CHAPTER III

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CHAPTER-III

RESEARCH METHODOLOGY

This section will outline the methodology used in the thesis. The Field survey was done in two stages viz., Firstly, random sample selection of 50 companies under NSE & collecting the relevant secondary data from their Audited annual account & incorporating them as primary data, after analyzing with respect to the hypothesis that were drawn from the objectives of the study.

Secondly, to eliminate the limitations & improving the reliability as well as further scope of study a structured questionnaire was designed & responses were tabulated & interviews were conducted from another 20 companies located in NCR region of general manager & above level personnals. A discussion regarding the limitations of the thesis will conclude the section. I have included the objectives of the study in research methodology itself for the purpose of clarity & transparency.

I. THE FIELD SURVEY & PRIMARY DATA

The analysis of the effectiveness of companies' CSR strategies in the Indian context and their potential contribution to development in the country is based upon a qualitative study through a structured
questionnaire followed by interviews with representatives of companies and organizations in India. The interviews were conducted through a Field Survey during April, 2006 to May 2008. The geographical concentration of the interviews was set at industries located in New Delhi & National capital region of Noida & Gurgoan.

These specific locations were selected due to their high representation of potential interviewees in terms of relevant corporations. The results of the Field Survey are presented in Chapter VI

**II. SAMPLE**

Random sample selection was done from 50 companies under NS\(\text{}\) Nifty Index. 20 companies are selected randomly constituting to 40% of the population. Data was collected from the annual reports of selected companies from ministry of Corporate affairs, Center for monitoring of Indian Economy, New Delhi, National Stock Exchange, Mumbai, web sites of Individual companies under the study. Similarly, Responses to the Questionnaire from GM- General Manager & above level personnel’s from the selected 20 Companies of NSE as well as from the industries located in New Delhi & National capital region of Noida & Gurgoan was conducted & dealt with the following paragraph.
Total number of units covered was 26 (40%) from a population of 65 organizations having potential to incorporate CSR in some form or other. To draw the samples, first the units were stratified function wise and further sub stratified with respect to area of business, nature of business, nature of CSR expected and performance in general.

This stratification was done to improve the reliability of the estimates of the characteristics we are interested. Out of 26 units selected for the purpose of this study, there was one thing in common. All executives interviewed were General Managers and above. Reason behind this preference was simple. It was assumed that CSR is an area for the policymakers of the organization where the survey was conducted.

III. SELECTION OF INTERVIEWEES

The companies that were interviewed for the case study were selected according to the following criteria:

Companies were selected in such a fashion so as to constitute a legitimate foundation for the analysis of the CSR strategies. Companies, which are located in, or in the vicinity of, Delhi, were identified and contacted.
Furthermore, not only companies with an existing and established CSR strategy were approached with an interview-proposal but also those are unheard of having any CSR activities. All participating companies present their commitment to CSR on their official web pages, which indicates a solid acceptance of social and environmental responsibility. The companies were also selected in order to represent different company sizes and industries.

A few key organizations were identified and approached regarding a proposal to participate in the case study prior to its initialization. The remainder of the organizations, academics and government representatives were identified either through contacts or on location in India.

The selection of organizations was not guided by any specific criteria other than that they should have genuine knowledge and insight into CSR-related issues in India.

After the corporations had been identified, they were contacted either prior to the field study or while on location in India. The potential interviewees who were approached showed a positive attitude towards the interview and the thesis, and all organizations, academics and government representatives accepted the proposal for an interview. Few corporations turned down the interview proposal due to lack of
time. Some of the companies stated that it did not have any CSR department, and thus found that an interview would be unfruitful. In the end, finally, twenty-six companies were interviewed.

**IV. INTERVIEW PROCEDURES**

The interviews with the corporations were all conducted with the persons responsible for CSR issues at the respective companies. Where such departments were not available, members of the senior management team in the company were also interviewed. During the interviews with academics and representatives of organizations and the government of India, persons with rigid knowledge of, and insight into, CSR issues were interviewed. The interviews were all conducted through a structured questionnaire followed by personal meetings.

They were performed at the workplace of the interviewee and in the majority of interview situations; it was one to one interview between the interviewee and the interviewer, who is also the author of this thesis.

The interviewer perceived the atmosphere during the interviews as open and genuine, where the interviewees shared their expertise in, and understanding of, the CSR strategies of international companies in the Indian context. The interviews were conducted so as to let the
interviewee decide the depth of the discussion and how much they were willing to expose regarding for example internal company procedures. However, none of the interviewees ever stated that they considered any of the questions to be too controversial or revealing, but shared their knowledge in an open manner.

V. QUESTIONNAIRE

The interviews had a semi-structured character, where the prepared interview questionnaires with open-ended questions acted as a guide for the conversation rather than as a strict form to be completed. An advantage of this technique includes the fact that it opens up for a more free conversation where the interviewee can provide additional information that is not requested by the questionnaire. Moreover, the interviewee is allowed to elaborate within his or her area of specialization.

One comprehensive questionnaire was prepared with the help of my guide and supervisor Dr. Azad Singh Chhillar. This questionnaire was directed to the corporations, and one that was used as the interview guide for interviews with representatives of the interests of the host context. The latter group consisted of organizations, government representatives and academics. The questionnaire included questions
on the specific character, strengths and weaknesses of the CSR strategies, both related to community development and codes of conduct, consumer relations and the perception of CSR among stakeholders in India.

None of the interviews were recorded with tape recorder, in order to keep the corporate discipline. Thus discussion in its entirety and facilitate a freely flowing conversation. During the of the interviews, notes were taken by hand, on some occasions due to requests by the interviewee, and on others due to the atmosphere and intuition in connection with the interview situation. Representatives of all corporations explicitly stated that they preferred notes to be taken by hand during the interview, and not with the aid of a tape recorder.

VI. ANALYTICAL & STATISTICAL TOOLS

MS- Excel and research Software "SPSS-Statistical package for social sciences" has been extensively used for analysis & computation of the research data. Tabulation; % percentages; Trend Value with Least Square methods, Correlation analysis, Simple and multiple Regression models with T test, R square and F-statistics were calculated & confirmed with the help of above tools. MS Word and MS Excel were also used to get the tables expressed in percentage.
Percentage Formula =\((cell \ No \ *100)/26\) processed by MS Excel.

Subsequently same data was selected, the type of bar chart/graphs selected then with the help MS Excel the graphs were drawn and formatted. For each table and bar chart the above procedure was used.

**VII.RELIABILITY AND STANDARD ERROR**

Statistical test model of regression analysis were applied on the organisations financial data by taking Corporate Social Responsibility expenses as Independent variable & Annual income, Annual profits after tax, Annual dividend, EPS-earning per share & Capital employed as Dependent variable. The standard expected F-value must be above “4” & T-value must be above “2” in order to qualify for its significance. Similarly, reliability of the data from the questionnaire was processed in 100% reliable modern computerized calculation methods.

**VIII.SECONDARY DATA**

Secondary data was collected from the archives of various companies, Internet, MDU Library and from a recent survey carried out by various Business Groups in India and abroad. The secondary data was to find
the various growth parameters of the CSR practices in the business organizations as a whole. It also reflects the potential of the CSR in India and abroad. Growth of CSR is synonymous with consumer’s choice and cannot be explained in isolation. The robust growth of CSR Concept over past 25 years shows the potential and opportunity in the Industry. The CEOs came forward to provide secondary data like CSR policy, present condition of the industry, brand positioning etc. themselves from their own archives.

IX. FINDINGS

The results of the nifty based data are presented in chapter 8 (findings, Conclusions & Suggestions) of the thesis. It can be concluded from the results as shown in Table no 8.2 & 8.3, that twenty three percent of the variation in Annual Income can be explained by the variations in the CSR expenditures. Further, It can be concluded from the results as shown in Table no. 8.4 & 8.5, that thirty five percent of the variation in Annual profit after taxes can be explained by the variations in the CSR expenditures. It can be also observed from Table no. 8.6 & 8.7 that, twenty five percent of the variation in dividend can be explained by the variations in the CSR expenditures.
However, it is a reality that, Seven percent of the variation in dividend can be explained by the variations in the CSR expenditures. Finally, as per table no. 8.10 & 8.11 it can be observed that Twenty three percent of the variation in Capital employed can be explained by the variations in the CSR expenditures. Similarly, from Table no. 8.12 & 8.13 it can be observed that, there exist a co-relation between the CSR expenses & the total expenditure of the organisation.

At the same time, results of the interviews are also presented in Chapter-VI of the thesis. It was not a difficult task to correlate the concept of CSR with organizational performance, especially from profit point of view even from the opinions of the interviewees.

**X. CONFIDENTIALITY OF INTERVIEWEES**

Throughout the text, it is important to value the confidentiality of the identities of the interviewees and the material that has been shared. The interviewees have been granted anonymity in the thesis, and references to the interviews are denoted as footnotes, indicating the date of interview. A full register of interviewees can be found among the list of references. A complete list of the interviews, coupling interviewees with the interview dates, can be obtained on request from the author. This can hopefully aid in compensating for some of the
transparency and reliability of the thesis that was challenged through the confidentiality of the interviewees.

When referring to the interviews in the case study and the analysis section, the interviewees will be divided into two groups: The group "companies", or "corporations", includes the participating corporations in the study. The group "organizations" is wider and includes the remaining interviewees of Non Governmental Organizations (NGOs), other organizations, state officials and academics.

Group of interviewees has been conducted as an additional measure to value the anonymity of the interviewees.

XI. TECHNIQUES

Most of the CEOs were aware of the basics of CSR and its importance in modern day business. They all recognized that there were no set policy and procedures in formulating CSR parameters for any organizations. The extent to which it is practiced or felt like should be practiced, was the basis of investigation technique.

XII. LIMITATIONS

A qualitative study of this character can imply certain limitations to the analysis, which are discussed below.
Organisational performance has been measured in terms of Incomes, Profits after Taxes, Dividend to the share holders, EPS-Earnings per share & Capital employed by these organisations. Since these are secondary claimed data, we have to depend on them. It was observed that, There is no consistency in the spending on different corporate social responsibility activities by the companies, the expenditure on corporate social responsibility activities were also not uniform amongst the companies under the study, as claimed in the Audited annual Financial Statements of these organisations.

Corporate Cultural barriers, and in some cases also conservative attitude, between the interviewer and the interviewee could have restrained interviewees from speaking their true and honest opinions during the interviews. The Corporate Cultural could have, to some extent, influenced the authors/interviewer’s perception and interpretation of the interviews and material. Qualitative studies and interviews of this character display to a certain extent the perceptions and opinions of the interviewees rather than objective truths. Value judgments can never completely be omitted from this kind of research. However, quantitative surveys, secondary data and additional studies have complemented the findings from the interviews wherever possible, in order to increase the legitimacy of the findings.