pollution control	72.22	74.36	77.50	87.80	85.00	88.10	85.71	90.48
Environment monitoring	19.44	20.51	30.00	14.63	20.00	28.57	28.57	42.86
Resource reduction - recycling water, etc.	52.78	56.41	55.00	60.98	65.00	69.05	66.67	61.90
Prevention of environmental damage/ reforestation	33.33	33.33	42.50	36.59	52.50	45.24	64.29	61.90
Wild life conservation	0.00	7.69	5.00	4.88	2.50	7.14	9.52	11.90
Support to historical structures/ parks	2.78	12.82	5.00	7.32	15.00	16.67	16.67	16.67
Waste management	30.56	28.21	35.00	41.46	55.00	47.62	23.81	16.67
Sustainable buildings	27.78	15.38	17.50	26.83	37.50	40.48	42.86	30.95

Few companies also mentioned about working towards becoming water positive. The number of companies participating in reforestation, through plantation over closed mines, reclamation of used territory or development of a green belt around operations, has gradually increased (Table 6.20). Wildlife protection was propagated, mostly by the metal industry, through awareness generation and financial assistance, though the amount is rarely mentioned. Some companies support the conservation of historic structures and parks around them. Cement companies predominantly reported about waste management initiatives like using fly ash generated during production into bricks, etc. that could be used elsewhere. Metals, automobile, and CG companies sporadically reported on the issue, and their efforts included reducing waste, recycling metal, developing alternate solutions to landfills, etc.

6.3.10 Support for government schemes

The Eleventh Five Year Plan (2007-2012) gave special impetus to several programmes aimed at building rural and urban infrastructure and providing basic services with the objective of increasing inclusiveness and reducing poverty. The CPSE guidelines encourage the PSUs to synergise with initiatives of State Governments, District administrations, Local administration as well as Central Government departments or agencies, self-help groups, etc. (DPE, 2010, 2013). The Indian government has identified thirteen flagship programmes, including the Mid-Day Meal scheme, to facilitate inclusive growth in the country (Planning Commission, 2011a). The analysis of the annual reports (Table 6.21) yielded that apart from participating in various community development programmes around the regions they operate in, through cash, products or employee hours, both PSUs and private sector organisations, also fulfil their social obligations by supporting some governmental flagship programmes for inclusiveness. Supporting the Mid-Day Meal scheme for children is a popular choice for private and public companies. Apart from the central government schemes, companies worked with state governments and panchayats at the village level. Both public and private sector companies also contributed to the Prime

Table 6.21: Public and private sector companies supporting government schemes for inclusive growth

Year	Company type	Companies supporting government sponsored initiatives	
		As percentage of PSUs and Private companies	Total percentage of companies
2004	PSU	28.57	27.78
	Private	27.59	
2005	PSU	12.5	12.82
	Private	12.9	
2006	PSU	25	22.5
	Private	21.88	
2007	PSU	37.5	36.59
	Private	36.36	
2008	PSU	50	37.5
	Private	34.38	
2009	PSU	37.5	45.24
	Private	47.06	
2010	PSU	87.5	61.9
	Private	55.88	
2011	PSU	50	45.24
	Private	44.12	

Minister's Relief fund or State fund, particularly at times of great natural or human tragedy. Table 6.21 indicates that barring 2010, the percentage of public and private sector companies, working with governmental schemes at different levels, is quite similar. The reason for the discrepancy between the percentage of public (87.5%) and private (55.88%) sector companies, supporting governmental schemes in 2010, cannot be attributed to CPSE guidelines since the effects, if any, should have been visible in the annual report of 2011 though that is not the case. The increase in reporting may be considered to arise from the anticipation of forthcoming governmental guidelines or attributed to sporadic reporting by companies.

All the PSUs considered in the study, have operations in economically backward rural areas where inhabitants cannot access basic amenities. Some PSUs, like the Power Grid Corporation of India and the National Thermal Power Corporation (NTPC), by virtue of their operations being related to power distribution, have been contributing to governmental projects like Rajiv Gandhi Gramin Viduyati Karan Yojana (RGVKY) and Accelerated Power Development & Reforms Programme (APDRP) by facilitating electrification of rural areas. Some PSUs also expressed support for the Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGA) which aims to provide employment to the rural poor. PSUs and private sector organisations, involved in industries like metals and mining, mentioned providing rehabilitation and relocation to villages that might have been affected by their operations. Some companies claimed they were helping villagers develop the new areas by also providing support for housing, community infrastructure, health, etc. The CSR reporting of the PSUs indicated that towards 2010 and 2011, more and more activities included the interests of weaker and underprivileged sections of society.

The discussion above reveals that not all companies contribute to every area of inclusive growth. However, company CSR efforts are in congruence with requirements for inclusive growth, like in areas of health, education, infrastructure, environment, and energy and can contribute to the welfare of special interest groups like women, children and backward sections. An integrated effort between companies and other stakeholders, including the government, can tap into the true potential of societal benefit through organisational CSR.

6.4 Conclusions

This chapter explored the business implications of CSR in India by using a questionnaire survey of CSR personnel. It also provided insight into the CSP-CFP relation by

using the data generated about CSD in the content analysis of annual reports (2004-2011) and the corresponding data about financial variables. Primary findings include:

- Respondents identified four major business implications ‘Improved marketing performance’, ‘Employee motivation, retention and hiring’, ‘Improves relations with stakeholders’ and ‘Operational and financial benefits’, of which, operational and financial benefits was given minimum weightage.
- To further investigate the nature of financial benefits from CSR, the CSP-CFP relation was evaluated in the context of the availability of funds hypothesis and the social impact hypothesis. No significant relation could be found between CSP and financial performance.
- In CSR research, financial performance has been, mostly, reported by a single unit of performance like PAT (which has been used in this case as well), etc. However, the PCA analysis showed that the variable ‘increase in revenue’ is loaded onto a factor that has other operational variables like ‘improve product quality’, ‘enhanced sales’, and ‘reduced operational costs’. It raises the possibility that the selection of a uni-dimensional variable may not provide a true representation of financial performance while exploring the CSP-CFP relation. The variable for financial performance could take into account the impact of responsible behaviour on an organisation’s operations and subsequent gain in financial terms.
- The findings of the study on CSP-CFP relation are congruent with CSR literature and extend CSR literature in the Indian context by using CSD as the measure for CSP. However, the lack of significant relationship does not indicate the presence of a negative relation and managers need not stop CSR efforts citing such a result, since estimating the contribution of intangible benefits is difficult and there is a possibility that measurement systems are not sufficiently developed to gauge tangible benefits as well.

The implications of CSR on an organisation were further explored from the perspective of, whether CSR could contribute to the larger cause of inclusive growth.

- Inclusive growth demands a focus on productive employment rather than increasing incomes for excluded groups through means like income redistribution (Ianchovichina et al., 2009) and, therefore, makes sustainable livelihoods a necessity for inclusiveness. The study revealed that companies were attempting to provide livelihood opportunities either by making special provisions to employ BS, as in the case of PSUs, or by imparting

vocational training and providing infrastructural support, particularly to youth and women, to gain employment.

- Company support extended to areas like education, health and community infrastructure that have benefited women, children and BS, not only in NC but also across the nation.
- Companies have helped farmers acquire information about crops and have provided equipment, farm animals and much-needed irrigation facilities.
- Energy and the environment have also received attention, with increasing number of companies making an effort to embrace energy conservation, renewable energy sources, reduce pollution and reduce resource usage.
- While identifying the CSR initiatives that could contribute to inclusiveness, the study found that not all companies had CSR programmes that contributed to the different aspects of inclusive growth (education, health, etc.). Neither did all companies cater to the interests of all the special interest groups, for example, companies showed much less enthusiasm for activities for elderly and PC. Despite such shortcomings, the study highlights the congruence of CSR activities with the goals of inclusive growth and that the nature of company CSR efforts, though limited in its current form, has the potential to yield substantial results.

CHAPTER 7 - CONCEPTUALISING THE FUTURE OF CSR: TRENDS AND ASSESSMENT TECHNIQUES

7.1 Introduction

This chapter deliberates on issues like barriers to CSR, incentives to encourage adoption and the trends most likely to affect the progress of CSR. The prior discussion in the thesis has also repeatedly raised concerns regarding the dearth of mechanisms to measure CSR and the possible impact it has on the effective implementation of CSR. The problem arises because there is no single method that can be considered as the best way to measure CSR activities (Wolfe and Aupperle, 1991). CSR evaluation becomes a challenge because CSR is a “multidimensional construct with behaviours ranging across a wide variety of inputs (like investments in pollution control equipment), internal processes (like treatment of women) and outputs (like community relations and philanthropic programmes), across different industries with significantly different characteristics, histories and performance in the different social performance domains” [Waddock and Graves, (1997), p.304]. Also, evaluating CSR necessitates the contribution of CSR to the company and stakeholders to be measurable (Panayiotou et al., 2009) but “measurement systems are insufficiently analysed, particularly in relation to outcome measures to stakeholders” [Vitezić, (2010), p.666].

In the following sections, two methods have been proposed as solutions to the challenging problem of measurement of social responsibility. The first solution, the CA-AHP model, provides flexibility and theoretical robustness to CSR measurement by integrating the multi-criteria decision-making technique of Analytic Hierarchy Process (AHP) with content analysis. The method integrates the advantages of both research techniques and is useful even when reputational ratings are unavailable. The application of the method is also shown by calculating the CSR scores of three companies. The second solution is an attempt at identifying KPIs that CSR practitioners, felt were important for the assessment of CSR at the organisational level. The CA-AHP model utilises existing CSR categories and CSR documentation to analyse CSR and, in its current form, it focuses on analysing CSR activities undertaken in terms of CSR categories, CSR target groups and reporting. The identification of KPIs helps identify new facets of CSR assessment in the context of the processes, strategy and implementation of CSR programmes. The questionnaire survey provides the data to identify the KPIs for CSR measurement.

7.2 Barriers to CSR

Despite the attention that it has garnered, successful implementation of CSR is hindered by a variety of factors, a brief review of which is provided in Table 7.1. The table (7.1) shows that CSR is not a priority area with organisations, but is treated as a mere compliance to regulative pressure. Some respondents stated that the provisions of spending 2 percent of the profit as CSR, introduced in the Companies Act, 2013, is likely to, further shift the focus of CSR from improving organisational processes and long-term CSR planning. The lack of impact assessment mechanisms further makes the scrutiny of the impact of CSR activities, on recipients on a regular basis, difficult. Impact assessment, in terms of the benefits to the organisation, leads to organisations becoming indifferent to instrumental motives. The previous discussions in the thesis, about the factors motivating CSR and implications of CSR, have shown that motives relating to direct and tangible effects like increased revenue, productivity or lower cost of capital, which serve as instrumental motives in CSR literature, have received a low score from the respondents. The lack of clear benefits, despite expectations, acts as a deterrent to adopting CSR.

Table 7.1: Barriers to CSR in India

Barriers to CSR	Mean	Std. Deviation
CSR is not a priority for organisations	4.21	.91
Lack of impact assessment mechanisms	4.08	.85
Lack of training opportunities to learn about CSR	4.02	.96
Lack of knowledge about CSR implementation	3.99	.93
Benefits are not immediate or clear	3.92	.98
Lack of incentives from government	3.75	1.02
Lack of employee motivation	3.71	1.09
No support from top management	3.66	1.09
Lack of employees skills	3.60	1.12
Not sure which activities constitute CSR	3.40	1.14
CSR implementation is time consuming	3.27	1.02
Lack of funds	2.91	1.33

The absence of training opportunities to learn about different areas of CSR, as well as the lack of knowledge about the advantages of working with implementation partners like NGOs, impedes CSR adoption and implementation. Companies are often confused about what activities will constitute CSR. For example, a company working in the area of energy

can question whether focusing on renewable energy sources or efficient energy usage methods will be considered as part of its CSR or its business. Other points of contention include- should the company participate in education, health, infrastructure, etc. and the nature of contribution it should undertake, like building infrastructure, providing a monetary contribution, the frequency of contribution, etc. Industry associations like CII, FICCI, etc. and consultancy groups, like KPMG, regularly organise programmes to educate organisations about issues of CSR interpretation and implementation. The lack of incentives from the government, like tax rebates, the lack of employee skills and interest in participating, formulating or implementing an organisation's CSR activities and the lack of interest of the top management, are some of the other barriers to CSR. The top management controls the allocations of resources, and they can steer the company's CSR programme effectively and at the strategic level to benefit both business and society. Their lack of interest can weaken the CSR programme, limiting it to a few employee volunteers or a few donations to charity. Respondents believed that lack of funds and the time-consuming nature of the implementation of CSR programmes were least likely to hamper CSR adoption.

Table 7.1 shows that CSR programmes in India may not lack funds but gaining the business' interest through training, incentives and mechanism to measure impact, on the beneficiaries and the organisation, can serve to ease the adoption of CSR as a business priority. Governments can play an important role in these areas. A survey in 2001 had found "the government's unclear CSR policies, ineffective bureaucracy, poor monitoring record, complicated tax systems, and poor infrastructure to be the key barriers to CSR in India" [Arora and Puranik, (2004), p.98]. The similarities in the findings of the current survey with the one held in 2001 indicate that there has not been much improvement in the CSR scenario, in the last decade and, therefore, requires attention. The incentives that would encourage CSR are discussed next.

7.3 Incentives to ease CSR adoption

An important motivation for CSR and an important expectation from the government, tax benefits, specifically for CSR activities or spending, appeared as a significant demand in this thesis, a fact reflected in Table 7.2 as well. Companies also expect credit at lower rates or special access to grants or direct financial assistance from the government, in case projects are stuck, as rewards for responsible corporate behaviour. Organisations, particularly smaller ones or those trying to establish themselves, would prefer their commitment to CSR to be

appreciated by peers in the form of guidance to connect with business networks and larger firms, looking for a responsible partner, both in the country and abroad. Responsible organisations expect the government too, to aid in this regard. Making arrangements for free or subsidised CSR training, by the government, also helps remove impediments to CSR in India (see Table 7.1).

Table 7.2: Incentives to ease CSR adoption

Incentives	Mean	Std. Deviation
Tax benefits	4.63	.58
Concessional credit / grant access schemes	4.01	.85
Financial assistance from the Government	3.97	1.03
Facilitated participation in business networks	3.90	.83
Linkages with larger firms	3.78	.95
Free or subsidised counselling	3.52	1.06

7.4 Prospective CSR trends and activities

Table 7.3 identifies some trends that are on the rise and likely to define the CSR scenario in the next decade. The lack of CSR impact measurement, currently, acts as an impediment (Table 7.1) to CSR adoption in India, and this is highlighted by the lack of any agency that rates organisations on their CSR. The expectation of enhanced image, improved stakeholder relations, and improved marketing performance emerged as factors for the motivation of CSR as well as the possible business implications of CSR, in previous chapters. However, there are no means of evaluating the true picture of the company’s CSR or comparing it with that of competitors. Similar views were reflected in the study on consumers by Planken et al. (2010) which found that most respondents preferred independent, third parties to evaluate and report on the corporations and their environmental and community-based CSR initiatives. With stringent regulations in place and emphasis on the role of the business by subsequent governments in India, companies seeking to impress stakeholders or gain advantage would require a standard CSR rating agency to enhance the credibility of their CSR claims and also bring different organisations on the same platform for comparison. With the IICA developing a measurement system, the rise of CSR rating agencies in India is imminent.

The increasing incidence of CSR legislation, even at the state level, is driving organisations to report more, in internationally accepted formats like GRI and to adopt CSR

Table 7.3: CSR trends likely in the next decade

CSR Trends	Mean	Std. Deviation
Development of CSR rating agencies in India	4.30	.62
Increase in number of independent CSR professionals	4.28	.68
Increase in legislation on CSR	4.24	.72
Increase in voluntary CSR reporting	4.22	.68
Greater public-private partnerships for development	4.21	.66
Strengthening of projects like GRI/ carbon disclosure	4.21	.85
Include CSR in Business school curriculum	4.19	.74
CSR integrated as organisational function areas like Human resource, Finance, Marketing, etc.	4.10	.86
Adoption of standards/ guidelines like ISO 26000, etc.	4.08	.83

Table 7.4: CSR areas likely to remain in focus in the next decade

CSR areas	Mean	Std. Deviation
Renewable sources of energy	4.48	.61
Energy conservation	4.46	.68
Education	4.43	.71
Community health	4.34	.76
Community infrastructure development	4.29	.83
Social, environmental impact of products/ services	4.25	.73
Climate change	4.24	.84
Inclusive growth of weaker sections	4.20	.76
Green supply chain	3.85	.94
Expectations of CSR commitment from partners	3.83	.77
Employee development and safety	3.24	1.07
Employee benefits and remuneration	3.03	1.07

standards and guidelines, in an effort to pre-empt legislation and appear responsible before a global audience. This increasing focus has not only created a demand for knowledgeable partners in social development and CSR, which is likely to drive the number of CSR professionals in India, but also spurred business schools into introducing the topic in its curriculum. Along with these trends, CSR areas like community, energy and environment, which have received company support in the past (see Section 4.5.2) are likely to remain in the focus of organisations, owing to emerging concerns about climate change and inclusive

and sustainable growth. Employee-related areas are likely to receive less support as a CSR category, and while Table 7.3 supports the idea that responsible business will permeate into functional areas of the business like marketing, human resource, etc., its integration into operational areas like a green supply chain (Table 7.4) appears less probable. It reflects sentiments similar to the one stated previously, where respondents deemed that, as compared to other areas, CSR did not necessarily have a strong impact on operational benefits like reduced operating costs, etc.

7.5 Techniques in CSR measurement: The CA-AHP model

Five dimensions- stakeholder, social, economic, voluntariness and environmental- were found to be consistently mentioned in Dahlsrud's (2008) analysis of thirty-seven CSR definitions. These dimensions have also been well reflected in studies involving CSD, where content analysis of corporate publications is the preferred method to measure corporate social activities (see Freundlieb and Teuteberg, 2013; Gao, 2011; Gautam and Singh, 2010; Khan, 2010). For proper measurement of CSR, unrestricted access to CSR data is a requisite (Abbott and Monsen, 1979). The utility of content analysis as a research tool in CSR has already been established in the previous chapters of the thesis. With an emphasis on CSR and the growth of global initiatives like the GRI, that encourage reports to be verified by independent parties, companies are increasingly making attempts to improve reporting. The development of sustainability indices like the Brazilian Sustainability Index and legislation governing CSR spending and reporting in countries like India is bound to make available CSR reports and communication in the public domain in emerging markets as well. Such initiatives strengthen the case in favour of content analysis as a research technique in CSR measurement since content analysis can work with the large amounts of secondary data generated through company reports. The technique can provide valuable insights into corporate behaviour (Waddock and Graves, 1997) and usually analyses CSR activities of a company in terms of the number of statements reported about it, in a company report. The data generated is qualitative in nature and does not capture the impact of the activities on any stakeholder, unless explicitly reported by the company. Despite its shortcomings, content analysis provides the possibility to derive new measures for corporate social activities (Abbott and Monsen, 1979). It will, therefore, be prudent to improve upon this method by reducing subjectivity through quantification and generate a better picture through a numeric representation of CSR. This serves as a motivation to explore the integration of a popular CSR research technique like content analysis with a technique that has a greater propensity

for quantification. An integrated approach can provide a more robust and flexible method of CSR measurement which can take into account the changes occurring in the CSR environment, in the context of different industries. From an industry perspective, a measurement model, that adapts to different industries and includes information about the specific beneficiaries of a company's CSR activities, offers a better chance at CSR evaluation and comparison with others.

The CA-AHP model, discussed below, is an attempt to improve the existing qualitative measurements of CSR through a more elaborate, hierarchical model of CSR which takes into account CSR activities of a company, the relevance of the company's CSR activities to the industry it belongs to, and the nature of reporting undertaken by the company about its CSR activities. Adapted from the Thomson Reuters CSR index (Thomson Reuters, 2013), the CSR model builds on the CSR content categories defined by Hackston and Milne (1996) and integrates content analysis with Analytic Hierarchy Process (AHP) to score the CSR activities of a company.

7.5.1 Suitability of AHP

Qualitative data, like in the case of CSR, which is difficult to quantify and, therefore, present in terms of absolute values, require a measurement method that enables quantification in relative terms. Any measurement of CSR will require multiple criteria to be taken into account, with varying relevance to different industries and different levels of impact on different beneficiaries. One such tool for "relative measurement" (Saaty and Shang, 2011), on the basis of inductive and deductive thinking, by "taking several factors into consideration simultaneously and allowing for dependence" [Saaty, (1987), p.161] is AHP. As the concept of CSR develops further, the relevance of various contributing factors may differ from place to place or over a period of time. It is also possible that new variables are introduced. AHP allows for such changes to be incorporated and different weights to be assigned to different contributing factors, by virtue of its continuous and discrete paired comparisons, which can be obtained from actual measurement or a scale reflecting the relative strength of preferences (Saaty, 1987). Consistency in judgement is also ensured in AHP, through measurement of consistency ratios, the values of which should be less than 10 percent.

AHP has been a favoured research tool for multiple criteria decision-making and its flexibility to be integrated with different techniques like Linear Programming (Raut et al., 2012), Fuzzy Linear Programming (Kumar et al., 2008; Shaw et al., 2013), Data

Envelopment Analysis (Raut et al., 2012), Delphi Technique (Vidal et al., 2011), etc. can further help in developing more complex measurements. AHP allows use of qualitative factors (Saaty, 1971 cited in Lee et al. 2012b; Raut et al., 2012), quantitative data and judgement of decision makers and experts, to rationally decide on priorities and through prioritisation determine the contribution of an alternative to the goal (Raut et al., 2012; Saaty et al., 2007). The current research has used the authors' discretion while assigning relative and absolute preferences. This judgment, in turn, is based on literature pertaining to the criteria and on legislation on CSR introduced in India which is most likely to influence focus areas of CSR activities and subsequently CSR reporting. In the absence of a definitive legislature, if a survey of experts is employed to assign weights to different components, aggregation of individual expert judgements can be made using geometric means of the values provided (see Koksal and Egitman, 1998). The aggregate of CSR scores per company can be viewed as industry average score.

AHP's ability to handle different stakeholders with different objectives, the inclusion of interaction effects and stated preferences and ease of computation (Weiss, 1987) make it well suited for application to the dynamic CSR scenario. AHP has been successfully integrated in management research areas like consumers' perception (Dixon-Ogbechi and Jagun, 2013), supply chain performance measures (Parthiban et al., 2013; Raut et al., 2012), performance evaluation in hotel industry (Cheng et al. 2010), sustainability and carbon footprint (Shaw et al., 2013), etc. Further, AHP has found use in some CSR studies as well. Ruf et al. [(1998), p.119] used AHP to propose a measure of CSP that incorporated "independent assessment of actual performance and the individual value judgments of the stakeholder" while Dedeké (2013) used AHP to estimate weights of a composite index for environmental performance.

7.5.2 Components of the CA-AHP measurement model

Based on the literature on social performance, the CA-AHP measurement model takes into account CSR activities, the type of evidence provided in CSD about the CSR activities and the impact of the CSR activities on target groups. 'CSR activities' refers to initiatives undertaken by a company in terms of social, environmental, energy or employee related issues. CSR Target Groups are those sections of the populace (beneficiaries) like women, children, etc. that the CSR activities of an organisation are bound to have an impact on. The ambiguity in CSR communication, about the people involved, places where CSR is

undertaken and beneficiaries of the activities, obscures any kind of distinction and allows multiple interpretations (O'Connor and Shumate, 2010) which can be detrimental to CSR measurement. In addition, different stakeholders (Wood, 2010a) can view any action as being responsible or irresponsible, and organisations can undertake specific activities for different beneficiaries. CSR Activity and CSR Target Groups are hence considered separately. This enhances the possibility of impact assessment of CSR activities. A company's level of performance, with respect to a target group, has also been accounted for, to provide a more holistic picture of a company's CSR.

The amount of CSD is most commonly used to capture CSR data in content analysis studies (Guthrie and Abeysekera, 2006). The nature of evidence provided by a company, in terms of qualitative and quantitative CSD alludes to the level of transparency and clarity in CSR reporting which serves as a representative of its CSR programme. CSR Disclosure is, therefore, accounted for, in a separate measurement criterion. Of the three major CSR criteria (Figure 7.1), maximum weightage is assigned to CSR Activity followed by CSR Target Groups and subsequently CSR Disclosures. Therefore, organisations with maximum disclosures do not necessarily receive the highest rating. Providing least weightage to the category of CSR Disclosure, also, reduces the possibility of over-compensation that might occur because CSR Activity and CSR Disclosure are judged on the basis of the same CSR categories. Since content analysis only provides an indication of what firms claim to be doing and not necessarily what is actually done (Cochran and Wood, 1984), the model is based on the assumption that disclosures made by companies are truthful representations of the reality.

The measurement of CSR is proposed using the multi-criteria hierarchical model in Figure 7.1. Factors refer to the chief contributors to the three main criteria. The sub-factor section under the criteria of CSR Activity discusses the relevance of CSR categories to various industries. The sub-factors for CSR Disclosure consist of the three types of evidence in CSD- monetary, non-monetary and declarative statements. In the case of CSR Target Groups, the subfactor level comprises of the different beneficiaries. In the hierarchy, local prioritisation values obtained through pairwise comparisons and global priorities, represented in brackets, are provided at each level. The following sections define each measurement criterion in detail along with the use of AHP to assign required weightage for differentiation based on industry, type of CSD or target groups. To elucidate the use of the proposed measurement model, the CSR scores of three companies, referred here as A (Metals),

B (Energy) and C (Telecommunications) are calculated simultaneously in the sections defining the measurement criteria, using the data obtained from content analysis of annual reports undertaken previously in the study. The companies are a part of the 42 Nifty 50-listed, companies used in the thesis. The CA-AHP model employs these industries to explain how different expectations from different industries can be accommodated. The inter-coder reliability, Krippendorff's α , for content analysis, of annual reports, has already been shown. In addition, for all pairwise comparison matrices presented below, the consistency ratio (CR), using the eigenvalue method, was found to be less than 0.1, which is a pre-requisite in AHP.

7.5.3 CSR Activity

The modified CSR categories and subcategories defined by Hackston and Milne (1996) and decision rules, which have been used in his thesis, were adapted as performance indicators for the rating purpose (Appendix X). According to Abbott and Monsen (1979), CSR measurement is hindered by the unavailability of detailed quantitative data, either monetary or otherwise. In order to integrate a modicum of measurement of aspects of quantitative reporting, monetary and non-monetary disclosures related to select performance indicators, based on relevance to the indicator, were also included in the scale. CSR activities are thus marked against a 95-point index (see Appendix X) where each index point acts as a performance indicator. Points allocated to each index point can be evaluated on the basis of any relevant disclosure of the company. Another drawback of many CSR measurements is the inability to apply them consistently across industries (Waddock and Graves, 1997). The proposed method aims to account for the possible difference in relevance, of the indicators and the CSR categories, to different industries. This is achieved through the introduction of Dynamic industry reporting factor (DIRF) and the Industry relevance factor (IRF).

7.5.3.1 Dynamic industry reporting factor

The percentage of companies reporting on a given issue in any industry is calculated and acts as a multiplier to every index factor given in Appendix X. This multiplier is referred to as the DIRF. The process of using the percentage of reporting companies as a multiplier has been adapted from the Thomson Reuters CSR Index, which advocates the application of dynamic adjustments on an industry-by-industry basis, based on the percentage of companies reporting on a particular performance indicator. Dynamic indicators are better equipped to ascertain changing patterns in reporting over smaller periods like on a monthly basis, etc. (Thomson Reuters, 2013). These multipliers are indicative of the index factors most reported on, within an industry.

DIRF = (Percentage of companies, in an industry, reporting on an index factor)

Assigning more weight to CSR categories that overlap across a number of different CSR measures like Fortune Reputation Survey, etc., as in studies like Griffin and Mahon (1997), is a by-product of a particular operationalization and not necessarily of a theoretical rationale (Rowley and Berman, 2000). The DIRF, which takes into account the percentage of reporting companies, can, therefore, be considered an operationalised approach, which explains the relevance from a reporting perspective only. Companies need not always report on all index factors of importance or provide an unbiased account of all the points of relevance. Researchers or professionals may not consider all the CSR categories equally relevant in the context of measuring CSR. For example, the CSR provisions in the Indian Companies Act, 2013 do not include employee related issues, including employee H&S, as a part of CSR activities. These issues generally fall under the purview of labour laws. Employee related categories, particularly employee other, have been given minimum weightage. Community activities in health, education have been mentioned most prominently in the schedules of the Companies Act, 2013. Environment and energy have been given equal priority since energy generation, using conventional sources, pollutes and puts pressure on natural resources, and there is an increasing focus on renewable energy in India. The Companies Act, 2013 also encourages sustainability initiatives, maintenance of ecological balance, etc. as a part of an organisation's CSR. A pairwise comparison is used to assign weights to different CSR categories, which can be seen in the level labelled 'Factors' in Figure 7.1. These weights represent the level of contribution of each CSR category to the net CSR score of the company.

7.5.3.2 Industry relevance factor

Theory suggests that not all CSR categories, like environment, energy, etc., are equally significant to all industries (see Sweeney and Coughlan, 2008). For example, service industries like IT have less energy consumption and environmental impact compared to industries like metals and chemicals. The prioritisation of CSR categories in different industries is referred to as the IRF (Table 7.7), and it encapsulates the practical aspects of operational and theoretical rationale. To calculate the IRF, a pairwise comparison between all industries, under study, is performed in the CSR categories of environment, energy, employee H&S and product where expectations from industries are likely to vary. Categories like employee other, community and general policy are considered equally relevant to all

industries. Hence, weightage assigned to each industry in these categories is the same. Employee H&S prioritisations were based on the hazardous nature of work environment, industry accident statistics provided for Indian industries (Asia Monitor Resource Centre) and on the basis of statistics published by Bureau of Labour Statistics (BLS), U.S. Department of Labour (BLS, 2013). Product priority decisions were based on the likelihood of applicability of issues like the generation of packaging waste and the prospect of extended producer responsibility (van Rossem et al., 2006) in terms of improvements surrounding the life cycle of the products and recyclability of the product, product parts and materials used, in a given industry. The relevance of the CSR categories of environment and energy, to an industry, is based on its environmental impact, energy consumption and the amount of average emission detailed in reports issued by International Energy Agency (IEA, 2007, 2012) and United Nations Industrial Development Organisation (UNIDO, 2011). Table 7.5 provides an example as to how the relevance to the industry has been calculated for the CSR category of environment by using local priority. Similarly, the relevance of the other CSR categories (community, energy, etc.) to different industries is tabulated (Appendix XI). The compilation is presented as local priorities in Table 7.6 while global priorities are obtained by multiplying these local priority values by the global priorities corresponding to the different CSR categories (shown in Figure 7.1). On applying a row-wise normalisation of the global priority values, across the different CSR categories in Table 7.6, IRF of each CSR category is obtained for the different industries (Table 7.7). Table 7.7 can also be interpreted as the CSR categories an industry can give maximum focus on.

The method employed to assign points to every performance indicator of the rating scale, for each company, is as follows:

- Each indicator, of the 95-point CSR index (Appendix X), is awarded a value of 1 or 0 based on the content of disclosure in the report. 1 is assigned if an item has been reported upon, 0 if no information is provided. Further, 1 is assigned only if the reporting indicates a possible positive effect on the intended stakeholder. If a company reports negative information relating to any indicator, as a penalty, it receives no points for that indicator. The index awards companies that provide greater clarity and transparency by reporting measurable data. In these cases, if disclosure entails an amount of money spent by the organisation and/ or details about the initiative in non-monetary but numerical terms, 1 is assigned to the corresponding indicator.

Table 7.5: Relevance of the CSR category of environment (local priority) to different industries

	IT	IM	Pharma	Telecom	Energy	Auto*	Cement	Const.*	Metals	CG	Priority
IT	1	.14	.33	.5	.11	.2	.17	.12	.14	.25	.0160
IM	7	1	5	6	.33	3	2	.5	1	4	.1320
Pharma	3	.2	1	2	.14	.33	.25	.17	.2	.5	.0300
Telecom	2	.17	.5	1	.12	.25	.2	.14	.17	.33	.0210
Energy	9	3	7	8	1	5	4	2	3	6	.2790
Automobile	5	.33	3	4	.2	1	.5	.25	.33	2	.0610
Cement	6	.5	4	5	.25	2	1	.33	.5	3	.0890
Construction	8	2	6	7	.5	4	3	1	2	5	.1960
Metals	7	1	5	6	.33	3	2	.5	1	4	.1320
CG	4	.25	2	3	.17	.5	.33	.2	.25	1	.0420

*Auto- Automobile, Const.- Construction

Consistency Ratio (CR) = 3.2%, Principal eigen value = 10.422

(See Appendix XI for detailed tables for each CSR category)

Table 7.6: Local and (global) prioritisations assigned to CSR categories in different industries

	Employee H&S	Employee Other	Environment	Energy	Product	Community	General
IT	.016 (.0004)	.1 (.0014)	.016 (.0017)	.015 (.0016)	.019 (.0013)	.1 (.0235)	.1 (.0041)
IM	.091 (.0022)	.1 (.0014)	.132 (.0139)	.081 (.0085)	.211 (.0140)	.1 (.0235)	.1 (.0041)
Pharmaceutical	.041 (.0010)	.1 (.0014)	.03 (.0032)	.028 (.0030)	.03 (.0020)	.1 (.0235)	.1 (.0041)
Telecom	.022 (.0005)	.1 (.0014)	.021 (.0022)	.02 (.0021)	.015 (.0010)	.1 (.0235)	.1 (.0041)
Energy	.094 (.0023)	.1 (.0014)	.279 (.0294)	.239 (.0252)	.088 (.0059)	.1 (.0235)	.1 (.0041)
Automobile	.062 (.0015)	.1 (.0014)	.061 (.0064)	.04 (.0042)	.216 (.0144)	.1 (.0235)	.1 (.0041)
Cement	.141 (.0035)	.1 (.0014)	.089 (.0094)	.166 (.0175)	.088 (.0059)	.1 (.0235)	.1 (.0041)
Construction	.205 (.0051)	.1 (.0014)	.196 (.0207)	.057 (.0060)	.137 (.0091)	.1 (.0235)	.1 (.0041)
Metals	.287 (.0071)	.1 (.0014)	.132 (.0139)	.239 (.0252)	.137 (.0091)	.1 (.0235)	.1 (.0041)
CG	.041 (.0010)	.1 (.0014)	.042 (.0044)	.116 (.0122)	.06 (.0040)	.1 (.0235)	.1 (.0041)

Table 7.7: IRF for CSR categories in different industries obtained after row-wise normalisation (in Table 7.6)

	Employee H&S	Employee Other	Environment	Energy	Product	Community	General
IT	.0117	.0406	.0498	.0467	.0373	.6934	.1205
IM	.0332	.0203	.2058	.1263	.2073	.3469	.0603
Pharmaceutical	.0266	.0361	.0832	.0776	.0524	.6169	.1072
Telecom	.0156	.0395	.0637	.0606	.0287	.6747	.1173
Energy	.0253	.0150	.3208	.2748	.0638	.2559	.0445
Automobile	.0276	.0248	.1160	.0761	.2589	.4232	.0736
Cement	.0534	.0211	.1441	.2687	.0898	.3603	.0626
Construction	.0724	.0197	.2963	.0862	.1305	.3364	.0585
Metals	.0840	.0163	.1653	.2992	.1081	.2786	.0484
CG	.0200	.0271	.0876	.2418	.0788	.4640	.0807

- In every industry, a DIRF is generated for each indicator (index point). The value obtained by a company (0 or 1), for every indicator, is multiplied to the DIRF, corresponding to the industry the company belongs to. The points scored by a company across indicator points pertaining to major CSR categories (Community, etc.) are added together to give the company's 'Index score' in that category.

Index score (for a CSR category)

$$= \sum_{i=1}^{i=n} [\{\text{Indicator Score (either 0 or 1)}\}_i] \\ \times (\text{DIRF of industry the company belongs to})_i]$$

Where n= number of indicators corresponding to a CSR category (Energy, Environment, etc.)

The Index score for a CSR category is then multiplied by the IRF of the CSR category corresponding to the company's industry (see Table 7.7). Scores obtained across the CSR categories are added to give the company's total score. The CSR scores for the three companies (A, B, C) are calculated using the above method in Table 7.8.

7.5.4 CSR Disclosure

Literature on CSR disclosure often, as a measure of the quality of evidence (Gray et al., 1995a), includes analysing the evidence provided in company reports, about a CSR category, in terms of declarative, non-monetary and monetary statements (see Aras et al. 2010; Gray et al., 1995a, 1995b; Hackston and Milne, 1996). The CSR Disclosure criterion awards points to a company based on the net amount of declarative, non-monetary and monetary statements, reported by a company, in different CSR categories. The total number of disclosures in an evidence type includes CSD reporting good, bad, or neutral (defined in section 3.5.4). As in the case of CSR Activity, disclosures in all CSR categories do not have the same significance. CSR category prioritisations used previously in CSR Activity are therefore maintained (see Figure 7.1). Declarative statements are given least preference because of their scope for ambiguity. Monetary statements are given maximum priority followed closely by non-monetary statements. Local and global priorities for each type of CSR disclosure can be seen in Table 7.9.

In order to assign scores to a company in this criteria, the relative amount of disclosures, of a specific type (declarative, monetary or non-monetary), in each CSR

Table 7.8: Calculation of company scores in CSR categories

Company A [<i>Total score = (iii) + ... + (ix) = 0.4428</i>]							
	Employee H&S	Employee Other	Environment	Energy	Product	Community	General
Index score (with DIRF) (i)	1.571429	6.571429	6.428571	3.571429	.857143	9.714286	1.714286
IRF (ii)	.007081	.001374	.013932	.025225	.009114	.023488	.004083
Score [(i) x (ii)]	.011127 (iii)	.009028 (iv)	.08956 (v)	.090088 (vi)	.007812 (vii)	.228169 (viii)	.006999 (ix)
Company B [<i>Total score = 0.3557</i>]							
Index score (with DIRF)	4.1	5.8	3.7	3.7	.9	5.2	2.1
IRF	.0023	.0014	.0294	.0252	.0059	.0235	.0041
Score	.009509	.007968	.108951	.093331	.005269	.122138	.008574
Company C [<i>Total score = 0.1563</i>]							
Index score (with DIRF)	.5	6	3.5	2.5	1.5	5.5	1
IRF	.0005	.0014	.0022	.0021	.0010	.0235	.0041
Score	.000271	.008243	.007757	.005277	.001497	.129184	.004083

Table 7.9: Local and (global) priorities assigned to declarative, non-monetary, monetary statements in CSR categories

	Declarative		Non-monetary		Monetary	
Employee H&S	.0811	(.0003)	.342	(.0011)	.5769	(.0018)
Employee Other	.0811	(.0001)	.342	(.0006)	.5769	(.001)
Environment	.0811	(.0011)	.342	(.0046)	.5769	(.0077)
Energy	.0811	(.0011)	.342	(.0046)	.5769	(.0077)
Product	.0811	(.0007)	.342	(.0029)	.5769	(.0049)
Community	.0811	(.0024)	.342	(.0102)	.5769	(.0172)
General	.0811	(.0004)	.342	(.0018)	.5769	(.0030)

category is calculated using the standardisation formula below:

$$Value = \frac{[A_j(x_{ik}) - Min(x_{ik})]}{[Max(x_{ik}) - Min(x_{ik})]}$$

Where i= represents type of statement- 1(declarative), 2 (non-monetary), 3 (monetary)

k = 1, 2.....m where m is the total number of CSR categories (m = 7 in this research)

j= 1, 2.....n where n = total number of companies

$A_j(x_{ik})$ - represents number of 'i' type of statements, in kth CSR category, reported by jth company (A_j)

$Max(x_{ik})$ - represents maximum number of 'i' type of statements reported in 'n' companies in kth CSR category

$Min(x_{ik})$ - represents the minimum number of 'i' type of statements reported in 'n' companies in kth CSR category.

The values obtained from the above formula vary between 0 to 1, with 1 being assigned to the highest scorer and zero to the lowest scorer. 'Number of statements' is a quantitative term and level of performance is calculated directly from reporting statistics to allow for a greater distinction between the performance of companies. The number of statements, of each evidence type (declarative, etc.), reported in each CSR category was obtained through content analysis of the annual reports of the companies A, B and C. Table 7.10 shows the standardised values for the three companies. To calculate the standardised scores for each company, maximum and minimum values are obtained in the context of the 42 companies, including companies A, B and C, listed on the Nifty 50 exchange of the NSE

(in 2011). The values obtained in Table 7.10 are multiplied by the global priority values present in the corresponding cells of Table 7.9. For each company, the multiplication yields 21 values which when added gives the company's score in the CSR disclosure criteria. Total company scores in this criterion can be seen in Table 7.14.

7.5.5 CSR Target Groups

A successful CSR strategy should provide specific content regarding CSR activities and its engagement with stakeholders (van Marrewijk, 2003). This model provides an opportunity to evaluate the CSR activities in terms of the level of performance with respect to different target groups that can benefit from the activities. The target groups considered in the study are children, women, elderly, PC, socially and economically backward sections of society (BS), and employees. All target groups, barring employees, have similar priorities (Figure 7.1) and have been specifically mentioned in India's Companies Act, 2013. The low weightage to employees is consistent with low priority given to the employee related activities under the criterion of CSR Activity.

The measurement indicators for evaluating the level of performance of a company with regard to a target group, comprise the lowest level of the hierarchical model under CSR Target Groups criterion (not shown in Figure 7.1). The impact on each target group is evaluated based on points scored for indicators like 'Employment', 'Procurement', 'Contribution', 'Activities' and 'Involvement', which have been shown as sub-factors in Figure 7.1. Employment opportunity refers to special initiatives for either providing employment opportunity to target groups like women, BS, etc. or providing vocational training skills. Procurement refers to making purchases of goods from target groups, for example, stationery items, manufactured by women's self-help groups or PC. Contribution specifies whether a company is providing a one-time support or following a more planned arrangement. Activities indicate the number of initiatives undertaken for a target group. Involvement outlines the level to which a company consults target groups or knowledgeable experts in problem selection and solution. The priority of the measurement indicators, per target group, is assigned using pairwise comparisons (Table 7.11).

Not all measurement indicators are equally relevant to all the target groups and the priorities assigned to the indicators reflect this. For children and elderly, Employment is taken in the context of providing vocational training for sustainable livelihoods and

Table 7.10: Standardised reporting statistics of the three companies

		Employee H&S	Employee Other	Environment	Energy	Product	Community	General
Declarative	A	.092308	.207407	.691358	1	.053333	.047872	.25
	B	.553846	.340741	.567901	.144	.08	.234043	1
	C	.061538	.533333	.123457	.128	.213333	.255319	.111111
Non- monetary	A	0	.352941	.166667	.04918	0	.223301	0
	B	.210526	.843137	.266667	.098361	0	.116505	0
	C	0	.980392	.133333	.147541	.166667	.203883	0
Monetary	A	0	.158371	0	0	0	.111111	0
	B	0	.728507	0	0	0	.055556	0
	C	0	.837104	0	0	0	.111111	0

Table 7.11: Local and (global) priorities of performance indicators for different target groups

	Child	Women	Elderly	PC	BS	Employee
Employment	.0345 (.0022)	.0371 (.0024)	.0345 (.0022)	.05 (.0033)	.05 (.0033)	(0)
Procurement	.0345 (.0022)	.0712 (.0046)	.0345 (.0022)	.05 (.0033)	.05 (.0033)	(0)
Contribution	.3103 (.0202)	.2972 (.0193)	.3103 (.0202)	.3 (.0195)	.3 (.0195)	.4 (.0033)
Activities	.3103 (.0202)	.2972 (.0193)	.3103 (.0202)	.3 (.0195)	.3 (.0195)	.4 (.0033)
Involvement	.3103 (.0202)	.2972 (.0193)	.3103 (.0202)	.3 (.0195)	.3 (.0195)	.2 (.0016)

Procurement is interpreted in terms of procuring goods or services, the benefits of which are forwarded to these target groups. ‘Employment’ and ‘Procurement’ are awarded a lower priority than the other sub-factors, in the pairwise comparison due to their limited scope vis-à-vis children and elderly. Regulations mandate PSUs to provide reservations in recruitment to the target groups of weaker sections (BS) and the PC, and there are increasing expectations from the private sector as well. Therefore, the sub-factor of ‘Employment’ has been given slightly higher priority than for other target groups. The Companies Act, 2013 also encourages initiatives to provide sustainable livelihood opportunities to women, BS and the PC. For employees, sub-factors of ‘Employment’ and ‘Procurement’ are redundant.

Table 7.12 provides author-defined actions corresponding to each level of performance - high, medium and low- for all measurement indicators. In accordance with the method of absolute measurement, described by Saaty (2006), the highest level prescribed in Table 7.12 is considered the ideal (arbitrary fixed point). A pairwise comparison is used to rank the different levels of performance with respect to the ideal to obtain derived and idiolised priorities (see Table 7.12). In Table 7.13, the level of performance of each company, with respect to each target group is displayed in terms of high, medium and low, which can be substituted with their numerical equivalents shown as idiolised values in Table 7.12. The level of performance, with respect to a target group, is determined from the content analysis of the CSD in the annual reports of the three companies (A, B, C). To obtain the scores of a company in the CSR Target Groups criterion, the numerical equivalents of the performance levels (Table 7.13), are multiplied with the corresponding global values in Table 7.11 and the products, across the target groups, are added.

Table 7.12: Derived and (Idiolised) priorities and activities corresponding to each level of performance for target groups

Parameters for measurement	Low .0561 (.0801)	Medium .2430 (.3467)	High .7009 (1)
Employment	Specific provisions are unclear	Provisions for / Disclosure of recruitment	Provision for advancement and supporting statistics provided
Procurement	Specific provisions are unclear	Formulation of procurement policy	Procurement policy in place and statistics disclosed
Contribution	Contribution unclear	Declaration of intent (monetary contribution unclear) / One time donation	Structured programme for (monetary) aid / training programmes, livelihood generation
Involvement	Involvement unclear	Consults Target group/ related knowledgeable parties	Reviews outcome, future action with target group
Activities	Specific activity unclear	Statutory requirements (according to law)/ limited activity	Participation in a number of initiatives deemed important for the target group, like health, education, etc.

7.5.6 Calculating CSR scores of companies

The procedure to obtain the company (A, B, C) scores in each CSR criterion has been described in the previous sections. Table 7.14 provides the cumulative score of the three companies across the criterion of CSR Activity (from Table 7.8), CSR Disclosure (combining values from Tables 7.9 and 7.10) and CSR Target Groups (combining values from Tables 7.13 and 7.11). Total CSR score is obtained by adding the scores achieved across the three criteria. In accordance with the priorities assigned to the three criteria, the contribution of CSR Disclosure criterion to the net company scores is the least of the three. Company A scores the highest in the CSR Activity criterion and cumulatively. Company C scores the lowest amongst the three companies. These results indicate that company A has performed well in the CSR categories most relevant to the metals industry, like environment and energy. However, a larger score in CSR Activity criterion combined with a low score in CSR Target Groups criterion indicates that the company has detailed its activities with regard to a few target groups and perhaps can do more for other target groups. In general, the scores obtained in each CSR criterion can be used to infer a company's performance in that criterion.

Table 7.13: Performance of three companies in the CSR Target groups criterion

		Child	Women	Elderly	PC	BS	Employee
Employment	A	Low	Low	Low	Low	Low	0
	B	Low	Medium	Low	Low	Low	0
	C	Medium	Low	Low	Low	Low	0
Procurement	A	Low	Low	Low	Low	Low	0
	B	Low	Low	Low	Low	Low	0
	C	Low	Low	Low	Low	Low	0
Contribution	A	Low	High	Low	Low	High	Medium
	B	Medium	High	High	Low	Low	High
	C	High	Low	Low	High	Medium	Medium
Activities	A	High	High	Low	Medium	Medium	High
	B	Medium	High	Medium	Low	Low	High
	C	High	Low	Low	Medium	High	Medium
Involvement	A	Low	Low	Low	Low	Low	Low
	B	Low	Low	Low	Low	Low	Low
	C	Low	Low	Low	Low	Low	Low

(Where Low = 0.0801, Medium = 0.3467, High = 1; values from Table 7.12)

Table 7.14: The net scores of companies obtained by adding the three main criteria

	CSR Activity (1)	CSR Disclosure (2)	CSR Target Groups (3)	Total (1+2+3)
Company A	.4428	.0077	.1130	.5635
Company B	.3557	.0073	.1036	.4666
Company C	.1563	.0084	.1124	.2771

A high score in the CSR Activity criterion indicates that a company participates in CSR activities most relevant to its industry. A high score in the CSR disclosure criterion indicates a larger number of monetary and non-monetary disclosures in all CSR categories and not merely Employee related categories, while a high score in the CSR Target Groups criterion

shows that a company's programme focusses equally on different target groups. This method is applicable to companies of all industries, and the net CSR scores can help rate companies for comparison.

7.5.7 Characteristics of the CA-AHP model

The CA-AHP model is characterised by:

- Flexibility- since it can adapt to variations in its different aspects. The 95-point index is adaptable to the CSR scenario in any country. Index points may be added and removed as required. For example, many corporations in India provide infrastructural support and knowledge to poor farmers as a part of their CSR programme, an activity which may not hold value in developed economies. The model is dynamic and can change with changing expectations and contexts where weightage of criteria may vary. For example, if a Government seeks an increasing role of companies in child development, the priority assigned to the CSR Activity and CSR Target Groups, through pairwise comparisons, may be increased. Under the new scoring system, companies with a more focused programme towards children's welfare will score much better. Further content analysis of any company document can serve as a basis of information about its CSR activities. CSR content, in the annual reports of the 42 companies listed on the Nifty 50 index, was used as the document for analysis. Owing to its properties, the method of content analysis is suitable for other forms of disclosures like independent CSR reports, sustainability reports, etc.
- Theoretical robustness- since the model imbues theory with actual practice. The CSR measurement instrument used by researchers like Aras et al. (2010) and Hackston and Milne (1996) was characterised by study of CSR category classification (Environment, Product, etc.), evidence (monetary, non-monetary, etc.), amount of disclosures and news type (good, bad, neutral) (Aras et al., 2010). The proposed model retains these characteristics and takes into account, the relevance of a CSR category to different industries, determined on the basis of theory and expectations from each industry (IRF) and prominently reported factors by an industry (DIRF). The model also evaluates the level at which activities have been undertaken for different target groups. The level of performance, as well as focus on target groups, has been ignored in previous CSD studies.

- **Relevance to Industry-** The implementation of the CSR measurement model, using the example of three companies belonging to different sectors- Metals, Energy, Telecommunication- to elucidate the use of the model and its application to different industries, has been shown in the above sections. The sub-factors level under CSR Activity (Figure 7.1, Tables 7.6 and 7.7) assigns priorities to different CSR categories (environment, community, etc.), based on their relevance to different industries, thus, allowing for a comparison between companies from different industries. Further, the distinction between CSR activities and target groups rewards corporations that have a well-defined CSR campaign and reporting practices. AHP provides a means to assign numeric values to a very subjective issue while retaining adaptability to the changing CSR environment. Quantification provides further opportunities for statistical analysis, which moves beyond using the amount of CSR disclosures as a proxy for CSR. A numeric value of CSR can provide aggregate scores across industries, stock exchanges or even countries, enabling corporations and its stakeholders to compare and evaluate a company's CSR performance at different levels.

Despite its unique and inherent advantages, the CA-AHP model does not provide a mechanism to measure the direct and tangible impact of CSR activities, like increased profit, on an organisation. It is oriented towards assessing the CSR activities of the company, its reporting and the impact on the beneficiaries of the company's activities. The impact of CSR on the company may be tackled separately or through an integrated model. Further, depending on requirements, future models can incorporate more complex hierarchies to refine the measurement.

7.6 Key performance indicators for CSR assessment

While CSR has been mandated through regulatory provisions in India; there is no universally accepted assessment tool for the concept. The CA-AHP model takes into account the nature of the industry to which a company belongs but does not propose to assess the organisational processes and policies involved in implementing CSR, which form an important component of addressing other initiatives like quality management. The aim of this section is to explore organisation-level CSR indicators that CSR practitioners think are important for the internal assessment or self-assessment of the CSR programme of an organisation. It explores a larger framework, within which different aspects of CSR may be elaborated upon, in the future. The section builds upon the work of authors who have tried to

understand or integrate CSR with the area of Total Quality Management (TQM). What makes quality management a suitable partner in this endeavour is that “the growing attention to ethics fits well in the evolution of thinking on quality” [Kok et al., (2001), p.285] and that TQM is founded on ethics, and therefore, one can argue that CSR has always been a major influence on business (McAdam and Leonard, 2003). Further, TQM has a number of established and widely used quality awards like the European Quality Award (EQA) and Malcolm Baldrige National Quality Award (MBNQA), whose award model could be useful in guiding the development of CSR performance indicators at the level of the organisation. The section below, first, briefly explores the few studies that have tried to evaluate the utility of TQM award models in the context of CSR and CSP literature. Based on the theory proposed by these authors, KPIs are proposed and tested using the standard scale development method.

7.6.1 Identification of KPIs

The core concepts of strategic quality management include strategic quality planning, customer focus, leadership, design quality, continuous improvements, people participation and partnership, speed and prevention and fact-based management, which can be seen in MBNQA and the EQA (Tummala and Tang, 1996). Some authors have shown CSR as being represented in some form in the award criteria of both the MBNQA (Gadd, 1995) and the EQA (Conti, 2007) and this presence has been theoretically interpreted as CSR having a significant impact on performance (Foote et al., 2010). However, Kok et al. (2001) claimed that ethics and social responsibility were not incorporated in the excellence models developed, and they did not identify with three forms of ethics, Transaction ethics, Recognition ethics and Change ethics that are parallel to the different social responsibility positions of a company (Brand, 1989 as cited in Kok et al., 2001). Through three questions, about the demand for a clear mission statement of the organisation, the clarity in organisation’s stand for public debate and the requirement of ethical codes, Kok et al. (2001) aimed to identify the extent to which the models behind important quality awards paid attention to and gave direction to social responsibilities and found the models lacking in certain respects. Their research focused on evolving a general self-audit for business ethics and social responsibility, within the framework of TQM award models, and proposed fourteen aspects that gave practical meaning to the concept of CSR along with a four-level scoring mechanism developed on the lines of EQA scoring methodology.

In their research, McAdam and Leonard (2003) identified certain TQM areas that were congruent to CSR by using Wood's (1991a) CSP framework and TQM concepts (Table 7.15). McAdam and Leonard (2003) advocated that organisations should undertake a Baldrige or the European Foundation for Quality Management's Business Excellence Model assessment with additional criteria for CSR added to each of the main criteria, then grouping the CSR-related responses according to Wood's (1991a) classification of CSR principles, processes and outcomes. Further, each of the categories was to be audited, using a Likert or similar scale, to understand whether they could be considered an "Ad-hoc approach, Minimal legal compliance (transaction ethics), Self-interest and empowerment (recognition ethics) or Outcomes and proactive change (change ethics)" [McAdam and Leonard (2003), p.40], thus incorporating the organisation's different positions on CSR as well. The framework given by McAdam and Leonard (2003), which supports the integration of CSR with TQM, forms the basis of proposing KPIs that can be used in assessing CSR.

Table 7.15: Congruence of issues between Wood's (1991a) CSP model and TQM core categories

Principles of CSR <ul style="list-style-type: none"> • Legitimacy • Public Responsibility • Managerial Discretion 	TQM Leadership and People enablers with CSR sub-criterion elements. Example- Leadership in the community
Process of CSR <ul style="list-style-type: none"> • Environmental Assessment • Stakeholder Management • Issues Management 	TQM Business Process and Stakeholder Management enablers with CSR sub-criterion elements. Example- Environmental processes
Outcomes of CSR <ul style="list-style-type: none"> • Social Impacts • Social Programmes • Social Policies 	TQM Results based on a range of Stakeholder voices. Example- Employee learning based results

Adapted from McAdam and Leonard [(2003), p.39] and Wood [(1991a), p.388]

CSR literature is assessed to identify areas that have started to play an important part in CSR assessment. For example, Giannarakis et al. (2009) and Giannarakis et al. (2010) in their research about the characteristics of CSR indicators identified suppliers, environment, customers, community, employees, management of CSR, as the stakeholders that should be taken into account by CSR indicators. Their research also suggested the type of indicators that should be included, like issues that do not affect or be affected by company's operations, issues that are affected by a company's operations and the factors that affect the drivers of a

company's competitiveness (Giannarakis et al., 2009; Giannarakis et al., 2010). The Baldrige criteria include different aspects related to CSR and have been relied on in the identification of items to determine the key performance indicators for CSR. Governance and social responsibilities, under the Baldrige criteria, investigates governance systems, accountability of the management, performance evaluation of leaders, assessment of impact of company's products, etc. on society, promotion of ethical behaviour in interactions with others, support to key communities, etc. (Foote et al., 2010). The selection of the items for KPI identification reflects the use of the elements and criteria of quality management awards as displayed in the works of Conti (2007) and Gadd (1995). The initial list of 27 items is displayed in Table 7.16. The congruence of each proposed item to the concept of TQM award models is shown in Appendix XII.

7.6.2 Scale development through PCA

During the pilot study phase, respondents raised questions regarding certain items, but they advocated retaining some these items for the analysis with a larger sample. Two items, 'active promotion of CSR outside the organisation' (A13) and 'allocation of financial resources to support CSR' (A5) were removed after a discussion with the CSR experts and the respondents of the pilot study. An initial PCA also showed that items 'constitution of CSR related committees at different levels' (A7) and 'assessment of stakeholder views on CSR' (A15) showed significant cross-loadings and very low inter-item reliability but were included in the final questionnaire presented to respondents on the advice of the CSR experts. Similar problems (cross-loadings, the inter-item reliability of 0.41) persisted with the items A7 and A15 when a larger sample was used. Therefore, the items were removed from further analysis. Table 7.17 presents the results of a PCA undertaken with the 23 items (n=191). The item ratio of 8:1, KMO values for the entire data set (0.807), MSA values for individual items (>0.5) and the Bartlett's test of Sphericity χ^2 , (253) at $p < 0.001$ were found to be acceptable. Eigenvalues greater than one were accepted as factors. The Kaiser criteria and scree plot advocated the selection of six factors, which accounted for 70.453 percent of the total variance and inter-item reliability was found to be above 0.7 for each factor obtained (Table 7.17). The Cronbach alpha value for all the items was also acceptable (0.898). The factor 'improved product and service quality and organisational processes' (A22) did not load significantly on any term and was therefore not included in the final list of items for KPIs identification (Table 7.18). The removal of A22 did not change the factor distribution, and the respondents were in agreement with the removal.

Table 7.16: Initial list of items for KPI identification

No.	Items	
1.	Involvement of senior executives in directing & driving CSR	(A1)
2.	Company displays consistent CSR culture/ principles	(A2)
3.	Mechanism for identification for CSR projects	(A3)
4.	Mechanism for assignment of appropriate resources and assistance to CSR initiatives	(A4)
5.	Allocation of financial resources to support CSR	(A5)
6.	Mechanism for CSR policy and strategy formulation	(A6)
7.	Constitution of CSR related committees at different levels	(A7)
8.	Integration of CSR in strategy formulation for business	(A8)
9.	Communication of CSR policy & strategy to internal stakeholders	(A9)
10.	Communication of CSR policy & strategy to external stakeholders	(A10)
11.	Systematic implementation of CSR activities	(A11)
12.	Responsible behaviour of vendors and partners	(A12)
13.	Active promotion of CSR outside the organisation	(A13)
14.	Presence of mechanism for review of CSR policy regularly	(A14)
15.	Assessment of stakeholder views on CSR	(A15)
16.	Employee involvement in CSR implementation	(A16)
17.	Improvement in the quality of employee work life	(A17)
18.	Initiatives to improve occupational health and safety	(A18)
19.	Creativity and innovation through socially responsible practices	(A19)
20.	Presence of mechanism to monitor CSR related processes	(A20)
21.	Sourcing of natural resources for operations	(A21)
22.	Improvement in product and service quality and organisational processes	(A22)
23.	Perception of the community of the organisation's impact on society	(A23)
24.	Mechanism to measure organisation's impact on society and environment	(A24)
25.	Financial measures for the success of organisation's CSR policy	(A25)
26.	Non-financial measures for the success of organisation's CSR policy	(A26)
27.	Nature of evidence provided in CSR reporting	(A27)

The six factors obtained through PCA allude to the six major KPIs in CSR assessment and, based on TQM and CSP literature, were identified as Integration of CSR in processes and people (C1), Presence of impact measurement (financial, non-financial, social, reporting) tools (C2), Presence of an internal mechanism to evaluate CSR policy and implementation (C3), Level of integration of CSR into strategy and its communication to internal and external stakeholders (C4), Evaluation of CSR culture through consistency and senior involvement (C5), and Identification of project and resource allocation (C6). Table 7.18 shows the KPIs for CSR assessment identified from the PCA and the items under each KPI. Organisations can choose to either use the KPIs in the forms of a binary measurement by noting whether a

Table 7.17: PCA results identifying the KPIs for CSR assessment

Items	Rotated Component Matrix						Comm.*
	C1	C2	C3	C4	C5	C6	
A17	.872						.806
A18	.843						.776
A19	.768						.694
A21	.719						.671
A12	.657						.595
A23	.580	.436					.668
A16	.568						.650
A22	.460	.455		-.405			.670
A25		.869					.815
A26		.817					.765
A24		.782					.786
A27		.602					.635
A14			.807				.755
A11			.748				.709
A6			.649				.514
A20		.461	.648				.699
A9				.748			.738
A10				.730			.696
A8				.503	.453		.651
A1					.840		.772
A2					.750		.759
A3						.769	.705
A4			.425			.615	.677
Cronbach alpha, Eigenvalues for the components and total variance							
Cronbach Alpha (α)	.874	.838	.806	.706	.729	.709	
Total eigenvalues	7.325	2.791	2.201	1.451	1.278	1.158	
% of variance	31.848	12.136	9.568	6.31	5.556	5.034	
Cumulative %	31.848	43.984	53.552	59.862	65.419	70.453	

*Comm.- communalities

provision is present in the company or not. For a more detailed measurement, one can borrow the methodology suggested by McAdam and Leonard [(2003), p.40], wherein a Likert or

similar scale can access organisation's CSR position by marking KPIs as "Ad-hoc approach, Minimal legal compliance, Self-interest and empowerment or Outcomes and proactive change".

7.6.3 Characteristics of KPIs

The advantage of identifying KPIs is that they can be used across national contexts or a similar theory may be replicated to evaluate whether different KPIs will be chosen in different countries. The KPI obtained in the study are characterised by the following points:

- The seemingly inherent relation between CSR and TQM, to identify a list of KPIs, helps in the objective assessment of the different aspects of CSR while providing the flexibility to interpret the items under each KPI according to the requirements of a country, industry, or stakeholder. The CSR activities and processes indicated as items under each of the six KPIs can be interpreted in the light of existing categories defined in TQM awards like MBNQA and EQA (see Appendix XIII).
- Organisations or their stakeholders can interpret the list of items under each KPI, as a set of questions for which answers may be obtained on a binary or 5-point Likert scale, depending on the accuracy, the CSR assessment method is expected to display. The KPIs can be used by a company to ascertain deficiencies in different aspects of their CSR efforts or to compare the performance of different companies and classify them on scales like the RDAP scale proposed by Carroll (1991).
- The KPIs for CSR assessment identified through PCA envelop the aspects of CSP model given by Wood (1991a). The items under the KPIs 'level of integration of CSR into strategy and its communication to internal and external stakeholders' and 'evaluation of CSR culture through consistency and senior involvement' encompass principles of CSR. The items under the KPIs of 'presence of an internal mechanism to evaluate CSR policy and implementation' and 'identification of project and resource allocation' reflect the process of CSR. Items under 'integration of CSR in processes and people' and 'presence of impact measurement (financial, non-financial, social, reporting) tools' broadly correspond to the outcomes of CSR.
- The KPIs encompass the elements of the CA-AHP model, that is, CSR Activity, CSR Disclosure and CSR Target Groups, as well. The methodology described under the CA-AHP model can be used for evaluation under certain KPIs. AHP can be used to integrate preferences of different stakeholders when elaborating the items under each KPI.

Table 7.18: List of items under each KPI for CSR assessment

Integration of CSR in processes and people
Improvement in the quality of employee work life
Initiatives to improve occupational Health and Safety
Creativity and innovation through socially responsible practices
Sourcing of natural resources for operations
Responsible behaviour of vendors and partners
Perception of the community of the organisation's impact on society
Employee involvement in CSR implementation
Presence of impact measurement (financial, non-financial, social, reporting) tools
Financial measures for the success of organisation's CSR policy
Non- financial measures for the success of organisation's CSR policy
Mechanism to measure organisation's impact on society
Nature of evidence provided in CSR reporting
Presence of an internal mechanism to evaluate CSR policy and implementation
Presence of mechanism for review of CSR policy regularly
Systematic implementation of CSR activities
Mechanism for CSR policy and strategy formulation
Presence of mechanism to monitor CSR related processes
Level of integration of CSR into strategy and its communication to internal and external stakeholders
Communication of CSR policy and strategy to external stakeholders
Communication of CSR policy and strategy to internal stakeholders
Integration of CSR in strategy formulation for business
Evaluation of CSR culture through consistency and senior involvement
Involvement of senior executives in directing & driving CSR
Company displays consistent CSR culture/ principles
Identification of project and resource allocation
Mechanism for identification for CSR projects
Mechanism for assignment of appropriate resources and assistance to CSR initiatives

7.7 Conclusions

This chapter proposed two methods, with widely different approaches to CSR measurement. The first method displays how an existing method of CSR measurement, like content analysis, can be enhanced:

- The inability of content analysis to capture the quality of disclosure as effectively as the quantity of disclosure (Guthrie and Abeysekera, 2006) can hamper CSR measurement and the method proposed displays how AHP can be dovetailed to this qualitative CSR measurement technique, to construct a more elaborate measurement model that provides numerical scores for a company's CSR.
- Information availed from content analysis of CSD, in annual reports, is analysed in the context of relevance to industry, the level of performance with respect to possible beneficiaries and type and amount of reporting, using prioritisations generated through AHP.
- The method is capable of transferring theoretical considerations and expectations into practice, is flexible in changing prioritisations according to the expectations most suited to the national context, and considers CSR activities in terms of their relevance to industry.
- The CA-AHP model retains the characteristics of content analysis as well and can deal with large amounts of data from different companies and from different data sources.
- An attempt was also made to define the parameters and the levels (high, medium and low) to evaluate the performance of a company with respect to its CSR Target Groups. The level of performance and focus on target groups has been ignored in previous CSD studies. Further, expressing the criteria and factors affecting CSR measurement as a hierarchical model in AHP makes CSR measurement easier to understand and implement. In particular, under statutory requirements in India, the availability of reports documenting a company's CSR efforts are on the rise and the methods can be easily adopted.
- The CA-AHP model examines CSR from the perspective of what was done and reported and its relevance in a given industry and socio-political environment. It, however, refrains from assigning numerical quantities to the implication of CSR activities on the organisations themselves.

The second method provides a more elaborate method of assessment of CSR by identifying KPIs of CSR measurement:

- The KPIs were obtained on the basis of literature examining the congruence of CSP with TQM and KPI measurement can draw from the definition of enablers defined in quality awards like MBNQA and EQA. The measurement system proposes to cover various aspects of the CSR process from planning to execution.
- The KPIs evaluate CSR from the perspective of CSR in processes and people, impact measurement tools in organisations, internal mechanism to evaluate CSR policy and implementation, integration of CSR into strategy and its communication to internal and external stakeholders, consistency and senior involvement in an organisation's CSR culture and mechanism of CSR project identification and resource allocation.
- Three KPIs, 'nature of evidence provided in CSR reporting', 'mechanism to measure organisation's impact on society' and 'non- financial measures for the success of organisation's CSR policy', directly support the three pillars of the CA-AHP model, CSR reporting, target groups and relevance to industry respectively, thus validating the choice of these factors in the CA-AHP model.
- The KPIs can be implemented directly in a binary format or using a scale that can identify the level of performance.
- The method retains the aspects of CSR and TQM models mentioned in prior literature. By using a TQM approach to CSR, the CSR measurement method, proposed through identification of KPIs, covers not only the ethical and instrumental aspects of CSR but also encourages a more rapid incorporation of CSR in organisations (McAdam and Leonard, 2003).

CHAPTER 8 - CONCLUSIONS, LIMITATIONS AND FUTURE WORK

8.1 Introduction

“Understanding CSR is important because it represents nothing less than an attempt to define the future of our society. CSR influences all aspects of business and businesses matter because they create much of the wealth and well-being in society. As such, CSR is increasingly crucial to both business and society.”

[Werther and Chandler, (2012), Preface xxiv]

This thesis is an attempt to understand some aspects of CSR in India. The study has primarily employed the analysis of secondary data sources and a questionnaire survey of 191 CSR practitioners, including 108 CSR personnel from organisations, 43 CSR consultants and 40 NGOs respondents. The findings discussed below are the culmination of the content analysis of the annual reports, of 42 non-financial companies between 2004-2011, the analysis of governmental initiatives, in the area of CSR, using the “governmental CSR policy framework”, adopted from Albareda et al. (2008) and the questionnaire survey. Respondent comments and significant points made by the CSR experts have been incorporated with the findings to provide a more holistic picture of CSR in India from the perspectives of CSR practitioners working with businesses. The chapter lists the important findings of the study. It highlights the relevance of the study from the point of view of, both, researchers and practitioners and outlines some recommendations for the government and business, to make CSR more effective in the country. The chapter concludes with the limitations of the study and describes the scope for future research in CSR.

8.2 Findings of the study

While provisions of the Companies Act, 2013, have ensured that CSR is an indelible part of business in India, the concept has existed in the panorama of business-society relations for some time now. The thesis considers some key issues related to CSR in India- the motivation for CSR, the motivation for reporting CSR, activities commonly perceived as CSR, means of implementation, the business implications of CSR, the barriers to implementation and future perspectives.

8.2.1 Motivation of Indian organisations for CSR

- ‘Influence of NGOs, business association and society’, ‘Satisfy international partners and generate positive image’, ‘Company ethos’, ‘Investor concern and gains in revenue’, ‘Role of the government’ and ‘Access to funds’ were found to be the major classifications of motivation for adopting CSR in the country. Of these, the role of the government appeared most significant.
- ‘Advantages to business’, ‘Communicate company ethos’, ‘Satisfy international demands and display compliance to standards and norms’, ‘Managing company image’ and ‘Fear of regulations’ were identified as the major factors that motivate CSR reporting in India, with ‘Fear of regulations’ being the most prominent. Researchers like Idowu and Pappasolomou (2007) have also noted that CSR reporting can lead to business advantages.
- CSR professionals (in the questionnaire survey) gave more importance to the role of international partners in motivating CSR adoption and CSR reporting than was visible in the period between 2004-2011.
- CSR does not seem to have an effect on an organisation’s access to funds in India. It appeared as a low scoring factor in, both, motivation for CSR and business implication of CSR.
- The role of the business association has gained significance, and they are playing an important role in motivating CSR adoption and reporting. Improved relation with associations also featured as a positive implication of adopting CSR and easy access to business networks appeared as an incentive for CSR. Over the years, business and business associations, the world over, have associated with organisations, like BSR and WBCSD, and initiatives, like GRI and UNGC, that work towards encouraging CSR.
- Over a period of time, CSR in India has been influenced by coercive, normative and mimetic processes, although, different pressures may have exerted more influence at different points in the history of independent India.

8.2.2 CSR activities

- Employee-related initiatives, like benefits and facilities, training, motivation, communication with management, followed by community, energy and environment were found to be most reported categories in annual reports between 2004 and 2011. Disclosures regarding employee health and safety, products, and general CSR policy were limited.

- The analysis of annual reports (2004-2011) also showed that the amount of CSD reported by service sector companies is more than manufacturing sector companies. Public sector units also reported a greater amount of CSD than private sector companies.
- Most of the reporting, between 2004 and 2011, is declarative in nature and provides little monetary or non-monetary information. Some companies tend to put repetitive information as well. Companies were also found to be reporting their activities in a good light, and few provided information of negative incidents like industrial accidents and subsequent injuries, worker unrest or exceeding pollution limits.
- While the amount of voluntary reporting exceeded mandatory reporting in the context of CSR, in annual reports, prior to 2011, persistent loopholes existed in CSR reporting and the nature of CSR activities undertaken by companies. These ambiguities offer little support to those who believe that CSR should remain a strictly voluntary domain and present a strong case for the intervention of the government or regulatory bodies in CSR, in particular, CSR reporting.
- In a scenario where companies are aware of governmental expectations about CSR, a questionnaire survey of CSR personnel showed that CSR efforts continue to be directed towards community initiatives for health, education and infrastructure, as well as environment and energy. However, making special provisions for hiring staff from socially weaker sections of society (BS), whose empowerment is a major factor in social inclusion, is not a priority for companies. Companies are more agreeable to providing job possibilities to the PC.
- The CSR activities, directed towards social and environmental causes, can be considered to be in congruence with the governmental objectives of bringing social inclusiveness.
- A general opinion seemed to pervade CSR thought that if a company makes profit or benefits out of its CSR activity, it should not be included as social responsibility. For example, 'sponsoring sports events and sports people' was recognised as a CSR activity only if a company extends support to lesser known, Olympic and para-Olympic sports and sports persons, which rarely get money, audience or acclaim.
- Most CSR activities mentioned in reporting and identified by respondents (in the questionnaire survey) are philanthropic in nature. However, the findings across the sections of motivation for CSR adoption and CSR reporting and business implications of CSR, show that organisations also have expectations of some tangible or intangible gains, particularly in the form of publicity, from their CSR activities.

- The findings of thesis raise the question of whether the definition of CSR, best suited for Indian perceptions, should specifically include initiatives from which the firm does not benefit directly. Such a view tends to pit business against society, rather than joining them and can be detrimental to the CSR movement.

8.2.3 CSR perceptions

- CSR appears to be a legal as well as an ethical prerogative in India and economic gains, if any, are a by-product of undertaking CSR activities and can be in the form of tangible and intangible benefits.
- The role of the employee as a volunteer in a company's CSR programme is a fairly common practice. However, employee related issues are not given much weightage under current perceptions of CSR. Similarly, employment of women received little support as a CSR activity, and employment of backward sections received moderate support, although some respondents rejected these as being a social responsibility.
- There is a paucity of strategic planning in CSR implementation in the country:
 - The active role of the top management, often spearheaded by Chief Executive Officer (CEO) or a Chief Sustainability officer (CSO), the presence of CSR managers and a CSR vision or value system for the company, limited attempts to formulate a code of conduct for CSR, reporting of CSR rewards prominently in annual reports, have been found to characterise CSR in India. The characteristics are synonymous with the integration of CSR into a company's operating practices over the short to medium term and posits that, in trying to comply with institutional forces, most companies are focused on establishing a "start-up condition" for CSR, rather than institutionalise and externalise its CSR policies for medium to long term assimilation (Werther and Chandler, 2012).
 - The strategic pyramid shows that the top management often controls issues of strategic interest to the company. Although CSR management often takes a top-down approach in India, long-term planning is seldom mentioned in the context of organisational CSR activities. Further, most CSR reports, prior to 2011, constituted of largely declarative information, and at times repetitive information, which seldom detailed the process of selection of CSR initiatives or stakeholder consultation before implementation.
 - The idea of shared value "involves creating economic value in a way that also creates value for society, by addressing its needs and challenges" [Porter and

Kramer, (2011), p.49]. CSR thinking in India, both from an organisational and governmental perspective, has yet to accept such an outlook. In India, most companies display their CSR compliance by supporting “generic issues” (Porter and Kramer, 2006), that may not have anything to do with their core competencies. Focussing mostly on the ‘social’ aspects of CSR but not on fair and ethical business practices is another example of the myopic view of CSR that companies and even the Indian government have adopted.

- ANOVA was applied in different cases to examine whether there is a difference in perception about different CSR facets amongst CSR managers, CSR consultants, and NGO respondents. While NGO perceptions differed in the case of motivation for CSR reporting and implications of CSR, no difference was noted regarding CSR activities, the motivation for adopting CSR, and the different governmental roles that emerged in the study. NGO respondents also differed from CSR managers and CSR consultants in their support to the organisational advantages from an NGO-business relation and about the nature of partnership itself.

8.2.4 NGO-business interaction in the context of CSR

- The NGO-business dynamic in the area of CSR is complex and has multiple facets, which vary from a sense of hostility and distrust to acting in sync as partners. This thesis has focussed on the nature of interaction in which both partners try to leverage their resources in an attempt to set and achieve a common goal. The research investigated fundamental aspects like how and why the NGO-business connections are established and provides insight into the nature of the alliance, based on the reporting about NGO-business partnerships in annual reports (2004-2011) and a questionnaire survey of CSR personnel.
- Between 2004 and 2011, more and more companies reported about partnering with NGOs to fulfil their CSR commitments, particularly in community issues like health, education, infrastructure and livelihood. However, few details were provided about the NGO partner(s).
- NGOs, often, partner organisations in CSR programme implementation but do not play a significant role as an influencer of CSR activities. ‘NGOs’ activism’, as an individual variable, does not feature as an important motive to adopt CSR or report CSR initiatives. Neither is ‘positively influencing NGOs’, considered an important implication of initiating CSR. However, ‘improving relations with stakeholders’, of which NGOs may

indirectly be a constituent, has received a decent score as a major business implication of CSR, from the respondents.

- While most commonly, NGOs approach business for funds, companies may also invite NGOs to partner in their CSR programme. NGO credibility and experience and congruence with organisation's CSR programme are important partner selection criteria. However, the internal processes leading to the choice of an NGO partner, remain specific to the company and neither CSR managers nor NGO respondents were forthcoming about it.
- Companies seek advantages like fulfilling local goals and gaining credibility for their CSR programmes, but the partnership faces challenges like NGO inexperience and the lack of coordination in programme implementation. Some of the factors uncovered in NGO selection and nature of NGO-business partnership are in congruence with den Hond *et al.*'s (2015) findings of the factors that influence firms to collaborate with NGOs.
- Many facets of the NGO-business relationship, like the nature of change undergone by both partners to develop a working system, the exact partner selection procedure, etc., appeared company specific and are mostly unclear. The domination of the business partners is, however, clear in the statement of one NGO respondent who felt that "NGOs were expected to adapt much more to corporate requirements and not vice-versa".
- NGO respondents, in particular, lamented about the lack of transparency in the business-NGO relation and inordinate funding delays from companies as well as the government.

8.2.5 Role of the government

- India has embarked on the path of institutionalisation of CSR under the regulative action of the Indian government. It is therefore, not surprising, that the government emerged as one of the most influential institutions when it comes to CSR in India. The role of the government in motivating the adoption of CSR and reporting CSR finds congruence in studies like Idowu and Pappasolomou (2007), Qu (2007), and Moore and Wen (2008).
- Using, PCA, the study discerned that the government can use hard approaches, like CSR Regulation, Peripheral Legislation and Penalising, as well as soft approaches, like Facilitation, Participation, Awareness Generation, to encourage CSR in India. While PPP and voluntary frameworks emerged as important instruments of government policy to facilitate CSR, CSR professionals did not favour penalising companies for non-compliance.

- The government's intervention can reduce ambiguity in the area of CSR and can be instrumental in effectively organising corporate efforts in areas where needed. However, it can encourage false reporting, cause organisations to contribute less to areas that have not received attention in CSR legislation, and does not emphasise the concept of shared value.
- Some respondents raised concerns that mandating CSR and proposing areas of spending (as is the case of the current format of the Companies Act, 2013), could be interpreted as the government imposing its own responsibilities on corporate India and that the proposed programmes might not yield tangible benefits to corporations.
- Imposing the mandatory spending of 2 percent of net profits on CSR also elicited reactions of it being short-sighted since it directed focus on spending and not on how companies operate to make profits. Respondents also stated that the recent interest in CSR might generate more reports but the activities are far from coordinated and, therefore, may fail to have a significant impact.

8.2.6 Implications of CSR

- The major classifications of business implications, as viewed by CSR professionals, in India include 'Improved relations with stakeholders', 'Improved marketing performance', 'Employee motivation, retention and hiring', and 'Operational and financial benefits' of which 'Improved relations with stakeholders' was considered most important.
- 'Operational and financial benefits' was accorded the lowest importance by CSR professionals. Business implications like gaining reputation and good relations with the government are a more likely outcome of CSR than improved financial performance and operational improvements, like lower operational costs, which may be obtained by integrating responsible practices in supply chain activities. These findings correspond to the findings of motives for CSR adoption and reporting, in the study, which highlighted the important role of the government in the CSR scenario of the country.
- A multiple regression analysis did not find a significant relation between CSP and CFP in the Indian context. The findings are congruent with other studies that have failed to find any significant relation between social and financial performance (see Barnett and Salomon, 2012; Mittal et al., 2008). The result may be attributed to the effect of factors influencing the company's business environment and the choice of the variable for social and financial performance.

- Research about the impact of CSR on financial performance has drawn mixed conclusions, a trend that extends to SRI portfolios (van de Velde et al., 2005), although sustainability indices, like the Dow Jones Sustainability Index, have been known to outperform non-sustainability indices at times (Lo and Sheu, 2007; Rossi Jr., 2009). The inconsistent relation between social and financial performance, in turn, indicates that the financial profitability of an investment in responsible behaviour is not always clear.
- Despite certain financial institutions subscribing to the SRI movements like Equator Principles, the lack of a clear relation between social and financial performance, may also be partially responsible, for the fact that ‘access to funds for a company’ was not viewed as either an important motivation or implication for undertaking CSR.
- Common CSR initiatives, in India, undertaken under heads like education, health, employment, community infrastructure, energy and environment correspond to areas that are important for inclusive growth. It lends impetus to the possibility of achieving inclusive growth through CSR.
- While consumers or NGOs were not considered an influential group, when it came to motivating organisations to adopt CSR practices, organisations seemed keenly interested in using their CSR activities to generate a positive image and garner publicity, to impress these stakeholder groups.
- Firms are not inherently good or bad; rather their profit-seeking nature ensures that they will engage in those behaviours that are likely to be profitable to them (Barnett and Salomon, 2003). The findings of the thesis are congruent to Babiak and Trendafilova, [(2011), p.21] who stated that for many organisations, “CSR appears to be viewed as a value driver with many benefits not all of which are reflected in traditional financial terms”.

8.2.7 Future perceptions: Barriers, incentives and CSR assessment

- CSR is not really a priority with companies even though companies have established CSR departments that play an important role in implementing CSR programmes. The lack of impact assessment methods, which can render CSR efforts futile and CSR reporting as corporate greenwashing, also emerged as a significant barrier to CSR.
- The lack of training opportunities to learn about CSR and unavailability of funds for CSR, act as barriers to CSR and correspond to the findings of Arevalo and Aravind (2011). It shows that despite increased interest in CSR, core problems remain unaddressed. Further, the lack of knowledge and training about CSR may have

contributed to the myopic perceptions of CSR. A change in attitude towards CSR may be effected through the introduction of CSR in the academic curriculum and greater debate in this area, which is an emerging trend in the Indian CSR scenario.

- There is a palpable expectation from the government in terms providing tax benefits and other financial incentives to adopt CSR.
- The thesis proposed the CA-AHP model to quantify the subjective area of CSR measurement. The method integrates the characteristics of content analysis with AHP's ability to generate prioritisations and takes into account relevance to industry, performance with respect to beneficiaries and the nature of CSR reporting undertaken by a company. Assigning numeric scores for CSR allows companies and their stakeholders to compare performance across industries, stock exchanges or countries.
- The study also explored the propensity for compatibility of well-used TQM measurement models with social performance models. The six major categories of KPIs identified for CSR assessment aim to examine various aspects of the CSR process from planning to execution.

8.3 Relevance of the study to researchers

This thesis extends the existing understanding about CSR, in particular, the CSR scenario that prevails in India and will be of interest to business and the different stakeholders of the CSR process. The points of interest for academicians and researchers are mentioned below:

- The study traces the evolution of CSR in India. It examines the characteristics of CSD, like the CSR activities undertaken across different industries and the nature and the amount of reporting, in the years leading up to governmental intervention in CSR. It is unique in its initiative of using the findings from CSD analysis to provide the contextual evidence to support regulatory intervention, in CSR, in India.
- The methodology of analysis adopted in this thesis combines primary and secondary data sources to evaluate various aspects of CSR in India, like the motivation for CSR adoption and reporting, popular CSR activities, and the role of the government and NGOs. The study reviews the findings of the questionnaire survey, in the light of the CSD provided by companies in the years before institutional intervention in CSR (2004-2011).
- The study attempts to evaluate the government-CSR dynamics, in the Indian context. It traces the major initiatives undertaken by the Indian government and provides a reassessment of the governmental roles proposed in prior literature (Fox et al., 2002;

Steurer, 2010; Ward, 2004) by using a questionnaire survey of CSR professionals in India.

- The study explores the complementary nature of the areas of CSR and inclusive growth, both of which are of importance to the government.
- The study adds to the limited literature on NGO involvement in CSR, particularly, in developing countries. A combination of data obtained from content analysis of annual reports and from the questionnaire survey is used to shed light on the role of NGOs in the CSR scenario in India. This study is also unique in its endeavour to include responses from NGOs in the questionnaire survey, and it provides a comparison of different respondent opinions (CSR personnel in organisations, CSR consultants, NGOs) regarding different CSR issues.
- The CA-AHP model and the identification of KPIs are two major contributions in the area of CSR assessment. The methods can be applied across different industries and countries but differ in terms of the number of parameters taken into account for CSR assessment and consequently the type of information needed in assessment. They can be used by researchers for an objective assessment or to refine CSR assessment techniques.
- CSR researchers in India can use the findings of the study to influence better policy formulation at the national and regional level by the government and regulatory agencies, who wish to encourage CSR.

8.4 Relevance of the study to practitioners

Some practical implications for practitioners are discussed below:

- The sectoral classification of CSR activities (2004- 2011) can help evaluate whether industries have reported in those CSR categories, which may be considered more significant to them and to the industry to which they belong. For example, energy-intensive and polluting industries like IM and metals were found to report consistently on these areas (energy, pollution) over the eight years (2004-2011) considered in the content analysis of annual reports, while energy companies did not do so. In the light of the expectations of Companies Act, 2013, the data can be used by companies to check whether their CSR programmes have improved such that they are more effective in combating the specific environmental challenges posed by their industry.
- The prioritisations in the CA-AHP CSR measurement model have been carried out in the Indian context, based largely on the interpretation of legislation, like the Companies Act

2013, and reports by international agencies. Indian corporations or their stakeholders can, therefore, apply the prioritisation values provided in this thesis to analyse and compare their CSR programme. Prioritisations may vary with countries, under the effect of legislation, industry opinion, etc. and the method can be easily modified to suit requirements of the company according to changing contexts. A questionnaire survey or expert opinion can also be used to assign values to the pairwise comparisons.

- The KPIs, identified for CSR assessment, reflect measurable quantities and can help organisations understand their stand on CSR by using either a binary or more complex system to award points (see Appendix XIII for an example).
- The study appraises the government about the policy instruments that can be adopted to encourage CSR activities as well as the concerns and expectations of CSR practitioners in India.
- The discussion about NGO-business relation provides some insight into the type of advantages a company can expect from a partnership with NGO. It also appraises NGOs and companies about the type of problems encountered by NGOs in working with a corporate partner and can be useful to improve coordination in future endeavours.

8.5 Recommendations

Based on the evaluation of the different aspects of CSR in the study and the suggestions made by CSR managers, NGOs, and consultants, some recommendations are provided to both, the government and businesses, to enable them to execute their responsibilities in the CSR scenario better.

8.5.1 For the government

The statutory directives have mandated certain aspects of CSR, like spending, etc. while providing some flexibility in areas like the choice of initiatives. However, the government's approach is restricted in its outlook and may not explore the true potential of CSR activities:

- Governmental intervention is necessary to encourage CSR in India. However, there is a need to streamline regulations to make it easier for companies to invest in sectors that the government views as needing maximum attention like education, health, environment-friendly technologies, etc. Respondents favour governmental 'facilitation', through PPP and information sharing, as an important instrument to implement government policy and to ensure that benefits reach desired people and regions.

- In India, CSR is not a priority for organisations and information about CSR and its implementation is limited. The current Indian top-down approach of formulating CSR policies needs to be flexible, with regional, state and local administrations playing a pivotal role in spreading awareness and working with businesses to alleviate concerns at the grassroots level.
- As a part of awareness generation, the government needs to educate citizens about the type of economic and environmental challenges India faces. This can help the masses participate more effectively in CSR programmes and also acknowledge and reward responsible businesses, thus encouraging businesses to embrace their role in problem mitigation with vigour.
- The study identified two roles, penalising and participation, that the government has yet to pursue actively. While CSR professionals are not in favour of naming companies that are non-compliant, they are likely to support governmental moves like including CSR as an element in public procurement, and tax incentives. There is a lot of scope in the roles, like Facilitation, that the government has adopted, like starting an award to acknowledge companies with exceptional behaviour.
- The current governmental policies on social responsibility do not clearly state how these policies may impact issues like inclusive growth. Harnessing the true potential of CSR requires greater collaboration between companies, and stakeholders concerned, with the government at the forefront.
- Some respondents felt that the governmental policy of mandating companies to spend a specific amount on CSR activities does not encourage companies to internalise responsible business practices. The current provisions focus on spending the requisite amount of money and conveying that to stakeholders but do not necessarily address lapses in how companies operate. The government may wish to adopt a more comprehensive CSR policy.
- The lack of proper assessment techniques is a major impediment to CSR adoption in India. Two methods in CSR assessment (CA-AHP model and KPIs for assessment), with different approaches and scope, have been proposed in the thesis. The government may find it useful to construct an indicator-based system at the national level, to compare CSR patterns over different years, by using either method. A constant appraisal can help policy makers and stakeholders make required changes in their CSR policies to bring about desired results.

- Issues like climate change and global warming are putting a strain on resources. As a pre-emptive attempt, the government can prepare businesses to face greater restrictions without impairing their economic welfare through CSR and self-regulation.

8.5.2 For the companies

The patterns of CSR reporting, along with the questionnaire survey helped identify some factors that are impeding CSR from performing a more prominent role in the area of social development. This thesis offers the following suggestions to Indian companies:

- Impact assessment mechanism for CSR received very little mention in company annual reports and respondents of the questionnaire agreed that it continues to be a major hindrance in CSR adoption. The lack of impact assessment mechanism reduces the chance of improvement and monitoring progress and may give the impression that CSR programmes are implemented without much thought or enthusiasm and with a low sense of ownership. It might also impede prospects for development through CSR activities.
- Communication of CSR activities to stakeholders plays an important role in generating company image. Repetitive and declarative information in CSR communication, particularly in annual reports, tends to reduce the credibility of the information. The lack of transparency also impedes the analysis of the company's CSR activities as well as judging the kind of impact these activities have had on the intended recipient.
- Companies reported implementing their CSR programmes with the help of NGO partners, but the exact nature of association remained ambiguous. NGO partners should not be restricted to the implementation of CSR programmes only but should be consulted in programme formulation as well. Further, limited input from the local population or knowledgeable groups, about the problems of prospective beneficiaries, can render programmes ineffective since companies may direct focus to less significant matters
- Most companies in India adopt CSR activities to satisfy the government, and few seem to understand that their CSR initiatives could contribute to mitigating social problems that hinder larger social goals like inclusiveness. Inclusive growth can only be achieved through a long-term perspective (Ianchovichina et al., 2009) and most CSR programmes lacked long-term planning and structure. Greater awareness and a more consolidated effort, with other stakeholders and companies, can help companies realise the potential of their CSR activities.
- Support to generic CSR activities can lead to one-off or philanthropic ventures, which may be a waste of resources. Incorporating responsible practices in organisational

functioning, and choosing CSR activities that utilise organisational competencies can lead to “corporate shared value”.

- A concerted effort by different partners in the supply chain and value chain can offer better support to the company’s claims of being socially responsible. Responsible behaviour in the supply chain can have a positive effect on communities around the company’s operations and the environment.
- This study found that Indian companies popularly adopt corporate philanthropy as their method of CSR, a fact that found support in previous studies (see Sahu and Nickerson, 2008) as well. However, Indian consumers may not view corporate philanthropy as a particularly effective marketing communication strategy on its own [Planken et al., (2010), p.17]. Therefore, to attain tangible gains from CSR, managers must take cognisance of such views while deciding on their CSR programmes and the campaigns undertaken to advertise them.
- Business needs to work with different stakeholders to monitor the impact of new rules and changing attitudes.

8.6 Limitations

The limitations that arise from such an exploratory work and pertaining to areas like sampling and research techniques are presented below:

- This research has considered CSD presented in the annual reports (2004-2011) of the companies since all the companies under consideration did not issue independent sustainability reports or GRI reports. Further, annual reports provide a “standardisation or uniformity in terms of the items reported, or the way of reporting” [Reverte, (2009), p. 351].
- The paucity of time and resources and the fact that a lot more emphasis is usually placed on the role that larger companies can play (Graafland and van de Van, 2006), resulted in the non-inclusion of MSMEs in the study.
- The study is exploratory in nature. The judgement sampling technique used for the questionnaire survey, while providing insights for exploratory studies, is a non-probabilistic sampling technique that makes the estimation of a sampling error difficult. Generalizability of results may be affected.
- The paucity of time and resources, as well as the respondent profile, requisite for the nature of enquiry in this research, restricted the number of respondents. A larger sample can help refine the findings.

- Through content analysis, this study has been able to identify only those NGOs that have either been specifically mentioned as being an NGO by the company in their annual reports or are a very popular and much-advertised NGO in the public domain.
- It is possible that a respondent misinterpreted the meaning of a variable and did not seek clarification from the researcher. Further, some respondents may have chosen to give a response, which they felt were socially more acceptable or which expressed their personal views on a topic, rather than objectively noting the behaviour in their organisations.
- The study does not delve into an analysis of the actual amount spent by companies under the statutory requirements of Companies Act, 2013, whose impact can only be seen in the fiscal year ending in March 2015 and thereafter.
- NGO classifications of non-profit NGOs and for-profit NGOs (Michael, 2003) have not been utilised in the study, primarily, because the company annual reports examined in the study, seldom made such a classification.

8.7 Scope for future research

Some areas where future research may be pursued, are listed below:

- The methodology used in this study can be replicated in the future, to study the continuing evolution of CSR in India by using the CSR content being published by companies on different platforms.
- The methodology adopted to study the different aspects of CSR has been well defined and can be replicated in different national contexts.
- Future studies can compare the nature of the CSR activities undertaken by larger firms and SMEs in India.
- With an increasing number of companies furnishing separate CSR reports like GRI reports and becoming signatories to the UNGC, future research can focus on the corresponding development of internal CSR processes and structures in these companies.
- Future research can compare the CSR activities of both public and private sector firms to estimate whether these two sectors are significantly different in their approach and interpretation of CSR, even in the presence of mandatory regulations that apply to all.
- Future research can study the area of NGO-business collaboration in greater detail. The role of the government in collaborating with NGOs and companies in generating funds for social initiatives also emerged as an area of potential research.

- Future research can focus on developing mechanisms to measure the impact of governmental intervention in CSR in India. In particular, the level of control exercised by regulative institutions will be of interest.
- The methodology adopted in the research can be used to explore other aspects of inclusive growth in the context of CSR activities, investigate the propensity for inclusive growth through CSR activities of MSMEs or replicate the study in different country contexts.
- The role of institutional forces may differ between developing and developed nations, and future studies can provide a comparative analysis of possible isomorphic and institutional differences between the two.
- Future research can focus on providing solutions to issues like CSR impact assessment or provide models that help to integrate CSR into business operations and to develop an operational framework for “corporate shared value”.

8.8 Conclusions

Do we define CSR in India in a different manner? In broad terms, no, despite the apparent disregard to employee-related areas, reporting under CSR themes is largely congruent with studies elsewhere. The commitment to key issues, like community, environment and energy, are obvious. Companies often employ a ‘credible’ NGO partner, with experience in the above-mentioned areas, to achieve their local development goals better, but the nature of expertise NGOs are allowed to provide, to improve CSR programmes remains ambiguous. The need to reclassify and redefine CSR in the light of modern concepts like shared value arises more urgently when CSR appears to be driven, more by governmental attempts rather than as a sense of sustainability. Companies and CSR professionals were seldom found to accept that CSR could provide operational and financial benefits. Its contribution towards employee motivation and attraction and retention, too, appeared limited, although companies have effectively used it to boost cause-related marketing programmes and public relations campaigns. Parallel research, by other authors, suggests that there is a change, albeit small, in the mindset of the young, educated and affluent customers who are moving towards the socially responsible buying behaviour. However, for CSR to appeal to a to larger consumer base, many of whom could care less about how well a company is doing its duty towards society or environment if the product is priced right, is likely miles away. CSR in India, at present, attempts to pacify one section of stakeholders, particularly the urban Indian, by doing certain ‘CSR activities’ for rural India,

which may be a bigger prospective market. While everyone agrees that CSR is here to stay, particularly with the government's patronage in the form of Clause 135 of the Companies Act, 2013 and subsequent notifications, the opinion that CSR has a business prospect has yet to take root. One of the reasons for the lack of interest, apart from completing a formality, is the dearth of easy to use CSR measurement or assessment systems, customised for Indian conditions. Companies are either ill-equipped to monitor their own programmes or lack the will to do so effectively. Further, the money spent in rural India and on poorer sections seldom reflects strategic intent and remains charity or philanthropic in nature, and is likely to remain so for some time to come. Discussions with the CSR experts consulted and answers of the respondents, also, suggested that CSR professionals themselves were averse to CSR being associated with any gains to the industry. In this regard the government, too, has been a mute spectator, cheering the industry when it funds programmes that the government supports, but doing little to understand and further develop the concept of CSR in the country.

This thesis traced the evolution of CSR as being a largely inconsequential concept restricted to large business houses, like TATA or Birlas, who were widely known and respected for building schools, hospitals, temples, etc. CSR was relegated to charity or donations but seldom to organisational benefit, at least, until the LPG of the Indian economy. Porter and Kramer (2009, 2011), who propounded the theory of shared value, point out that viewing CSR as sum zero game and in the light of generic CSR activities, which have no relation to the company's area of expertise, is detrimental to the success of CSR programmes, since companies are unlikely to adopt it with enthusiasm. Strategic CSR requires companies to utilise their expertise to, first, improve their processes to conform to higher standards and further extending it to areas of their business. The government's role should not be restricted to only arm-twisting companies to spend money on areas that need support but to also create an educated environment in the country that rewards companies that go the extra mile, or at least collaborate with and encourage companies to utilise their expertise in areas of core competence. CSR in India has taken the first steps towards being accepted as a serious discipline in management in India. However, it will require considerable time to be fully integrated into different aspects of business functioning. A comprehensive dialogue between stakeholders, particularly the industry, NGOs, labour organisations and civil society, on understanding CSR and its potential, is one of the easiest ways to start the process, but, like in the case of Clause 135, it requires the political will and patience to drive it forward. A

coordinated effort between all stakeholders, including business and regulatory institutions may be most fruitful.

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Appendix I: Categories and sub-categories for content analysis and the decision rules for determining CSD

The CSR subject index, which classifies CSR activities in six major categories of employee health and safety, employee other, product, environment, energy, community and general CSR policies, has been adapted from Hackston and Milne [(1996), p.105]. Adaptations made in the subject index have been indicated by # and discussed after the index.

Employee health and safety

- 1) Reducing or eliminating pollutants, irritants, or hazards in the work environment.
- 2) Promoting employee safety and physical or mental health.
- 3) Disclosing accident statistics.
- 4) Complying with health and safety standards and regulations.
- 5) Receiving a safety award.
- 6) Establishing a safety department/committee/policy.
- 7) Conducting research to improve work safety.
- 8) Providing low-cost health care for employees.

Employee other

- (1) Employment of minorities or women:
 - a. Recruiting or employing BS and/or women. #1
 - b. Disclosing percentage or number of BS and/or women employees in the workforce. and/or in the various managerial levels. #1
 - c. Establishing goals for BS representation in the workforce. #1
 - d. Programme for the advancement of BS in the workplace. #1
 - e. Employment of other special interest groups, e.g. the PC, or reformed convicts or drug addicts.
 - f. Disclosures about internal advancement statistics.
- (2) Employee training:
 - a. Training employees through in-house programmes.
 - b. Giving financial assistance to employees in educational institutions or continuing education courses.
 - c. Establishment of trainee centres.

(3) Employee assistance/benefits:

- a. Providing assistance or guidance to employees who are in the process of retiring or who have been redundant.
- b. Providing staff accommodation/ staff home ownership schemes.
- c. Providing recreational activities/facilities.

(4) Employee remuneration:

- a. Providing amount and/or percentage figures for salaries, wages, superannuation.
- b. Any policies/objectives/reasons for the company's remuneration package/ schemes.

(5) Employee profiles: #2

(6) Employee share purchase schemes:

- a. Providing information on the existence of or amount and value of shares offered to employees under a share purchase scheme or pension programme (ESOS).
- b. Providing any other profit sharing schemes.

(7) Employee morale:

- a. Providing information on the company/management's relationships with the employees in an effort to improve job satisfaction and employee motivation.
- b. Providing information on the stability of the workers' jobs and the company's future.
- c. Providing information on the availability of a separate employee report.
- d. Providing information about any awards for effective communication with employees.
- e. Providing information about communication with employees on management styles and management programmes which may directly affect the employees.

(8) Industrial relations:

- a. Reporting on the company's relationship with trade unions and/or workers.
- b. Reporting on any strikes, industrial actions/ activities and the resultant losses in terms of time and productivity.
- c. Providing information on how industrial action was reduced/ negotiated.

(9) Other:

- a. Improvements to the general working conditions – both in the factories and for the office staff.
- b. Information on the re-organisation of the company/branches which affect the staff in any way.
- c. The closing down of any part of the organisation, the resultant redundancies created, and any relocation/retraining efforts made by the company to retain staff.
- d. Information and statistics on employee turnover.

- e. Information about support for day-care, maternity and paternity leave.
- f. Awards/ SA8000. #3

Products

(1) Product development:

- a. Information on developments related to the company's products, including its packaging, e.g. making containers reusable.
- b. The amount/percentage figures of research and development expenditure and/or its benefits.
- c. Information on any research projects set up by the company to improve its product in any way.

(2) Product safety:

- a. Disclosing that products meet applicable safety standards.
- b. Making products safer for consumers.
- c. Conducting safety research on the company's products.
- d. Disclosing improved or more sanitary procedures in the processing and preparation of products.
- e. Information on the safety of the firm's product.

(3) Product quality:

- a. Information on the quality of the firm's products as reflected in prizes/awards received.
- b. Verifiable information that the quality of the firm's product has increased (e.g. ISO 9001).

(4) Consumer related Disclosures

Environment

(1) Environmental pollution:

- a. Pollution control in the conduct of the business operations; capital, operating and research and development expenditures for pollution abatement.
- b. Statements indicating that the company's operations are non-polluting or that they are in compliance with pollution laws and regulations.
- c. Statements indicating that pollution from operations has been or will be reduced.
- d. Prevention or repair of damage to the environment resulting from processing or natural resources, e.g. land reclamation or reforestation.

- e. Conservation of natural resources, e.g. recycling glass, metals, oil, water and paper.
- f. Using recycled materials.
- g. Efficiently using materials resources in the manufacturing process.
- h. Supporting anti-litter campaigns.
- i. Receiving an award relating to the company's environmental programmes or policies.
- j. Preventing waste.

(2) Aesthetics:

- a. Designing facilities harmonious with the environment.
- b. Contributions in terms of cash or art/sculptures to beautify the environment.
- c. Restoring historical buildings/ structures.

(3) Other:

- a. Undertaking environmental impact studies to monitor the company's impact on the environment.
- b. Wildlife conservation.
- c. Protection of the environment, e.g. pest control.

Energy

- 1) Conservation of energy in the conduct of business operations.
- 2) Using energy more efficiently during the manufacturing process.
- 3) Utilising waste materials for energy production.
- 4) Disclosing energy savings resulting from product recycling.
- 5) Discussing the company's efforts to reduce energy consumption.
- 6) Disclosing increased energy efficiency of products.
- 7) Research aimed at improving energy efficiency of products.
- 8) Receiving an award for an energy conservation programme.
- 9) Voicing the company's concern about the energy shortage.
- 10) Disclosing the company's energy policies.
- 11) Renewable energy/ sources/ infrastructure. **#4**

Community

- 1) Donations of cash, products or employee services to support established community activities, events, education, organisations and the arts.
- 2) Summer or part-time employment of students.
- 3) Sponsoring public health projects.

- 4) Aiding medical research.
- 5) Sponsoring educational conferences, seminars or art exhibits.
- 6) Funding scholarship programmes or activities.
- 7) Other special community-related activities, e.g. opening the company's facilities to the public, contribution towards disaster relief. **#5**
- 8) Supporting national pride/ Government sponsored campaigns.
- 9) Supporting the development of local industries or community programmes and activities/ training/ employment generation/ resettlement. **#6**
- 10) Sportspersons/ events. **#7**
- 11) Helping agriculture. **#8**
- 12) SC/ST/ OBC/ Economically backward. **#9**

General CSR Policy

- 1) Corporate objectives/policies: general disclosure of corporate objectives/ policies relating to the social responsibility of the company to the various segments of society.
- 2) Other: disclosing/reporting to groups in society other than shareholders and employees, e.g. consumers; any other information that relates to the social responsibility of the company.
- 3) CSR awards. **#10**

Changes incorporated in Hackston and Milne's [(1996), p.108]s framework, to suit Indian circumstances, as indicated by #, are given below

- #1. The term 'minorities' has been used by Hackston and Milne (1996). In this study, it is interpreted in the context of socially backward sections like Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Categories (OBC) in India.
- #2. The sub-category of 'employee profile' is omitted since the declaration of employees' earnings above a certain amount, as mandated by regulation, does not necessarily indicate employee wellbeing. Further, the analysis undertaken, in terms of the number of disclosures, tends to be skewed, often in favour of companies with large disclosures in employee profile, irrespective of disclosures in other categories.
- #3. Introduced -Awards certifications on employee welfare.

- #4. Introduced- Specific mention of renewable energy initiatives. The Indian government has shown tremendous interest in this area in the form of the National Solar Mission. Energy is important for inclusive growth as well.
- #5. Contribution towards disaster relief introduced as a special community-related activity.
- #6. Introduced - Training/ employment generation/ resettlement as part of employment or training, as initiatives to support the development of local industries.
- #7. Introduced -Sportspersons/ events supported by a company.
- #8. Introduced -Helping agriculture/ animal husbandry. Agriculture plays an important role in the economy, special initiatives for farmers and animal husbandry are included.
- #9. Introduced – Specific mention of initiatives for SC/ST/ OBC/ Economically backward.
- #10. Introduced- CSR awards.

Decision rules for social disclosures [adopted from Hackston and Milne, (1996), p.108]

- Discussion of directors' activities is not to be included as a discussion on employees.
- All sponsorship activity is to be included no matter how much it is advertising.
- All disclosures must be specifically stated; they cannot be implied.
- Good/neutral/bad classifications to be determined from the perspective of the stakeholder group involved.
- If any sentence has more than one possible classification, the sentence should be classified as to the activity most emphasised in the sentence.
- Tables (monetary and non-monetary) which provide information which is on the checklist should be interpreted as one line equals one sentence and classified accordingly.
- Innovations in products or services should not be included unless they are beyond what is necessary to compete in the marketplace or attract business.
- Any discussion of the pension funds or employee share schemes would be classified as good news unless it was clearly to the contrary, e.g. that the scheme had been scrapped.
- Any disclosure which is repeated shall be recorded as a CSD sentence each time it is discussed.
- Discussions relating to the quality of goods and services will not be a CSD unless it contains notice of a verifiable change in quality, e.g. accreditation to the International Standards Organisation (ISO 9000, etc.) quality series standard.

Name	Year							Total
	Environment	Energy	Product/ Consumer	Community	Employee (H&S)	Employee (Other)	General	
Disclosures from text								
Sentence Characteristics								
Monetary/ Good news								
Monetary/ Bad news								
Monetary/ Neutral news								
Non-monetary/ Good news								
Non-monetary/ Bad news								
Non-monetary/ Neutral news								
Declarative/ Good news								
Declarative/ Bad news								
Declarative/ Neutral news								

Total number of sentence

[Adopted from Aras et al., (2010), p. 249]

Appendix III: Instrument to assess CSR activities for target groups

Appendix III: Instrument to assess CSR activities for target groups

Company							Year		
Activity	Backward Sections	Neighbouring Communities	Women	Children	Elderly	Physically challenged	Employees	Investment	Rating
Health									
Education									
Infrastructure									
HR									
Environment									

Total

Appendix IV: List of companies considered for the content analysis study.

Sr. No.	Company Name	Industry type (based on NSE)
1.	ACC Ltd.	Cement & Cement Products
2.	Ambuja Cements Ltd.	Cement & Cement Products
3.	Bajaj Auto Ltd.	Automobile
4.	Bharat Heavy Electricals Ltd. *	Industrial Manufacturing
5.	Bharat Petroleum Corporation Ltd. *	Energy**
6.	Bharti Airtel Ltd.	Telecom**
7.	Cairn India Ltd.	Energy**
8.	Cipla Ltd.	Pharmaceuticals
9.	Coal India Ltd. *	Metals
10.	DLF Ltd.	Construction
11.	Dr Reddy's Laboratories Ltd.	Pharmaceuticals
12.	GAIL (India) Ltd. *	Energy **
13.	Grasim Industries Ltd.	Cement & Cement Products
14.	HCL Technologies Ltd.	Information Technology**
15.	Hero MotoCorp Ltd.	Automobile
16.	Hindalco Industries Ltd.	Metals
17.	Hindustan Unilever Ltd.	Consumer Goods
18.	I T C Ltd.	Consumer Goods
19.	Infosys Ltd.	Information Technology**
20.	Jaiprakash Associates Ltd.	Construction
21.	Jindal Steel & Power Ltd.	Metals
22.	Larsen & Toubro Ltd.	Construction
23.	Mahindra & Mahindra Ltd.	Automobile
24.	Maruti Suzuki India Ltd.	Automobile
25.	NTPC Ltd. *	Energy**
26.	Oil & Natural Gas Corporation Ltd. *	Energy**
27.	Power Grid Corporation of India Ltd. *	Energy**
28.	Ranbaxy Laboratories Ltd.	Pharmaceuticals
29.	Reliance Communications Ltd.	Telecom**
30.	Reliance Industries Ltd.	Energy**
31.	Reliance Infrastructure Ltd.	Energy**

32.	Reliance Power Ltd.	Energy**
33.	Sesa Goa Ltd.	Metals
34.	Siemens Ltd.	Industrial Manufacturing
35.	Steel Authority of India Ltd. *	Metals
36.	Sterlite Industries (India) Ltd.	Metals
37.	Sun Pharmaceutical Industries Ltd.	Pharmaceuticals
38.	Tata Consultancy Services Ltd.	Information Technology**
39.	Tata Motors Ltd.	Automobile
40.	Tata Power Co. Ltd.	Energy**
41.	Tata Steel Ltd.	Metals
42.	Wipro Ltd.	Information Technology**

*- PSUs- rest belong to Private Sector , **Service Industries- rest are Manufacturing firms

Appendix V: Questionnaire survey

Dear Respondent,

This study, on the Corporate Social Responsibility (CSR) scenario in India, is being conducted as a part of doctoral research at the Delhi School of Management, Delhi Technological University (formerly Delhi College of Engineering), Delhi. The purpose of the study is to understand the perceptions, practices and implications of CSR in Indian organisations. I, humbly request you to spare your valuable time and input for this research. The responses collected through this questionnaire survey are for academic purposes only. The respondent's confidentiality will be strictly maintained, and it will not be possible to identify individual responses in the research.

Thank you in advance for your kind cooperation.

Sincerely Yours

Upali Arijita Biswas

Ph.D. Student

In the following questions, please rate your answer according to the following scale (unless stated otherwise)

SA	Strongly agree
A	Agree
N	Neither agree nor disagree
D	Disagree
SD	Strongly disagree

Section A

1. Do the activities listed below form a part of CSR ?

	Activity:	SA	A	N	D	SD
1.	Waste management					
2.	Providing job possibilities to handicapped people					
3.	Offering training possibilities for employees					
4.	Sponsoring the sportspersons /events					
5.	Energy conservation					
6.	Community infrastructure development					
7.	Reducing pollution					
8.	Enhancing the quality of products or services					
9.	Recycling resources (water, metals, etc.)					
10.	Anonymous complaint mechanisms for staff					
11.	Developing non-financial reports for stakeholders					
12.	Contribution towards Healthcare					

		SA	A	N	D	SD
13.	Hiring staff belonging to socially backward classes					
14.	Employee training					
15.	Encouraging business partners to adopt CSR					
16.	Conducting fair business transactions					
17.	Complying with all laws					
18.	Disaster relief					
19.	Special facilities for women employees					
20.	Funding NGOs					
21.	Health and safety of employees					
22.	Tree plantation					
23.	Contribution to education in communities					
24.	Reusable/ biodegradable product packaging					
25.	Renewable sources of energy					
26.	Others (Please specify)					

2. In India, generally CSR is implemented through: (Please rate the options according to the scale: SA- Most prevalent, N- Prevalent, SD- Least prevalent)

	Implementation mode	SA	A	N	D	SD
1.	Socially responsible business practices					
2.	Employee volunteers					
3.	Dedicated CSR department					
4.	Public relations/ Corporate communications					
5.	NGOs and other social institutions					
6.	Assisting government projects					
7.	A definite allocation of budget					
8.	Code of Ethics					
9.	Cause-related marketing initiatives					
10.	Organisation's own foundation					
11.	Following governmental guidelines					
12.	Advertisements with social messages					
13.	Any other (Please specify)					

Section B

3. The following factors motivate Indian organisations to undertake CSR activities:

		SA	A	N	D	SD
1.	Vision of founders					
2.	Vision and beliefs of top management					
3.	Value system of the company					
4.	Access to funds from financial institutions					
5.	Risk management					
6.	Fear of customer activism					
7.	NGO pressure					

		SA	A	N	D	SD
8.	Competitors are doing it					
9.	Create positive publicity through media					
10.	Laws and regulations mandate it					
11.	Influences company revenue positively					
12.	Influence of business associations					
13.	Improves relationship with the investors/associates.					
14.	Tax benefits					
15.	Expectations of society					
16.	Expectations of international partners					
17.	Employee expectations					
18.	Win CSR awards					
19.	Others (Please specify)					

4. The following factors influence the decision to report social and environmental information:

		SA	A	N	D	SD
1.	Express the vision of founders					
2.	Express vision and beliefs of top management					
3.	Show CSR is part of the value system of the company					
4.	Attract investment funds					
5.	Risk management					
6.	Prevent customer activism					
7.	NGO pressure					
8.	Competitors are doing it					
9.	Create positive publicity					
10.	Laws and regulations mandate it					
11.	Influences company revenue positively					
12.	Influence of business associations					
13.	Improves relationship with the investors/associates.					
14.	Tax benefits					
15.	Satisfy community concerns					
16.	Expectations of international partners					
17.	Satisfy employee concerns					
18.	To win CSR awards					
19.	Pre-empt legally imposed requirements					
20.	Others (Please specify)					

5. In your opinion does CSR have a positive impact on the following areas?

		SA	A	N	D	SD
1.	Reduce operational costs					
2.	Increase productivity					
3.	Increase sales					
4.	Increase revenues					

		SA	A	N	D	SD
5.	Enhance customer satisfaction					
6.	Improve product quality					
7.	Lower the cost of capital					
8.	Employee retention					
9.	Attract good employees					
10.	Enhance brand awareness					
11.	Increase market access					
12.	Improve market share					
13.	Encourage innovation					
14.	Increase competitiveness					
15.	Improve firm reputation					
16.	Improve relations with the government					
17.	Improve investor relations					
18.	Ensure organisational motivation					
19.	Act as a public relations campaign					
20.	Others (Please specify)					

Section C

6. How do you envisage the role of the Government in promoting CSR in India?

		SA	A	N	D	SD
1.	Funding awareness programmes amongst organisations					
2.	Providing training to managers					
3.	Creating public awareness about CSR					
4.	Framework for voluntary CSR implementation					
5.	Guidelines for voluntary reporting					
6.	Award schemes for innovative CSR practices					
7.	Initiating public-private partnerships for development					
8.	Define minimum standards for business performance					
9.	Enforce laws for environmental protection					
10.	Enforce labour laws					
11.	Making CSR reporting mandatory					
12.	Making CSR spending mandatory					
13.	Facilitating Socially Responsible Investing (SRI)					
14.	Formulation of information sharing platform					
15.	Naming poor performers					
16.	Tax incentives for CSR activities					
17.	Implementing international principles (ISO 26000, etc.)					
18.	Penalties for non-compliance					
19.	Encouragement for eco-friendly products					
20.	Including CSR elements in public procurement					
21.	Promote investments in clean technology					
22.	Governmental intervention is not necessary					
23.	Others (Please specify)					

7. In the association between NGOs and businesses, how prevalent are the following practices in promoting an organisation's CSR (Please rate the options according to the scale: SA- Most prevalent, N- Prevalent, SD- Least prevalent)

		SA	A	N	D	SD
1.	Meeting of Corporations and NGOs -					
	a. NGOs approach corporate office for funding					
	b. Company invites NGOs					
	c. Government sponsored platforms					
	d. Industry association sponsored platforms					
	e. Web-based platforms					
2.	Selection criterion for NGO partner -					
	a. NGO's reputation for credibility/ stability					
	b. NGO's field of expertise					
	c. Corporation's CSR priority areas					
	d. National/ International visibility					
3.	Objective of the partnership with NGOs -					
	a. Achieves local development goals better					
	b. Provides information about local market					
	c. Diminishes the risk of NGO attacks					
	d. Does not insure against NGO campaigns					
	e. Raises organisational transparency					
	f. Increases risk of information leaks					
	g. Enhances public trust					
	h. Brings credibility to company's CSR commitment					
	i. Enhances the quality of a company's CSR policies					
4.	Difficulties in NGO- Business collaboration -					
	a. Lack of trust between partners					
	b. Lack of coordination in implementation					
	c. NGO inexperience in dealing with corporates					
	d. Lack of commitment of business leaders					
5.	Nature of NGO- Business relationship					
	a. Business-NGO partnerships are collaborative					
	b. Businesses dominate the partnership					
	c. NGOs influence greater power over the partnership					

8. What are the barriers to CSR implementation in India?

		SA	A	N	D	SD
1.	Lack of training opportunities to learn about CSR					
2.	Lack of employees skills					
3.	Lack of employee motivation					
4.	CSR implementation is time-consuming					
5.	CSR is not a priority for organisations					
6.	Not sure which activities constitute CSR					
7.	Lack of knowledge about CSR implementation					
8.	No support from top management					
9.	Lack of funds					
10.	Benefits are not immediate or clear					
11.	Lack of impact assessment mechanisms					
12.	Lack of incentives from government					
13.	Others (Please specify)					

Section D

9. Your opinion about the trends likely to occur in the CSR scenario in the next decade

		SA	A	N	D	SD
1.	CSR integrated as organisational function areas like Human resource, Finance, Marketing, etc.					
2.	Adoption of standards/ guidelines (ISO 26000, etc.)					
3.	Greater public-private partnerships for development					
4.	Strengthening of projects like GRI/ carbon disclosure					
5.	Include CSR in Business school curriculum					
6.	Development of CSR rating agencies in India					
7.	Increase in voluntary CSR reporting					
8.	Increase in legislation on CSR					
9.	Increase in number of independent CSR professionals					
10.	CSR areas likely to gain prominence					
	a. Social, environmental impact of products/ services					
	b. Energy conservation					
	c. Renewable sources of energy					
	d. Climate change					
	e. Employee benefits and remuneration					
	f. Employee development and safety					
	g. Community health					
	h. Education					
	i. Inclusive growth of weaker sections					
	j. Community infrastructure development					
	k. Expectations of CSR commitment from partners					
	l. Green supply chain					
	m. Others (Please specify)					

10. Groups likely to be influencing CSR decision in the scenario in the next decade :

		SA	A	N	D	SD
1.	NGO					
2.	Civil Society/ Community					
3.	Association of business organisations					
4.	Government					
5.	Investors and financial institutions					
6.	Consumers					
7.	Competitors					
8.	Employees and trade unions					
9.	International/ Inter-governmental institutions					
10.	Media					

11. What incentives will encourage companies to implement CSR practices?

		SA	A	N	D	SD
1.	Financial assistance from the Government					
2.	Tax benefits					
3.	Concessional credit / grant access schemes					
4.	Facilitated participation in business networks					
5.	Linkages with larger firms					
6.	Free or subsidised counselling					
7.	Others (Please specify)					

12. In your opinion what should be the Key Performance Measures in an index measuring CSR performance of an organisation?

		SA	A	N	D	SD
1.	Involvement of senior executives in directing & driving CSR					
2.	Company displays consistent CSR culture/ principles					
3.	Mechanism for identification for CSR projects					
4.	Mechanism for assignment of appropriate resources and assistance to CSR initiatives					
5.	Allocation of financial resources to support CSR					
6.	Mechanism for CSR policy and strategy formulation					
7.	Constitution of CSR related committees at different levels					
8.	Integration of CSR in strategy formulation for business					
9.	Communication of CSR policy & strategy to internal stakeholders					
10.	Communication of CSR policy & strategy to external stakeholders					
11.	Systematic implementation of CSR activities					

		SA	A	N	D	SD
12.	Responsible behaviour of vendors and partners					
13.	Active promotion of CSR outside the organisation					
14.	Presence of mechanism for review of CSR policy regularly					
15.	Assessment of stakeholder views on CSR					
16.	Employee involvement in CSR implementation					
17.	Improvement in the quality of employee work life					
18.	Initiatives to improve occupational health and safety					
19.	Creativity & innovation through socially responsible practices					
20.	Presence of mechanism to monitor CSR related processes					
21.	Sourcing of natural resources for operations					
22.	Improvement in product and service quality and organisational processes					
23.	Perception of the community of the organisation's impact on society					
24.	Mechanism to measure organisation's impact on society and environment					
25.	Financial measures for the success of organisation's CSR policy					
26.	Non- financial measures for the success of organisation's CSR policy					
27.	Nature of evidence provided in CSR reporting					
28.	Others (Please specify)					

Kindly provide the details below:

Your Designation: _____

➤ Please specify the nature of your association with the CSR activities (in your Organisation)

(Please tick the option most suitable to you)

- _____ Involved in CSR decision making and implementation in the organisation
- _____ Employee volunteer
- _____ Non-governmental Organisation
- _____ Independent CSR professional
- _____ Other (Please Specify) _____

➤ Which of the following best describes your industry sector? (You may tick more than one)

1.	Automobile	
2.	Chemicals	
3.	Cement & Cement production	
4.	Construction	
5.	Consumer goods	
6.	Energy	
7.	Financial services	
8.	Forestry, pulp and paper	
9.	Industrial manufacturing	

10.	Information Technology	
11.	Metals	
12.	Media & Entertainment	
13.	Pharmaceutical	
14.	Retail	
15.	Telecom	
16.	Textiles and clothing	
17.	Tourism	
18.	Other (Please specify)	

THANK YOU !

Appendix VI : Detailed respondent profile

The CSR personnel from organisations, CSR consultants and NGOs who responded to the questionnaire survey have experience of working with the following CNX 100 companies, which also include the Nifty 50 companies.

CNX 100 companies represented by respondents

Sr. No.	Company Name	Industry type (based on CNX 100)
1.	ACC Ltd.	Cement & Cement Products
2.	Adani Enterprises Ltd.	Trading**
3.	Adani Ports and Special Economic Zone Ltd.	Shipping**
4.	Aditya Birla Nuvo Ltd.	Diversified
5.	Ambuja Cements Ltd.	Cement & Cement Products
6.	Apollo Hospitals Enterprises Ltd.	Miscellaneous**
7.	Ashok Leyland Ltd.	Automobile
8.	Asian Paints Ltd.	Paints
9.	Axis Bank Ltd.	Banks**
10.	Bajaj Auto Ltd.	Automobile
11.	Bajaj Finserv Ltd.	Finance**
12.	Bajaj Holdings & Investment Ltd.	Finance**
13.	Bank of Baroda*	Banks**
14.	Bank of India*	Banks**
15.	Bharat Forge Ltd.	Castings/Forgings
16.	Bharat Heavy Electricals Ltd.*	Industrial Manufacturing (Electrical Equipment)
17.	Bharat Petroleum Corporation Ltd.*	Energy (Refineries) **
18.	Bharti Airtel Ltd.	Telecommunication - Services**
19.	Bosch Ltd.	Auto Ancillaries
20.	Cairn India Ltd.	Energy (Oil Exploration/Production) **
21.	Canara Bank*	Banks**
22.	Cipla Ltd.	Pharmaceuticals
23.	Coal India Ltd.*	Metals (Mining)
24.	Colgate Palmolive (India) Ltd.	Personal Care
25.	Container Corporation of India Ltd.*	Travel & Transport**
26.	Crompton Greaves Ltd.	Electrical Equipment
27.	Cummins India Ltd.	Diesel Engines
28.	DLF Ltd.	Construction
29.	Dabur India Ltd.	Personal Care

30.	Dr Reddy's Laboratories Ltd.	Pharmaceuticals
31.	Exide Industries Ltd.	Auto Ancillaries
32.	Federal Bank Ltd.	Banks**
33.	GAIL (India) Ltd.*	Energy (Gas) **
34.	GlaxoSmithKline Consumer Healthcare Ltd.	Food & Food Processing
35.	GlaxoSmithKline Pharmaceuticals Ltd.	Pharmaceuticals
36.	Glenmark Pharmaceuticals Ltd.	Pharmaceuticals
37.	Godrej Consumer Products Ltd.	Personal Care
38.	Grasim Industries Ltd.	Cement & Cement Products
39.	HCL Technologies Ltd.	Information Technology**
40.	HDFC Bank Ltd.	Banks**
41.	Hero MotoCorp Ltd.	Automobile
42.	Hindalco Industries Ltd.	Metals (Aluminium)
43.	Hindustan Petroleum Corporation Ltd.*	Energy (Refineries) **
44.	Hindustan Unilever Ltd.	Consumer Goods (Diversified)
45.	Housing Development Finance Corporation Ltd.	Finance - Housing**
46.	I T C Ltd.	Consumer Goods (Cigarettes)
47.	ICICI Bank Ltd.	Banks**
48.	IDBI Bank Ltd.*	Banks**
49.	IDFC Ltd.	Financial Institution**
50.	Idea Cellular Ltd.	Telecommunication - Services**
51.	Indian Hotels Co. Ltd.	Hotels**
52.	IndusInd Bank Ltd.	Banks**
53.	Infosys Ltd.	Information Technology**
54.	JSW Steel Ltd.	Metals (Steel & Steel Products)
55.	Jaiprakash Associates Ltd.	Construction
56.	Jindal Steel & Power Ltd.	Metals (Steel & Steel Products)
57.	Kotak Mahindra Bank Ltd.	Banks**
58.	LIC Housing Finance Ltd.*	Finance – Housing**
59.	Larsen & Toubro Ltd.	Construction (Engineering)
60.	Lupin Ltd.	Pharmaceuticals
61.	Mahindra & Mahindra Ltd.	Automobile
62.	Maruti Suzuki India Ltd.	Automobile
63.	Mphasis Ltd.	Information Technology**
64.	NMDC Ltd.*	Mining
65.	NTPC Ltd.*	Energy (Power)**
66.	Oil & Natural Gas Corporation Ltd.*	Energy (Oil Exploration/Production)**
67.	Oracle Financial Services Software Ltd.	Computers – Software**
68.	Petronet LNG Ltd.	Energy (Gas)**
69.	Power Finance Corporation Ltd.*	Financial Institution**

70.	Power Grid Corporation of India Ltd. *	Energy (Power)**
71.	Punjab National Bank*	Banks**
72.	Ranbaxy Laboratories Ltd.	Pharmaceuticals
73.	Reliance Capital Ltd.	Finance**
74.	Reliance Communications Ltd.	Telecommunication – Services**
75.	Reliance Industries Ltd.	Energy (Refineries)**
76.	Reliance Infrastructure Ltd.	Energy (Power)**
77.	Reliance Power Ltd.	Energy (Power)**
78.	Rural Electrification Corporation Ltd. *	Financial Institution**
79.	Sesa Goa Ltd.	Metal (Mining)
80.	Shriram Transport Finance Co. Ltd.	Finance**
81.	Siemens Ltd.	Industrial Manufacturing (Electrical Equipment)
82.	State Bank of India*	Banks**
83.	Steel Authority of India Ltd.*	Metal (Steel & Steel Products)
84.	Sterlite Industries (India Ltd.)	Metal
85.	Sun Pharmaceutical Industries Ltd.	Pharmaceuticals
86.	Tata Chemicals Ltd.	Chemicals (Inorganic)
87.	Tata Consultancy Services Ltd.	Information Technology**
88.	Tata Global Beverages Ltd.	Tea & Coffee
89.	Tata Motors Ltd.	Automobile
90.	Tata Power Co. Ltd.	Energy (Power)**
91.	Tata Steel Ltd.	Metal (Steel & Steel Products)
92.	Tech Mahindra Ltd.	Information Technology**
93.	Titan Industries Ltd.	Gems Jewellery & Watches
94.	UltraTech Cement Ltd.	Cement & Cement Products
95.	Union Bank of India*	Banks**
96.	United Breweries Ltd.	Brew/Distilleries
97.	United Phosphorus Ltd.	Pesticides & Agrochemicals
98.	Wipro Ltd.	Information Technology**
99.	Yes Bank Ltd.	Banks**
100.	Zee Entertainment Enterprises Ltd.	Media & Entertainment**

*- PSUs- rest belong to Private Sector , **Service Industries- rest are Manufacturing firms

Apart from a few independent CSR consultants, the respondents have worked with the following consultancies, some of which specialise in CSR related issues.

Consultants

1. Association for Stimulating Know How (ASK)	20. Emergent Ventures International
2. Astral Consulting Ltd	21. Enduring Value - Corporate Citizenship Advisory & Practice LLP
3. Capgemini	22. Ernst & Young (Climate Change & Sustainability Services)
4. Capital IQ	23. Global Gandhian Trusteeship & Corporate Responsibility Foundation
5. Carbon Credit Capital LLC	24. Green Earth Alliance
6. Catalyst Management Services (CMS)	25. Green Evangelist
7. Centre for Responsible Business	26. Greenlife Foundation
8. Centre for Training and Research in Responsible Business & Social Entrepreneurship	27. Green Resources Technologies
9. Conexus Social Responsibility Services	28. Indian Centre for Corporate Social Responsibility (ICCSR)
10. Conserve Consultants Pvt. Ltd.	29. International Institute of Corporate Sustainability and Responsibility (IICSR)
11. CRBiz (Corporate Responsibility in Business)	30. Jeevan Paryavaran BioSolution Pvt. Ltd.
12. CSR Advisors	31. KPMG (Climate Change & Sustainability Services)
13. CSR Consulting Company	32. Partners in Change (PiC)
14. CSR Development Stories Pvt Ltd	33. Praj Industries Ltd.
15. CSR India	34. Pure Research Pvt. Ltd.
16. CSR International	35. PwC
17. CSR Links	36. RSM GC Advisory
18. CSRway	37. Sharp foundation
19. Deloitte	38. Water Harvesters

Some respondents have been associated with the following NGOs.

NGOs

1. 4th Wheel	28. Magic Bus India
2. ActionAid	29. Manushuo-Uthan
3. Akshaya Patra	30. Mission for Vision
4. Akshaya Rehabilitation Trust	31. Naandi Foundation
5. B-ABLE (Basix Academy For Building Lifelong Employability)	32. Oxfam India
6. Bhavishy Bharat Foundation	33. Pratham Education Foundation
7. Byrraju Foundation	34. REACH (Renewed Efforts Against Child Hunger and Undernutrition)
8. Care India	35. Room to Read
9. Center for Education and Communication	36. Salutory India C.E.S.D
10. Charities Aid Foundation (CAF) India	37. Save the Children
11. Child In Need Institute - CINI	38. SEWA-Self Employed Women's Association
12. ChildFund India	39. Smile Foundation
13. Childreach International	40. Society for Educational Welfare and Economic Development (SEED)
14. CRY	41. Society For Inclusive Development (SFID)
15. CSR – sPrayas	42. SOS Children's Villages
16. Doosra Dashak	43. Sustainable Green Initiative
17. Ekjaa Foundation	44. Teach For India
18. Foundation for Ecological Security	45. The Art of Living Foundation
19. FXB India Suraksha	46. The Asia Foundation (TAF)
20. GiveIndia Foundation	47. The Leprosy Mission
21. Green Grameen Foundation	48. Trinity Care Foundation
22. Hamraah Foundation	49. Udayan Care
23. HelpAge India	50. United Way of Mumbai
24. HOPE Foundation	51. Uttar Pradesh Voluntary Action Network
25. Khushii NGO	52. Uttar Pradesh Voluntary Health Association
26. LEAD India (Leadership for Environment and Development)	53. Wockhardt Foundation
27. Madad Welfare Society	54. World Vision

Some respondents also mentioned prior experience of working with the following company foundations, government departments, International bodies, and business associations.

Company foundations

1. Ambuja Cement Foundation	10. Max India Foundation
2. Azim Premji Foundation	11. Reliance Foundation
3. Bharti Foundation	12. Reliance Life Sciences
4. Dr Reddy's Foundation	13. Sahara Welfare Foundation
5. ICICI Foundation for Inclusive Growth	14. Suzlon Foundation
6. IDFC Foundation	15. Tata Steel Rural Development Society
7. K.C Mahindra Education Trust	16. Tech Mahindra Foundation
8. Kamalnayan Jamnalal Bajaj Foundation	17. Times Foundation
9. Mahindra Satyam Foundation	

Governmental Departments and Institutions

1. Advocacy & Employment Committee All India Confederation of the Blind	9. Ministry of Rural Development (MoRD,GoI)
2. Bureau of Energy Efficiency, Ministry of Power, Govt. of India	10. NABARD
3. Delhi Commission for Protection of Child Rights	11. National Dairy Development Board
4. Department for International Development (DFID)	12. National Institute for the Mentally Handicapped
5. Federation of Indian Women Entrepreneurs	13. People's Institute of Rural Development (PIRD)
6. IICA	14. Planning Commission
7. Ministry of Health and Family Welfare GoI	15. Reserve Bank of India
8. Ministry of Human Resource Development GoI	16. RugMark International

International bodies

1. International Food Policy Research Institute (IFPRI)	6. United Nations Development Programme (UNDP)
2. People for the Ethical Treatment of Animals (PETA)	7. United Nations Population Fund (UNFPA)
3. Social Accountability International (SAI)	8. United Nations World Food Programme (WFP)
4. UN Women	9. US AID
5. United Nations Children's Fund (UNICEF)	10. World Health Organisation (WHO)

Industry Chambers, Associations, Federations

1. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
2. CII-ITC Centre of Excellence for Sustainable Development
3. Confederation of Indian Industry (CII)
4. Federation of Indian Chambers of Commerce and Industry (CSR)
5. PHD Chamber of Commerce and industry

Some respondents had experience working with the following companies which are not a part of the CNX 100 or Nifty 50 list.

Companies not included in CNX 100

1. Aircel Ltd.	23. JK Alkon
2. Apex Cluster Development Services Pvt. Ltd	24. Jubilant Life Sciences Limited
3. ATHA GROUP	25. L&T Infotech
4. Ballarpur paper	26. Maanaveeya Development & Finance Ltd.
5. Binani Industries Ltd	27. Moser Baer India Ltd.
6. Birla Sun Life Insurance	28. Mudra Communications Pvt. Ltd.
7. Bureau Veritas Consumer Products Services	29. NASSCOM Foundation
8. DB Power Limited	30. Nestle
9. DS group	31. Nokia Siemens Networks (Global Supply Chain)
10. DSJ Communications Limited	32. Panasonic India
11. Enron	33. PepsiCo Global Strategy
12. Essar Group	34. Polaris Software Lab
13. Finolex Industries Limited	35. ReNew Power
14. Freedom Integrated Communications	36. Royal Bank of Scotland
15. Future Grow Real Estate Pvt Ltd	37. Sahara India Pariwar
16. Gammon India Ltd	38. SMEC
17. Genesis Burson-Marsteller (GBM)	39. Syntel
18. Green Resources Technologies	40. Tata Chemicals
19. IBM India	41. Tata Teleservices
20. Icreon Communications Pvt. Ltd.	42. Tata Teleservices Ltd.
21. IndusInd Bank	43. TVS motors
22. J&K Cement	44. Wal-Mart Global Sourcing

Respondents have work-experience in different industries.

Respondent profile: Industry experience

Industry	Respondents with work-experience (percentage)
Automobile	5.24
Chemicals (including agrochemicals)	5.76
Cement and Cement production	5.76
Construction	9.42
Consumer goods	13.09
Energy (refineries/ production)	16.75
Financial services (including Banks)	13.09
Forestry, pulp and paper	2.62
Industrial manufacturing	6.81
Information Technology	15.71
Metals (Steel/ Aluminium)	5.76
Media and Entertainment	3.66
Pharmaceutical	3.66
Retail	3.14
Telecom	4.19
Textiles and clothing	3.14
Tourism/ Travel	4.19
Other	48.16
1. Brew/Distilleries	1.0
2. Hospitals	5.1
3. Hotels	4.73
4. Gems and Jewellery	3.0
5. Paints	5.1
6. Castings/Forgings	2.51
7. Diesel engines	3.0
8. Food & Food Processing	6.32
9. Healthcare	6.0
10. Shipping/ port	2.1
11. Personal Care	5.1
12. Trading	2.2
13. Electrical Equipment	2.0

Appendix VII: CSR committee(s) and awards by leading business chambers and associations

Organisation	Committee/ Centre for CSR	Awards constituted
FICCI	FICCI Aditya Birla CSR Centre for excellence	FICCI Corporate Social Responsibility Award' (India's first CSR award since 1999)
ASSOCHAM	ASSOCHAM Foundation for Corporate Social Responsibility; National council	ASSOCHAM Responsible Organisation Excellence Awards previously ASSOCHAM CSR Excellence Awards
CII	CII-ITC Centre of Excellence for Sustainable Development	
PHD Chamber of Commerce and Industry	Committee on CSR	

Appendix VIII: Company foundations as CSR delivery vehicles

CSR foundations as mentioned by certain companies, out of the 42 non-financial Nifty companies considered in the content analysis study, in their annual reports (2004-2011)

Sr. No.	Company Name	CSR Foundation
1.	Ambuja Cements Ltd.	Ambuja Cement Foundation
2.	Bajaj Auto Ltd.	Jamnalal Bajaj Foundation (JBF – Foundation), Jankidevi Bajaj Gram Vikas Sanstha (JBGVS), Group Trusts for Colleges, Marathwada Medical & Research Institute (MMRI), Fuji Guruji Memorial Trust, Kamalnayan Bajaj Charitable Trust, Jamnalal Bajaj Seva Trust, Bajaj Allianz Insurance Companies
3.	Bharti Airtel Ltd.	Bharti Foundation
4.	Cipla Ltd.	Cipla Foundation (Palliative care and training centre)
5.	DLF Ltd.	DLF Foundation
6.	Dr Reddy's Laboratories Ltd.	Dr Reddy's Foundation for Health Education (DRFHE), Dr Reddy's Foundation (DRF)
7.	Grasim Industries Ltd.	Aditya Birla Centre for Community Initiatives and Rural Development
8.	Hero MotoCorp Ltd.	Raman Kant Munjal Foundation, Raman Munjal Grameen Vikas Kendra
9.	Hindalco Industries Ltd.	Aditya Birla Centre for Community Initiatives and Rural Development
10.	Hindustan Unilever Ltd.	Hindustan Unilever Vitality Foundation (only from 2012)
11.	Infosys Ltd.	Infosys Foundation; Infosys Science Foundation
12.	Jaiprakash Associates Ltd.	Jaiprakash Seva Sansthan (not-for-profit trust)
13.	Jindal Steel & Power Ltd.	Jindal Trust
14.	Larsen & Toubro Ltd.	Larsen and Toubro Public Charitable Trust, Prayas Trust (Ladies Trust)
15.	Mahindra & Mahindra Ltd.	K.C. Mahindra Education Trust, Mahindra Foundation
16.	NTPC Ltd. *	NTPC- NTPC foundation(physically challenged), NIOH disability and rehabilitation centre (NFNDRC)
17.	Ranbaxy Laboratories Ltd.	Ranbaxy Community Healthcare Society (RCHS 1979), Ranbaxy Sanjeevan Swasthya Seva, Maatra Shishu Swasthya Seva and Ranbaxy Science Foundation (RSF)

18.	Reliance Industries Ltd.	Reliance Industries Limited- Dhirubhai Ambani Foundation (DAF), Dhirubhai Ambani Memorial Trust (senior citizens), MGCC Area Development And Research Foundation (MADER), Reliance Rural Development Trust (RRDT)
19.	Reliance Power Ltd.	Dhirubhai Ambani Foundation
20.	Sesa Goa Ltd.	Sesa Community Development Foundation
21.	Sterlite Industries (India) Ltd.	Sterlite Foundation, Sterlite Women Empowerment Project, Vedanta Medical Research Foundation
22.	Tata Consultancy Services Ltd.	TATA Council of Community Initiatives
23.	Tata Power Co. Ltd.	TATA Power Community Development Trust (community satisfaction index)
24.	Tata Steel Ltd.	Corporate Sustainability Services (CSS), TATA Steel Rural Development Society (TSRDS), TATA Steel Family Initiative Foundation(TSFIF), Tribal Culture And Society(TCS)
25.	Wipro Ltd.	Azim Premji Foundation

ACC Ltd., BHEL, BPCL, Cairn India Ltd., Coal India Ltd., GAIL (India) Ltd., HCL Technologies Ltd., ITC Ltd., Maruti Suzuki India Ltd., ONGC, PGCI, Reliance Communications Ltd., Reliance Infrastructure Ltd., Siemens Ltd., SAIL, Sun Pharmaceutical Industries Ltd. and Tata Motors Ltd. did not mention the role of a company foundation while disclosing their CSR activities in their annual reports (2004-2011).

Appendix IX : Pearson correlations matrix and descriptive statistics

Relation between CSR-CSP: Pearson correlations matrix and descriptive statistics for the measures of size, risk, financial and social performance

1. Availability of funds hypothesis- CSR_t as dependent CFP_{t-1} as independent

Table 1: Pearson correlations matrix and descriptive statistics for the availability of funds hypothesis (2009-2010)

	Dependent	Control			Independent	
	CSD2010	TA2009	DTA2009	SALES2009	PAT2009	ROA2009
CSD2010	1.000	.231	.033	.097	.085	-.145
TA2009		1.000	.417**	.481**	.491**	-.512**
DTA2009			1.000	.308*	.084	-.338*
SALES2009				1.000	.673**	.229
PAT2009					1.000	.439*
ROA2009						1.000
Descriptive statistics						
N	42	42	42	42	42	42
Minimum	73.00	3.40	.00	0.00	1.73	0.15
Maximum	612.00	5.30	52.17	1.41	4.21	1.07
Mean	357.357	4.190	23.749	.530	3.250	.576
Std. Deviation	141.303	.432	10.289	.387	.463	.154

* Significant ($p < 0.05$); **Significant ($p < 0.01$)

Table 2: Pearson correlations matrix and descriptive statistics for the availability of funds hypothesis (2009-2008)

	Dependent	Control			Independent	
	CSD2009	TA2008	DTA2008	SALES2008	PAT2008	ROA2008
CSD2009	1	.329*	-.182	.175	.392*	-.194
TA2008		1	.311*	.460**	.643**	-.457**
DTA2008			1	.108	-.01	-.377*
SALES2008				1	.745**	.159
PAT2008					1	.151
ROA2008						1
Descriptive statistics						
N	42	42	42	42	40	42
Minimum	91	3.18	0	0	1.98	-.1987
Maximum	552	5.07	2.01	51.15	4.29	1.5404
Mean	292.95	4.0886	.4267	22.6252	3.2685	.2613
Std. Deviation	117.6893	.4275	.4891	9.8643	.4297	.2487

* Significant ($p < 0.05$); **Significant ($p < 0.01$)

Table 3: Pearson correlations matrix and descriptive statistics for the availability of funds hypothesis (2008-2007)

	Dependent	Control			Independent	
	CSD2008	TA2007	DTA2007	SALES2007	PAT2007	ROA2007
CSD2008	1	.310*	-.029	.469**	.429**	.062
TA2007		1	.075	.574**	.814**	-.253
DTA2007			1	-.148	-.215	-.315*
SALES2007				1	.767**	.22
PAT2007					1	.232
ROA2007						1
Descriptive statistics						
N	42	41	41	41	40	41
Minimum	0	2.3	0	0	.54	-.0010
Maximum	552	4.96	7.54	48.16	25.01	.7862
Mean	252.88	3.9566	.5920	21.399	12.1216	.2715
Std. Deviation	140.8495	.4844	1.2113	9.6528	4.3589	.1644

* Significant (p< 0.05); **Significant (p< 0.01)

2. Social impact hypothesis- with CFP(t) as dependent variable and CSP(t-1) as independent variable

Table 4: Pearson correlations matrix and descriptive statistics for the social impact hypothesis (2010-2009)

	Dependent		Control			Independent
	ROA2010	PAT2010	TA 2009	SALES 2009	DTA2009	CSD2009
ROA2010	1	.439***	-.512**	.160	-.345*	-.012
PAT2010		1	.506**	.690**	.039	.357*
TA2009			1	.557**	.455***	.290*
SALES2009				1	.255	.297*
DTA2009					1	-.024
CSD2009						1
Descriptive Statistics						
N	41	41	42	42	42	42
Minimum	-1.685	2.437	3.395	.000	.000	91.000
Maximum	.039	4.224	5.302	52.166	1.414	552.000
Mean	-.737	3.339	4.190	23.749	.530	292.952
Std. Deviation	.3555	.3975	.4321	10.2885	.3868	117.6893

*significant at p<.05; **significant at p<.001; *** significant at p< .01

Table 5: Pearson correlations matrix and descriptive statistics for the social impact hypothesis (2009-2008)

	Dependent		Control			Independent
	ROA2009	PAT2009	TA 2008	SALES 2008	DTA2008	CSD2008
ROA2009	1	.437**	-.545***	.193	-.366*	.01
PAT2009		1	.450**	.670***	.063	.428**
TA2008			1	.460**	.387*	.350*
SALES2008				1	.241	.462**
DTA2008					1	.088
CSD2008						1
Descriptive Statistics						
N	42	42	42	42	42	42
Minimum	.15	1.73	3.18	0	0	0
Maximum	1.07	4.21	5.07	51.15	1.42	552
Mean	.576	3.250	4.089	22.625	.529	252.88
Std. Deviation	.1537	.4630	.4275	9.8643	.3874	140.8495

*significant at $p < .05$; **significant at $p < .01$; *** significant at $p < .001$;

Table 6: Pearson correlations matrix and descriptive statistics for the social impact hypothesis (2008-2007)

	Dependent		Control			Independent
	ROA2008	PAT2008	TA 2007	SALES 2007	DTA2007	CSD2007
ROA2008	1	.279	-.119	.157	-.216	.085
PAT2008		1	.826***	.711***	.025	.465**
TA2007			1	.574***	.075	.367*
SALES2007				1	-.148	.402**
DTA2007					1	-.119
CSD2007						1
Descriptive Statistics						
N	40	40	41	41	41	42
Minimum	.09	1.98	2.3	0	0	0
Maximum	1.24	4.29	4.96	48.16	7.54	585
Mean	.497	3.269	3.957	21.399	.592	216.66
Std. Deviation	.1833	.4297	.4844	9.6528	1.2113	127.1503

*significant at $p < .05$; **significant at $p < .01$; *** significant at $p < .001$;

3. Social impact hypothesis- with R&D Intensity as independent variable

Table 7: Pearson correlations matrix and descriptive statistics with R&D Intensity (2010-2009)

	Dependent		Control				Independent
	ROA 2010	PAT 2010	TA 2009	SALES 2009	DTA 2009	R&D Intensity 2009	CSD2009
ROA2010	1	.439**	-.512**	.16	-.345*	.058	-.012
PAT2010		1	.506**	.690***	.039	-.201	.357*
TA 2009			1	.481**	.417**	-.19	.308*
SALES2009				1	.308*	-.460**	.183
DTA2009					1	-.129	-.078
R&D Intensity 2009						1	.237
CSD2009							1
Descriptive Statistics							
N	41	41	42	42	42	41	42
Minimum	-1.68	2.44	3.4	0	0	0	91
Maximum	.04	4.22	5.3	52.17	1.41	10.456	552
Mean	-.737	3.339	4.190	23.749	.530	1.622	292.952
Std. Dev.	.3555	.3975	.4321	10.2885	.3868	2.9824	117.6893

* Significant (p< 0.05); **Significant (p< 0.01) ;***significant at<.001

Table 8a: Pearson correlations matrix with R&D Intensity (2009-2008)

	Dependent		Control				Independent
	ROA 2009	PAT 2009	TA 2008	SALES 2008	DTA 2008	R&D Intensity 2008	CSD2008
ROA2009	1	.437**	-.545***	.193	-.366*	-.054	.01
PAT2009		1	.450**	.670***	.063	-.241	.428**
TA 2008			1	.460**	.387*	-.229	.350*
SALES2008				1	.241	-.312*	.462**
DTA2008					1	-.038	.088
R&D Intensity 2008						1	.078
CSD2008							1

Table 8b: Descriptive statistics with R&D Intensity (2009-2008)

Descriptive Statistics							
N	42	42	42	42	42	41	42
Minimum	.15	1.73	3.18	0	0	0	0
Maximum	1.07	4.21	5.07	51.15	1.42	12.992	552
Mean	.576	3.250	4.089	22.625	.529	1.399	252.881
Std. Deviation.	.1537	.4630	.4275	9.8643	.3874	3.0209	140.8495

* Significant ($p < 0.05$); **Significant ($p < 0.01$)

Table 9: Pearson correlations matrix and descriptive statistics with R&D Intensity (2008-2007)

	Dependent		Control				Independent
	ROA 2008	PAT 2008	TA 2007	SALES 2007	DTA 2007	R&D Intensity 2007	CSD2007
ROA2008	1	.279	-.119	.157	-.216	-.04	.085
PAT2008		1	.826***	.711***	.025	-.197	.465**
TA 2007			1	.574***	.075	-.162	.367*
SALES2007				1	-.148	-.29	.402**
DTA2007					1	.01	-.119
R&D Intensity 2007						1	-.039
CSD2007							1
Descriptive Statistics							
N	40	40	41	41	41	40	42
Minimum	.09	1.98	2.3	0	0	0	0
Maximum	1.24	4.29	4.96	48.16	7.54	10.9018	585
Mean	.497	3.269	3.957	21.399	.592	1.21.567	216.66
Std. Deviation.	.1833	.4297	.4844	9.6528	1.2113	2.5193	127.1503

* Significant ($p < 0.05$); **Significant ($p < 0.01$)

Appendix X: Performance indicators under different CSR categories, for measurement of CSR Activity score

	Employee H&S		
1	Reducing hazards, pollutants/ Declarative	24	Financial assistance for education/ Non-monetary disclosure
2	Reducing hazards/ Non-monetary disclosure	25	Financial assistance for education/ Amount spent
3	Reducing hazards/ Monetary disclosure	26	Benefits to employees
4	Health and safety/ Declarative	27	Remuneration
5	Health and safety/ accidents reduced or prevented	28	Employee share purchase scheme
6	Health and safety standards/ Declarative	29	Employee motivation
7	Health and safety standards/ Non-monetary disclosure	30	Relation with trade unions/ Number of strikes, industrial disputes
8	Health and safety standards/ Amount spent	31	Relocation of employees after shutting down branch
9	Safety award(s) received	32	Personnel turnover
10	Safety committee, training, etc./ Declarative	33	Maternity, paternity, daycare
11	Safety committee, training, etc./ Non-monetary disclosure	34	HR Awards
12	Safety committee training, etc. / Amount spent		Product
13	Low cost health care/ Declarative	35	Product development/ Declarative
14	Low cost health care/ Non-monetary disclosure	36	Product development/ Non-monetary disclosure
15	Low cost health care/ Monetary disclosure	37	Product development/ Amount spent
	Employee Other	38	Product safety
16	Women/ weaker sections/ Declarative		Environment
17	Women/ weaker sections/ Quantitative disclosure	39	Pollution control/ Declarative
18	Disabled/ Declarative (Recruitment, etc.)	40	Pollution control/ Non-monetary disclosure (emission reduction, etc.)
19	Disabled/ Quantitative disclosure	41	Pollution control/ Amount spent
20	Employee training/ Declarative	42	Prevention of environmental damage/ Declarative (reforestation, etc.)
21	Employee training/ Non-monetary disclosure (training hours, etc.)	43	Prevention of environmental damage/ Non-monetary disclosure
22	Employee training/ Amount spent	44	Prevention of environmental damage/ Amount spent
23	Financial assistance for education/ Declarative	45	Resource reduction/ Declarative

	Declarative		
46	Resource reduction/ Non-monetary disclosure	71	Public health/ Non-monetary disclosure
47	Resource reduction/ Monetary disclosure	72	Public health/ Amount spent
48	Environmental Awards	73	Medical research
49	Waste management/ Declarative	74.	Support to education/ Declarative
50	Waste management/ Non-monetary disclosure	75.	Support to education/ Non-monetary disclosure
51	Waste management/ Monetary disclosure	76.	Support to education/ Monetary disclosure
52	Sustainable buildings	77.	Disaster relief/ Declarative
53	Support to historical structures	78.	Disaster relief/ Non-monetary disclosure
54	Environment monitoring/ Declarative	79.	Disaster relief/ Monetary disclosure
55	Wild life conservation	80.	Supporting government initiatives
	Energy	81.	Livelihood / Declarative
56	Energy conservation/ Declarative	82.	Livelihood / Non-monetary disclosure
57	Energy conservation/ Non-monetary disclosure	83.	Livelihood / Monetary disclosure
58	Energy conservation/ Monetary disclosure	84.	Agriculture/ animal husbandry/ Declarative
59	Energy from waste/ Declarative	85.	Agriculture/ animal husbandry/ Non-monetary disclosure
60	Energy from waste/ Non-monetary disclosure	86.	Agriculture/ animal husbandry / Amount spent
61	Energy from waste/ Monetary disclosure	87.	Sports person or events (Olympic)
62	Energy efficiency of products	88.	Weaker sections / Declarative
63	Energy awards	89.	Weaker sections / Non-monetary disclosure
64	Renewable energy/ Declarative	90.	Weaker sections / Monetary disclosure
65	Renewable energy/ Non-monetary disclosure		General Activity
66	Renewable energy/ Monetary disclosure	91.	CSR policies/ Declarative
	Community	92.	CSR policies/ Quantitative disclosure
67	Community development/ Declarative	93.	CSR report
68	Community development/ Non-monetary disclosure	94.	CSR Awards
69	Community development/ Monetary disclosure	95.	Sub-contractors/ supplier CSR programmes
70	Public health/ Declarative		

Appendix XI: CA-AHP model calculations

The tables below display the detailed calculation of local and global priorities for assigning weightage to parameters, to gauge a company's CSR.

1) Calculations for values presented in Figure 7.1

Table 1: Local priorities for CSR Criteria (CSR activity, CSR disclosure, CSR target)

	CSR activity	CSR disclosure	CSR Target	Local priority (Eigen Vector)
CSR activity	1	7	2	.5917
CSR disclosure	.1429	1	.2	.0751
CSR Target	.5	5	1	.3332

Maximum eigenvalue = 3.01415; Consistency Ratio (C.R.) = 0.71%

Table 2: Local and Global priorities for factors under CSR Target groups

	Child	Women	Elderly	PC	BS	Employee	Local priorities	Global priorities (x .3332)
Child	1	1	1	1	1	8	.1951	.0650
Women	1	1	1	1	1	8	.1951	.0650
Elderly	1	1	1	1	1	8	.1951	.0650
PC	1	1	1	1	1	8	.1951	.0650
BS	1	1	1	1	1	8	.1951	.0650
Employee	.125	.125	.125	.125	.125	1	.0244	.0081

Maximum eigenvalue = 6; Consistency Ratio (C.R.) = 0.0%

Table 3: Local and Global priorities for Factors under CSR Activity and CSR Disclosure Amount

	Employee H&S	Employee Other	Environment	Energy	Product	Community	General	Local priority	Global priority	
								Weights (Eigen Vector)	CSR Activity (x .5917)	CSR Disclosure Amount (x .0751)
Employee H&S	1	3	.2	.2	.25	.1429	.5	.0417	.0247	.0031
Employee Other	.3333	1	.1429	.1429	.1667	.1111	.25	.0232	.0137	.0017
Environment	5	7	1	1	2	.3333	3	.1784	.1055	.0134
Energy	5	7	1	1	2	.3333	3	.1784	.1055	.0134
Product	4	6	.5	.5	1	.2	2	.1124	.0665	.0084
Community Development	7	9	3	3	5	1	5	.3969	.2349	.0298
General	2	4	.3333	.3333	.5	.2	1	.0690	.0408	.0052

Maximum eigenvalue =7.24303; Consistency Ratio (C.R).= 4.05%

Global priorities can be obtained by multiplying the eigenvalues (Local priorities) for each factor by the local priority of the criteria under which it is listed, that is, multiply by 0.5917 for CSR Activity and by 0.0751 for CSR Disclosure Amount.

2) Calculations for values presented in Table 7.6 (Relevance of each category in different industries (Automobile, IT, IM, etc.)

Each table shows the detailed calculations of how relevant (local priority) the different CSR categories of Employee H&S, Energy, and Product, is to different industries. Employee other, Community and General Policy have the same significance across industries and have a local priority of 0.1 across industries. Global priorities are obtained by multiplying the Local priority obtained in the tables below by the Global priorities corresponding to the CSR category.

Table 4: Local and Global priorities of Employee Other, Community and General Policy to different industries

	Local Priority	Global Priority		
		Employee Other (x .0137)	Community (x .2349)	General Policy (x .0408)
IT	.1	.0014	.0235	.0041
IM	.1	.0014	.0235	.0041
Pharma	.1	.0014	.0235	.0041
Telecom	.1	.0014	.0235	.0041
Energy	.1	.0014	.0235	.0041
Automobile	.1	.0014	.0235	.0041
Cement	.1	.0014	.0235	.0041
Construction	.1	.0014	.0235	.0041
Metals	.1	.0014	.0235	.0041
CG	.1	.0014	.0235	.0041

Principal eigenvalue = 10; Consistency Ratio (CR) = 0.0%

Table 5: Local and Global priorities of Employee H&S to different industries

	IT	IM	Pharma	Telecom	Energy	Auto	Cement	Const.	Metals	CG	Local Priority	Global Priority (x .0247)
IT	1	.17	.25	.5	.17	.2	.14	.12	.11	.25	.0160	.0004
IM	6	1	3	4	1	2	.5	.33	.25	3	.0910	.0022
Pharma	4	.33	1	3	.33	.5	.25	.2	.17	1	.0410	.0010
Telecom	2	.25	.33	1	.2	.25	.17	.14	.12	.33	.0220	.0005
Energy	6	1	3	5	1	2	.5	.33	.25	3	.0940	.0023
Automobile	5	.5	2	4	.5	1	.33	.25	.2	2	.0620	.0015
Cement	7	2	4	6	2	3	1	.5	.33	4	.1410	.0035
Construction	8	3	5	7	3	4	2	1	.5	5	.2050	.0051
Metals	9	4	6	8	4	5	3	2	1	6	.2870	.0071
CG	4	.33	1	3	.33	.5	.25	.2	.17	1	.0410	.0010

Principal eigenvalue = 10.405; Consistency Ratio (CR) = 3.0%

Table 6: Local and Global priorities of Energy to different industries

	IT	IM	Pharma	Telecom	Energy	Auto	Cement	Const.	Metals	CG	Local Priority	Global Priority (x .1055)
IT	1	.17	.33	.5	.11	.25	.12	.2	.11	.14	.0150	.0016
IM	6	1	4	5	.25	3	.33	2	.25	.5	.0810	.0085
Pharma	3	.25	1	2	.14	.5	.17	.33	.14	.2	.0280	.0030
Telecom	2	.2	.5	1	.12	.33	.14	.25	.12	.17	.0200	.0021
Energy	9	4	7	8	1	6	2	5	1	3	.2390	.0252
Automobile	4	.33	2	3	.17	1	.2	.5	.17	.25	.0400	.0042
Cement	8	3	6	7	.5	5	1	4	.5	2	.1660	.0175
Construction	5	.5	3	4	.2	2	.25	1	.2	.33	.0570	.0060
Metals	9	4	7	8	1	6	2	5	1	3	.2390	.0252
CG	7	2	5	6	.33	4	.5	3	.33	1	.1160	.0122

Principal eigenvalue = 10.465; Consistency Ratio (CR) = 3.5%

Table 7: Local and Global priorities of Product to different industries

	IT	IM	Pharma	Telecom	Energy	Auto.	Cement	Const.	Metals	CG	Local Priority	Global Priority (x .0665)
IT	1	.12	.33	2	.17	.12	.17	.14	.14	.2	.0190	.0013
IM	8	1	6	8	3	1	3	2	2	4	.2110	.0140
Pharma	3	.17	1	3	.25	.14	.25	.2	.2	.33	.0300	.0020
Telecom	.5	.12	.33	1	.14	.11	.14	.12	.12	.17	.0150	.0010
Energy	6	.33	4	7	1	.33	1	.5	.5	2	.0880	.0059
Automobile	8	1	7	9	3	1	3	2	2	4	.2160	.0144
Cement	6	.33	4	7	1	.33	1	.5	.5	2	.0880	.0059
Construction	7	.5	5	8	2	.5	2	1	1	3	.1370	.0091
Metals	7	.5	5	8	2	.5	2	1	1	3	.1370	.0091
CG	5	.25	3	6	.5	.25	.5	.33	.33	1	.0600	.0040

Principal eigenvalue = 10.364; Consistency Ratio (CR) = 2.7%

- 3) Calculations for values presented in Table 7.9 [Local and (global) priorities assigned to declarative, non-monetary, monetary statements]

Table 8: Local priorities assigned to declarative, non-monetary, monetary statements

	Declarative	Non-monetary	Monetary	Local priority (Eigen Vector)
Declarative	1	.2	.166667	.0811
Non-monetary	5	1	.5	.342
Monetary	6	2	1	.5769

Maximum eigenvalue = 3.02906; Consistency Ratio (CR) = 1.45%

The calculation for global priorities for CSR disclosure amount has already been shown in Table 3 above. Global priorities for declarative, non-monetary, monetary statements, for each CSR category (Table 9), is calculated by multiplying the local priority of declarative, non-monetary, monetary statements (Table 8) by the global priorities, obtained for each CSR category, under CSR Disclosure amount (Table 3).

Table 9: Global priorities assigned to declarative, non-monetary, monetary statements

	Global Priority			
	CSR Disclosure Amount	Declarative (x .0811)	Non-monetary (x .342)	Monetary (x .5769)
Employee H&S	.0031	.0003	.0011	.0018
Employee Other	.0017	.0001	.0006	.0010
Environment	.0134	.0011	.0046	.0077
Energy	.0134	.0011	.0046	.0077
Product	.0084	.0007	.0029	.0049
Community	.0298	.0024	.0102	.0172
General	.0052	.0004	.0018	.0030

- 4) Calculations for values presented in Table 7.11- Local and global priorities of performance indicators for different target groups

First, the local priorities are calculated for the performance indicators, for each target group. The local priorities are multiplied by the global priorities corresponding to different target groups like women, child, etc. to obtain the global priorities.

Table 10: Local and global priorities of performance indicators for the target groups PC and BS

	Employment	Procurement	Contribution	Activities	Involvement	Local priority (Eigen Vector)	Global priority (x .0650)
Employment	1	1	.166667	.166667	.166667	.05	.0033
Procurement	1	1	.166667	.166667	.166667	.05	.0033
Contribution	6	6	1	1	1	.3	.0195
Activities	6	6	1	1	1	.3	.0195
Involvement	6	6	1	1	1	.3	.0195

Maximum eigenvalue =5; Consistency Ratio (CR) = 0.0 %

Table 11: Local and global priorities of performance indicators for the target groups Child and Elderly

	Employment	Procurement	Contribution	Involvement	Activities	Local priority (Eigen Vector)	Global priority (x .0650)
Employment	1	1	.111111	.111111	.111111	.0345	.0022
Procurement	1	1	.111111	.111111	.111111	.0345	.0022
Contribution	9	9	1	1	1	.3103	.0202
Involvement	9	9	1	1	1	.3103	.0202
Activities	9	9	1	1	1	.3103	.0202

Maximum eigenvalue =5; Consistency Ratio (CR) = 0.0 %

Table 12: Local and global priorities of performance indicators for the target group Women

	Employment	Procurement	Contribution	Activities	Involvement	Weights (Eigen Vector)	Global priority (x .0650)
Employment	1	.333333	.142857	.142857	.142857	.0371174	.0024
Procurement	3	1	.2	.2	.2	.0711592	.0046
Contribution	7	5	1	1	1	.297241	.0193
Activities	7	5	1	1	1	.297241	.0193
Involvement	7	5	1	1	1	.29724	.0193

Maximum eigenvalue =5.07111; Consistency Ratio (C.R) = 1.78%

Table 13: Local and global priorities of performance indicators for the target group Employee

	Employment	Procurement	Contribution	Activities	Involvement	Weights (Eigen Vector)	Employee (x .0081)
Employment							0
Procurement							0
Contribution			1	1	2	.4	.0033
Activities			1	1	2	.4	.0033
Involvement			.5	.5	1	.2	.0033

Maximum eigenvalue =5.07111; C.R.= 1.78%

5) Calculations for Table 7.12 - Derived and (Idiolised) priorities and Activities corresponding to each level of performance for Target Groups

Table 13: Intensity levels for target groups

	Level 1	Level 2	Level 3	Local priority	Idiolised priority
Level 1	1	.166667	.111111	.0561569	.080125017
Level 2	6	1	.25	.242977	.346681106
Level 3	9	4	1	.700866	1

Maximum eigenvalue = 3.10785; C.R. = 5.39%

Appendix XII: KPIs adopted for CSR assessment

Correspondence between KPIs adopted for CSR assessment with EQA and MBNQA model enablers [based on details provided in Conti (2007) and Gadd (1995)]

No.	Items	Corresponding EQA & MBNQA (enablers)
1.	Involvement of senior executives in directing & driving CSR (A1)	Leadership
2.	Company displays consistent CSR culture/ principles (A2)	Leadership
3.	Mechanism for identification for CSR projects (A3)	Policy and strategy ; Strategic planning
4.	Mechanism for assignment of appropriate resources and assistance to CSR initiatives (A4)	Policy and strategy ; Strategic planning; Management of Resources
5.	Allocation of financial resources to support CSR (A5)	Leadership; Management of Resources
6.	Mechanism for CSR policy and strategy formulation (A6)	Policy and strategy ; Strategic planning; Processes
7.	Constitution of CSR related committees at different levels (A7)	Leadership
8.	Integration of CSR in strategy formulation for business (A8)	Policy and strategy ; Strategic planning; Processes
9.	Communication of CSR policy & strategy to internal stakeholders (A9)	Policy and strategy ; Strategic planning
10.	Communication of CSR policy & strategy to external stakeholders (A10)	Policy and strategy ; Strategic planning
11.	Systematic implementation of CSR activities (A11)	Processes ; Management Processes
12.	Responsible behaviour of vendors and partners (A12)	Leadership
13.	Active promotion of CSR outside the organisation (A13)	Leadership
14.	Presence of mechanism for review of CSR policy regularly (A14)	Policy and strategy ; Strategic planning
15.	Assessment of stakeholder views on CSR (A15)	Impact on society ; Societal recognition; Customer satisfaction ; People satisfaction
16.	Employee involvement in CSR implementation (A16)	Resources ; Human resources utilisation
17.	Improvement in the quality of employee work life (A17)	People management ; Human resources utilisation ; Employee satisfaction

18.	Initiatives to improve occupational Health and Safety (A18)	People management ; Human resources utilisation
19.	Creativity & innovation through socially responsible practices (A19)	Processes ; Management Processes
20.	Presence of mechanism to monitor CSR related processes (A20)	Policy and strategy ; Strategic planning
21.	Sourcing of natural resources for operations (A21)	Management of Resources
22.	Improvement in product and service quality and organisational processes (A22)	Business out-turn ; Processes
23.	Perception of the community of the organisation's impact on society (A23)	Impact on society ; societal recognition
24.	Mechanism to measure organisation's impact on society and environment (A24)	Impact on society ; societal recognition
25.	Financial measures for the success of organisation's CSR policy (A25)	Business results
26.	Non- financial measures for the success of organisation's CSR policy (A26)	Business results
27.	Nature of evidence provided in CSR reporting (A27)	Communication process

Appendix XIII: Proposed sub-criteria for KPIs

The table below proposes some sub-criteria to elucidate the major categories obtained in Table 7.18. Each of the points proposed, are based on corresponding points mentioned in TQM or CSR literature in the works of Gadd (1995), Conti (2007) and Hackston and Milne (1996).

<p>Improvement in the quality of employee work life (A17)</p>	<p>Providing low-cost health care for employees In-house employee training Giving financial assistance to employees in educational institutions or continuing education courses Assistance or guidance to retiring employees Recreational activities/facilities Management's efforts to improve relationships with the employees Employee satisfaction/ motivation- people processes, recognition and awards Stability of the workers' jobs and the company's future Establishment and nature of relation with trade unions and/or workers Grievance redressal for employees (particularly women, PC, etc.) Improvements to the general working conditions in factories and staff offices Relocation/retraining efforts made by the company to retain staff in the event of closure of units Support for daycare, maternity and paternity leave</p>
<p>Initiatives to improve occupational Health and Safety (A18)</p>	<p>Quality of work life Reducing or eliminating pollutants, irritants, or hazards in the work environment Promoting employee safety and physical or mental health Accident(s) Complying with health and safety standards, regulations Safety award(s) Establishing a safety department, etc. Conducting research to improve work safety</p>
<p>Creativity & innovation through socially responsible practices (A19)</p>	<p>Stimulation of innovation and creativity in process management through responsible practices Implementation of process changes and evaluation of benefits Process control, improvement, management (1) Product development: Information on developments related to the company's</p>

	<p>products, including its packaging, e.g. making containers reusable.</p> <p>The amount/percentage figures of research and development expenditure and/or its benefits</p> <p>Information on any research projects set up by the company to improve its product in any way</p> <p>(2) Product safety:</p> <p>Disclosing that products meet applicable safety standards.</p> <p>Making products safer for consumers</p> <p>Conducting safety research on the company's products</p> <p>Disclosing improved or more sanitary procedures in the processing and preparation of products</p> <p>Information on the safety of the firm's product</p> <p>(3) Product quality:</p> <p>Information on the quality of the firm's products as reflected in prizes/awards received</p> <p>Verifiable information that the quality of the firm's product has increased (e.g. ISO 9001)</p>
<p>Sourcing of natural resources for operations (A21)</p>	<p>Management of natural resources through:</p> <p>Sustainable extraction of resources</p> <p>Pollution control in the conduct of the business operations- capital, operating and R&D expenditures for pollution abatement</p> <p>Compliance with pollution laws / regulations/ international standards</p> <p>Conservation of natural resources, e.g. recycling glass, metals, oil, water and paper</p> <p>Prevention or repair of damage to the environment resulting from processing or natural resources, e.g. land reclamation or reforestation</p> <p>Using recycled materials</p> <p>Efficiently using materials resources in the manufacturing process</p> <p>Preventing waste</p> <p>Award(s) for the company's environmental programmes or policies</p>
<p>Responsible behaviour of vendors and partners (A12)</p>	<p>Participation of vendors and partners in CSR</p> <p>Support to partners or vendors to implement CSR programmes</p> <p>Involvement with partners or vendors in CSR programmes</p> <p>Role of senior management</p> <p>Management systems to ensure responsible procurement</p> <p>Management systems to ensure procurement from</p>

	responsible vendors
Perception of the community of the organisation's impact on society (A23)	Perception of community at large of organisation's impact on society Community involving in formulating development programmes funded by company Corporate citizenship Sustainable development of community
Employee involvement in CSR implementation (A16)	Management of human resources Plans and process for allotting manpower to CSR
Financial measures for the success of organisation's CSR policy (A25)	Increase in sales of environmental friendly/ energy efficient products, etc. Development of responsible process to improve product/ service quality Development of better and responsible products and services R&D expenditure and returns
Non- financial measures for the success of organisation's CSR policy (A26)	Presence of non-financial measures for organisational success Development of non-financial measures for organisational success
Mechanism to measure organisation's impact on society and environment (A24)	Measures for relating to organisation's impact on society Areas of influence Evaluation of impact on target groups (e.g. using the CA-AHP model) Improved business processes and services Environmental impact studies to monitor the company's impact on the environment Designing facilities harmonious with the environment How are adverse impacts on society of your products, services, and operations addressed? Anticipation of public concerns with current and future products, services, and operations Preparedness to approach concerns in a proactive manner, including using resource-sustaining processes, as appropriate
Nature of evidence provided in CSR reporting (A27)	Documentation of CSR process CSR reporting on areas related to KPIs Evaluate CSR reporting (e.g. using CA-AHP model)
Presence of mechanism for review of CSR policy regularly (A14)	Department/plans/ policy for review of CSR policy Estimating relevance and comprehensiveness of policy and strategy based on information Evaluation of the performance of members of your governance board, as appropriate?

	How do senior leaders and governance board use these performance reviews to develop and to improve, both their personal leadership effectiveness and effectiveness of the CSR programme?
Systematic implementation of CSR activities (A11)	Operation of CSR processes How organisation implements CSR policies Management, employee involvement in CSR Role of external players like NGOs, consultants Choice of partners How does your organisation actively support and strengthen your key communities?
Mechanism for CSR policy and strategy formulation (A6)	How do you govern and address your social responsibilities? Policy and strategy formulation on the concept of CSR Key compliance processes, measures, and goals for achieving and surpassing regulatory and legal requirements, as appropriate?
Presence of mechanism to monitor CSR related processes (A20)	Review of the following key aspects of your governance system: Accountability for management's actions Fiscal accountability Transparency in operations and selection of and disclosure policies for governance board members, as appropriate Independence in internal and external audits Protection of stakeholder and stockholder interests, as appropriate
Communication of CSR policy & strategy to external stakeholders (A10)	Communication process of CSR related information to external stakeholders of the organisation: Type of reports published Platforms for information dissemination Internationally accepted formats used Third-party accreditation/ audit
Communication of CSR policy & strategy to internal stakeholders (A9)	Communication process of CSR related information to internal stakeholders organisation Type of reports published Platforms for information dissemination Communication with employees on management styles and management programmes which may directly affect the employees Role of internal stakeholders in reporting
Integration of CSR in strategy formulation for business (A8)	How is CSR defined in the organisation If CSR policy and strategy are the basis of business plans? How does the organisation promote and ensure ethical

	<p>behaviour in all its interactions?</p> <p>What are the key processes and measures or indicators for enabling and monitoring ethical behaviour in the governance structure, throughout the organisation, and in interactions with customers, partners, and other stakeholders?</p> <p>How are breaches of ethical behaviour monitored and responded?</p>
Involvement of senior executives in directing & driving CSR (A1)	<p>Role of executives in directing and driving resources pertaining to CSR</p> <p>Executive involvement in decision-making</p> <p>Executive participation</p> <p>The role of senior leaders, in concert with the workforce, towards improving key communities identified in policy?</p>
Company displays consistent CSR culture/ principles (A2)	<p>Measurement and responsible standards for product/ service/ processes</p> <p>Plans and policies for CSR</p> <p>Inclusion of CSR in Vision/ Mission/ Objectives of the organisation</p> <p>Presence of management systems for CSR</p> <p>History of CSR in the company</p>
Mechanism for identification for CSR projects (A3)	<p>Presence of mechanism for identification for CSR projects:</p> <p>Planning process</p> <p>Identification of key communities and determine areas of emphasis for organisational involvement and support</p> <p>Choice of CSR projects – generic or strategic</p> <p>Basis for selection of areas for project implementation</p> <p>Role of regional stakeholders in project selection and implementation</p> <p>CA-AHP model to evaluate correspondence between choice of project and industry type</p>
Mechanism for assignment of appropriate resources and assistance to CSR initiatives (A4)	<p>Presence of mechanism for assignment of appropriate resources and assistance to CSR initiatives:</p> <p>Selection of resources from - material, manpower, finances</p> <p>Role of external players like NGOs, consultants</p> <p>Resource allocation to external players</p>