# CHAPTER - III

## LITERATURE REVIEW

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Introduction</td>
</tr>
<tr>
<td>3.2</td>
<td>The General Study</td>
</tr>
<tr>
<td>3.3</td>
<td>CSR and Financial Performance</td>
</tr>
<tr>
<td>3.4</td>
<td>CSR and Employee Relationship</td>
</tr>
<tr>
<td>3.5</td>
<td>CSR Study in Asia</td>
</tr>
<tr>
<td>3.6</td>
<td>CSR Study in India</td>
</tr>
<tr>
<td>3.7</td>
<td>CSR in Education: Scene in India</td>
</tr>
<tr>
<td>3.8</td>
<td>Studies in Social Disclosures</td>
</tr>
<tr>
<td>3.9</td>
<td>Study in CSR Communication</td>
</tr>
<tr>
<td>3.10</td>
<td>Knowledge Gap</td>
</tr>
</tbody>
</table>
CHAPTER - III
LITERATURE REVIEW

3.1 INTRODUCTION

Corporate social responsibility (CSR) has been understood in various ways by scholars all over the world. Studies, observations and experiences reflect the different patterns, approaches and views on CSR. This chapter entails the studies and research done in the evolution of the concept of CSR, its relationship with various organizational variables, acceptance of CSR as a part of business process and education as CSR issue.

3.2 THE GENERAL STUDY

Howard Bowen (1953) was the first to coin the term Corporate Social Responsibility when he published his book 'Social Responsibility of the Businessman'.

Andy Locket, Jeremy Moon and Wayne Visser (2006) assessed the status of CSR research in management literature and found that is in a continuing state of emergence and is a term coined by Thomas Kuhn (1962). That is, based on its overall profile in leading management journals CSR lacks a dominant paradigm.

Keith Davis (1960) established the so called Iron Law of Responsibility, which held that “Social Responsibility of Businessman” need be commensurate with their being social.

Joseph McGuire (1963) stated that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations. A business today has gone from being understood as an entity whose purpose is only private interest (Friedman, 1970) and to become an organization

3. Dave Keith, Frederick W., Business and Society, 5th edition
that, in addition to private interests of its stakeholders is required to fulfill the social requirements of everyone else involved in the organization, that is its stakeholders (Donaldson and Preston, 1995; Freeman 1984; Jenson 2001). Mohoney and Akers (1980, IBM) have put into place two parallel needs of the Modern Company. One need focuses on the internal demands of the company, the demand to control costs and be competitive in a global market place. The other need takes into consideration the changes in the external or community environment. These are the changing expectations and the new role of community in defining a company’s license to operate. In 1977, less than hundred Fortune 500 firms not even mentioned CSR in their Annual reports. By the end of 1990, close to ninety percent of the Fortune 500 firms embraced CSR as an essential element of their organizational goal and actively promoted CSR activities in annual reports (Boji and Hartsuiker, 2001). The change has been so dramatic that the CEO of General Electric, Jeffry Immelt declared that ‘the world has changed’ (Gunther 2004), and the former CEO of HO-Compaq, Carly Fiorina, claimed that a “new regime of business” has emerged (Fiorina, 2001). This change in the role of business, to strike a more reasonable balance between profit making and social responsibility was described as social contract (Anshen, 1983).

An offspring of social contract approach to CSR is the stakeholder approach. This approach suggests that corporations are servants of the larger society..." (Bruno and Nicholas, 1990), but for somewhat different reasons. CSR comes about due to a web or network of relationships that corporation develops with diverse groups who “have a stake in the corporations.

Carnegie, founder of U.S. Steel, articulated two principles he believed were necessary for capitalism to work. First, the charity principle required more fortunate members of society to assist its less fortunate members, including the unemployed, the disabled, the sick, and the elderly. These “have nots” could be assisted either directly or indirectly, through such institutions as churches, settlement houses, and other community groups. Second, the

stewardship principle required businesses and wealthy individuals to see themselves as the stewards, or caretakers, of their property. Carnegie's view was that the rich hold their money "in trust" for the rest of society. Holding it in trust for society as a whole, they can use it for any purpose society deems legitimate. However, it is also a function of business to multiply society's wealth by increasing its own through prudent investments of the resources that it is caretaking.

In 1971, the Committee for Economic Development used a "three Concentric Circles" approach to depict CSR. The inner circles included basic economic functions - growth, products, jobs. The intermediate circle suggested that the economic functions must be exercised with a sensitive awareness of changing social values and priorities. The outer circle outlined newly emerging and still amorphous responsibilities that business should assume to become more actively involved in improving the social environment.

Holmes (1977) investigation of social activities of 192 Fortune 500 corporations in the USA revealed patterns of involvement pronounced across industry classifications and evidence of increasing specializations of Corporate Social Interests, indicative of the organizations desire to utilize their special skills in social as well as economic active.

Peter Drucker (1984, California Management Review) wrote how it was imperative to turn social problems into economic opportunities.

A four part conceptualization of CSR included that corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well (Carroll 1997).

Lorne Craner (2001) has emphasized the use of Public - Private efforts, codes of conduct and international standards in support for the application of voluntary initiatives in support of CSR.


54
Preliminary findings from research by United Nations Research Institute for Social Development (UNRIS) suggest that increasing number of large National and Transnational corporations are indeed engaging with the CSR agenda, not simply in a reactive sense, but more proactively.

3.3 CSR AND FINANCIAL PERFORMANCE

Some people argue that business should perform social responsibility activities because profitability and growth go hand in hand with responsible treatment of employees, customers and the community. This argument says, essentially that performing social responsibility activities is a means of earning greater organizational profit. However, empirical studies have not demonstrated any clear relationship between CSR and profitability. In fact, several companies that were acknowledged leaders in social commitment during 1960's and 1970's- including Control Data Corporation, Atlantic Richfield, Dayton-Hudson, Levi Strauss and Polaroid—experienced series of financial difficulties during the year 1980's.

Friedman vehemently opposed the idea of CSR on the ground that they impose an unfair and costly burden to shareholders (Friedman 1962, Friedman 1972, Levitt 1958). Friedman argues that making business managers simultaneous responsible to business owners for reaching profit objectives and to society for enhancing societal welfare sets up a conflict of interest that could potentially cause demise of business as it is known today. There is however transition in these views.

A recent global survey by Price Waterhouse Coopers, in conjunction with World Economic Forum, found that two thirds of the eleven hundred CEO’s polled believe that proper exercise of Corporate Social Responsibility is important to profitability and can prevent the loss of customers, shareholders and even employees.

In its report, Developing Value: the business case for sustainability in emerging market (2002), sustainability presents a business case matrix, which relates sustainability aspects to a set of business success factors:

<table>
<thead>
<tr>
<th>The sustainability aspects relate to:</th>
<th>The business success factors include</th>
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<tr>
<td>Governance and management</td>
<td>Revenue growth and market access</td>
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<tr>
<td>Stakeholder engagement</td>
<td>Cost savings and productivity</td>
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<td>Environmental products and services</td>
<td>Access to capital</td>
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<tr>
<td>Local economic development</td>
<td>Risk management and license to</td>
</tr>
<tr>
<td>Community development</td>
<td>Human capital</td>
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<tr>
<td>Human resource management</td>
<td>Brand value and reputation</td>
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*fig. 1 Business case matrix*

According to Margolis and Walsh, 122 published studies between 1971 and 2001 empirically examined the relationship between CSR and financial performance. Spicer (1978) carried out a study which revealed that there existed a moderate to strong association between investment value of the common shares of a company and its social performance. Write and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship between CSR and financial performance. These studies however examined the short run financial impact when firms engage in either socially responsible or irresponsible acts, the results for which showed inconsistency.  

Studies examining the relationship between social responsibilities and accounting based performance measures have also produced mixed results. Cochran & Wood (1984) located a positive correlation between CSR and accounting performance.

Aupperle et al, Carroll and Hatfield (1985) detected no significant relation between CSP and a firms risk adjusted return on assets.

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Mcguire et al (1998) say prior profitability was more closely related to CSR than was subsequent performance.


Roman et al (1999) found that of 52 studies, 33 suggested a positive relationship between CSR and Corporate Financial Performance. Preston and O’Barron (1997) also analyzed the relationship between indicators of CSP and CFP which revealed a strong positive correlation. The results were based on data for 67 large US corporations for the period 1982-1992. A study by the Lincoln Centre for Ethics at Arizona state University demonstrated that list of the US Corporations that have paid dividends for the past 100 years coincides with the center's list of companies that have a strong code of ethics focusing on values and commitment to customers, employees and community (Caccese, 1997).

Naughton et al (1996) argued that the end of the organization is neither the particular good of a stakeholder nor the aggregate of individual stakeholder, but the good of the community in which people develop. (Cochran, P.L and R.A.Wood (1984))

Lantos(2001) argues that true CSR can only be carried out if a company also profits from its “good works”.

A Firm cannot maximize value if it ignores the interest of its stakeholders.

Business in the Community has carried out research that shows

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that companies consistently run their business according to responsible principles outperformed the FTSE 350 on total shareholder return between 2002 and 2007 by between 3.3 percent and 7.7 percent (Raj and Jaffer, 2010).

A positive relationship between CSR and financial performance was inferred by Tsoutsoura (2004), and was supported by an argument that firms which have solid financial performance have more resources available to invest in Social Performance domain, employee relationship, environmental concerns or community relationships.

A study conducted between Jan 2005- September 2008 found that socially responsible companies in India have generated shareholder returns that are at least as attractive as those for the Nifty portfolio or Market portfolio.17

CSR is not a cost centre but an effective management tool with multidimensional benefits. It is an opportunity in the offering (Gupta & Sharma,)

A study in 2004 inferred that business have actually assimilated a much more strategic view and most of them are now utilizing CSR as an opportunity and a platform for growth. For this study more than 250 business executives worldwide were surveyed. (Attaining Sustainable Growth through Corporate Social Responsibility by George Pohle and Jiff Hittner; www.ibmglobalservices.com).

The KPMG International Survey of Corporate Responsibility Reporting, 2005 (www.kpmg.com), has identified the following drivers of corporate responsibility in the order of their importance: (a) Economic considerations (b) Ethical considerations (c) Innovation and learning (d) Employee motivation (e) Risk management or risk reduction (f) Access to capital or increased shareholder value (g) Reputation or brand (h) Improvement in market position (market share) (i) Strengthened supplier relationship (j) Cost saving (k) Improved relationships with governmental authorities (l) Other factors

The Centre for Social Markets (CSM) (www.csmworld.org), non-profit organization founded in 2000, undertook a survey in 2000-01 to list the main factors driving this attitudinal change. The survey concentrated only on the large corporate houses. The following drivers, listed in the order of the response, emerged from the survey: Increasing awareness 69%, Reputation 52%, Rising domestic standards 49%, Rising international standards 46%, Commercial pressure 41%, Domestic regulation 41%, Public opinion 30%, Community group pressure 20%, Others 10%.

As many as 90 percent of the Fortune 500 companies have explicit CSR initiatives (Kotler & Lee 2004)

3.4 CSR AND EMPLOYEE RELATIONSHIP

Companies perceived to have a strong CSR commitment often have an increased ability to attract and to retain employees (Turban and Greening 1997) which leads to reduced turnover, recruitment and training costs. Many firms actually benefit from socially responsible actions in terms of employee morale and productivity.18

3.5 CSR STUDY IN ASIA

Chambers, Chapple, Moon and Sullivan (2003) measure the extent of CSR penetration in the seven Asian companies and show that the mean value for the seven countries (even including industrially advanced Japan) is just 41% compared to say a score of 98% for a developed nation like the United Kingdom. However, there are exceptions to the mean scores. India for example had an average CSR penetration of 72% compared to Indonesia’s 24%.

CSR also leads to evolution of employee relations in the company in such a way that employees become major stakeholders with definite decision making powers especially in the area of formulation of CSR policy. The results of the comparative study of these parameters by Chambers, Chapple, Moon and Sullivan (2003) show that currently Asian nations are still faring strongly only

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in the first parameter of community involvement thus corroborating the similar findings of Moon (2002). A number of quantitative studies confirm this picture of CSR variance. In a survey of CSR reporting in Asia, Chapple and Moon (2005) find that nearly three quarters of large companies in India present themselves as having CSR policies and practices versus only a quarter in Indonesia. Falling somewhere between these two extremes are Thailand (42%), Malaysia (32%), and the Philippines (30%). They also infer from the research that the evolution of CSR in Asia tends to occur in three waves, with community involvement being the most established form of CSR, following by successive second and third waves of socially responsible production processes and employee relations. Often, CSR is driven by standardization imposed by multinationals striving to achieve global consistency among its subsidiaries and operations in developing countries. For example, this Asia study by Chapple and Moon (2005) found that ‘multinational companies are more likely to adopt CSR than those operating solely in their home country, but that the profile of their CSR tends to reflect the profile of the country of operation rather than the country of origin’.

CSR in developing countries has the following distinctive characteristics (Visser et al., 2007):

- CSR tends to be less formalised or institutionalized in terms of the CSR benchmarks commonly used in developed countries, i.e. CSR codes, standards, management systems and reports.
- Where formal CSR is practiced, this is usually by large, high profile national and multinational companies, especially those with recognized international brands or those aspiring to global status.
- Formal CSR codes, standards, and guidelines that are most applicable to developing countries tend to be issue specific (e.g. fair trade, supply chain, HIV/AIDS) or sector-led (e.g. agriculture, textiles, mining).

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60
In developing countries, CSR is most commonly associated with philanthropy or charity, i.e. through corporate social investment in education, health, sports development, the environment, and other community services.

- Making an economic contribution is often seen as the most important and effective way for business to make a social impact, i.e. through investment, job creation, taxes, and technology transfer.

- Business often finds itself engaged in the provision of social services that would be seen as government’s responsibility in developed countries, for example, investment in infrastructure, schools, hospitals, and housing.

- The issues being prioritized under the CSR banner are often different in developing countries, for example, tackling HIV/AIDS, improving working conditions, provision of basic services, supply chain integrity, and poverty alleviation.

- Many of the CSR issues in developing countries present themselves as dilemmas or trade-offs, for example, development versus environment, job creation versus higher labour standards, strategic philanthropy versus political governance.

- The spirit and practice of CSR is often strongly resonant with traditional communitarian values and religious concepts in developing countries, for example, African humanism (ubuntu) in South Africa and harmonious society (xiaokang) in China.

Research into CSR in developing countries is still relatively underdeveloped and tends to be ad hoc with a heavy reliance on convenience-based case studies or descriptive accounts. The focus is often on high profile incidents or branded companies and a few select countries (e.g. Brazil, China, India, South Africa).

3.6 CSR STUDY IN INDIA

In India CSR has very recently become the subject of research and various studies reflect the approach of Indian corporates towards CSR.
Khan (1981) has carried out a study to investigate the perceptions of the policy makers in India about the CSR and practical problems involved in implementing it. The study revealed that almost all respondents agreed that social responsibility was element to the business and social goals were essential as profit.

A study of twenty eight large companies having turnover of more than 50 crores observed that social responsibility was one of the major objectives set by these companies. The last decade of the twentieth century witnessed a swing away from charity and traditional philanthropy towards more direct engagement of business in mainstream development and concern for disadvantaged groups in the society. This has been driven both internally by corporate will and externally by increased governmental and public expectations (Mohan, 2001). This was evident from a sample survey conducted in 1984 reporting that of the amount companies spent on social development, the largest sum 47 percent was spent through company programs, 39 percent was given to outside organizations as aid and 14 percent was spent through company trusts (Working Document of EU India CSR, 2001). In India as in the rest of the world there is a growing realization that business cannot succeed in a society which fails. Krishna (1992) examined the attitudes of managers of large scale organizations towards CSR implementation in India. Majority of the managers opined that there is a value change in the society and industry has a dominant role in shaping the society into a socialistic society.

A 1999 survey by Social and Rural Research Institute (SRI) of the Indian Market and Research Bureau (IMRB) showed that sixty-nine percent (414 out of 600) companies provide various support for social development. (www.bsr.org)

A study conducted by Partners in Change (2000) shows that 85 percent of the companies mentioned that business has a role to play in societal development and the focus of these company activities is community development. Three fifth of the companies mentioned that their activities were pure philanthropic. (Srivastava, Harsh Venkateshwaran Shankar, (2000) The Business of Social Responsibility, Partners in Change, New Delhi, India Books for Change, Bangalore)

A survey conducted by Centre for Social Market in July 2001 inferred that CSR was an important aspect for the business success. The various dimensions of CSR valued by companies are national wealth, employment, environment and social programmes including health and literacy.

A survey was conducted by ORG- MARG for TERI-Europe in several cities of India in 2001. The basic purpose of the survey was to capture perceptions and expectations (related to corporate responsibility) of the following three sets of stakeholders such as general public, workers (skilled, semiskilled and unskilled) and corporate executives (head of corporate relation, labour relations, welfare dept. and manufacturing dept. in MNCs, large and medium sized Indian companies). More than 60% of the general public felt that the companies should also be held responsible for bridging the gap between the rich and the poor, reducing human rights abuses, solving social problems and increasing economic stability.

The Corporate Social Responsibility Survey 2002India (figure 2), jointly conducted by the United Nations Development Programme, British Council, Confederation of Indian Industry and Price waterhouse Coopers, covering 19 industry sectors reveals that this interest is growing as more and more companies in India are keen to project themselves as good corporate citizens. This was the most important factor driving CSR in India, according to the survey.
A survey by the website NGO.com (2003) of 196 companies indicated that most of the Indian corporate are 'aware and sensitive' of CSR. Majority of them had health as their focused area followed by Education, Environment and community development and rural development. The survey revealed that many companies had internal CSR policies for issues like disaster management, Environment, disability and sexual harassment. In majority of the companies' employee engagement in voluntary work was prominent. In most of the companies PR department handled CSR initiatives and only five percent had CSR department. (www.ngo.com)

More recently, a survey (2003) conducted by the Indian Market
Research Bureau found that despite the optimism in making the move towards integrating CSR with business strategy, it still remains largely philanthropic in nature, with 81% of the companies donating money for social and/or charitable causes (Datta & Krishnan, 2003). The same study reported that public sector units still lead (95%) in undertaking development initiatives, closely followed by multinational (84%) and privately held Indian companies (83%).

A recent study of fifty Indian companies in 2005 revealed the status of Corporate Policy on various aspects. This study shows that 64 p.c companies have an environment policy, 58p.c have a policy for community development, 48p.c have a corporate policy for social welfare, 54p.c have policy for education and only 20p.c have for women empowerment, and 10 p.c for workers rights and child labor.24

A study conducted by K. Srinivas (2007) of 50 BSE listed companies in Pune district has given the findings that very few companies have explicitly stated CSR policies, CSR activities of most companies are unrelated to the core competency/area of expertise of businesses, Social responsibility of measures in the area of environment are merely general compliance with the mandated, a substantial portion of the CSR measures geared towards employee welfare mandated by law, CSR measures of the companies are largely directed towards activities for the communities in the immediate vicinity of the locations, CSR measures undertaken contribute towards nation building in the form of skill development/employment generation or infrastructure building are still in the initial stages and need a large amount of impetus., the companies have diverse mechanism for implementing their CSR objectives, few firms prepare a sustainability report or a CSR report and the concept of social auditing is yet to gain popularity in the companies in Pune, CSR decisions and policies follow a top down approach for thrust areas and ideologies, employee participation is on large scale and no

obvious relationship between CSR and financial performance is seen.\textsuperscript{25}

A survey of global business executives conducted by McKinsey & Company found that Indian executives were "the most enthusiastic proponents" for a wider social role for business with 90% reportedly endorsing the "public good dimension" (The McKinsey Quarterly, 2006). In an online poll conducted by The Economic Times on 5-6 January 2007, 75 per cent of the respondents opined that CSR activities increase the brand equity of a company.

According to the Nielsen India Corporate Image Monitor 2008, the top three social issues that stakeholders expect corporates to tackle are better health infrastructure (50%), fighting diseases like HIV/AIDS, malaria, TB, cancer and immunization programs (38%), and primary, higher education & adult literacy (30%). The corporates are meeting the expectations of stakeholders on the top two social issues that are important to stakeholders but give more priority to promotion of healthcare education (72%) than higher education & adult literacy. Education & adult literacy and clean drinking water & sanitation are some of the areas where corporates need to step up activities versus expectations. "Environmental protection is now a hygiene expectation from organizations. It is deemed mandatory for any organization that aims to gain the confidence of its stakeholders and be recognized as a socially responsible company to be sensitive to environmental issues and take steps not to endanger it through its activities. Only 13 percent of respondents expect corporates to undertake environmental protection as a CSR activity, it is a given that they will do so.

A report on CSR of 125 corporates in Pune published (September 2009) by Maharashtra Chamber of Commerce Industries and Agriculture in association with an NGO Navam reveals that majority of the corporate have taken up education programs in CSR, followed by health and environment. The main reasons for not taking up CSR were 'no specific CSR policy', 'no awareness and no intention'.\textsuperscript{26}


\textsuperscript{26} Report on CSR by Maharashtra Chamber of Commerce, Industries and Agriculture, 2009
Assocham Research Bureau found out the top 5 major theme areas undertaken by India Inc. during 2010-11, which were community welfare (19.83pc), education (15.65pc), environment (12.72pc), health care (9.05p.c), rural development (5.16p.c).

3.7 **CSR IN EDUCATION: SCENE IN INDIA**

Very few studies have been conducted on Corporates doing CSR in education.

Surveys conducted by the Higher Education Funding Council for England show strong growth in the involvement of business in a wide variety of activities with universities and the UK government remains keen to expand and diversify business/University interactions. The ten year consultation document on Science and Innovation produced by the UK government in 2004 argued strongly that not only should the private sector be involved in funding ‘relevant’ research but also that many “more businesses should become engaged in shaping school and University curricula to inspire and attract the next generation of trained personnel” 27.

Singh (1983) study of 28 large companies in India shows the areas of social responsibility in which corporates set their objectives. These were Community service, rural development, auxiliary industry development, family welfare; education was however not set as objective.

An article (Ray, 2006) based on the study of education initiatives of Wipro infers that a good learning centre model highlights how social regeneration and corporate social responsibility go hand in hand. 28

The paper ‘Corporate Social Responsibility in the Wake of Globalization’ (Phadke, 2008) has given Corporate Social Responsibility Profit Cycle which proposes that sharing of wealth and technology with the society in such areas as agriculture,

education, infrastructure, environment and health care will lead to
decrease in poverty and hunger, improved quality of life, up
gradation of skills, increase in literacy rate and improved
governance which in turn ensures greater productivity, innovation
and higher profits.

3.8 STUDIES IN SOCIAL DISCLOSURES

Social disclosures or sustainability reporting has gained parallel
importance to financial reporting. Companies are accountable to
the shareholders who are the capital providers. Existence of the
Company depends on its accountability towards its other
stakeholders including employers, customers and suppliers (Owen
2003)

Epstien and Elaos (1975) study brought to forefront that
environmental quality, equal employment opportunities, product
safety, educational aid, Charitable donations, employee benefits
and various community support programs were aspects which
appeared more frequently in annual reports. Ingram (1978) carried
out an investigation of the information contents firms voluntary
social responsibility disclosure in the annual reports of Fortune 500
companies. He considered five significant categories of CSA viz
environmental, firm's business practices, community involvement,
personnel and product. He concluded that the information content
of the social responsibility disclosure varied across firm, once
industry classification, the sign of excess earnings of the firm and
the fiscal year in which the disclosures were made were taken into
account. Trotman (1979) analyzed the annual reports of 100 largest
listed Australian companies, ranked according to their market
capitalization to study the social responsibility disclosure in the five
major areas, i.e. environment, energy, human resource, product
and community involvement. The study revealed that these
companies disclosed various social information and were
presenting the 'Social Accounts' in their annual reports. Hein (1981)
conducted a study in the Netherlands to probe the reactions of the
employees towards the social reports published by the companies.
The results were based on the analysis of 1347 completely posted
questionnaires and 240 additional interviews with employees of five corporations. The overall appreciation of the respondents of social report was interpreted as ‘fairly adequate’.29

Study conducted by Institute of Chartered Accountants of India (ICAI) in 1981 on Social Responsibility disclosure has found that out of 202 sample companies only 123 companies have disclosed some information about their activities towards social responsibility.

Singh & Ahuja (1983) has examined the extent of disclosure of social responsibility in annual reports of public sector enterprises. He concluded that there was a significant variation between the companies with regard to social disclosure. He also found that the age of a company and its net sales did not have significant influence o the disclosure of social responsibility items. However, size of a company in terms of total assets did have a positive influence o social disclosure. The rate of return did not affect the social disclosure, but the earnings margin had a significant impact on such disclosure. The social disclosure was also highly related to the nature of the industry.

Chander (1989) conducted a study to examine the quantum of CSA disclosure in the annual reports of the public and the private sector companies. And to analyze the association between CSA disclosures and two corporate attributes, viz., size of a company as measured by its net tangible assets and turnover. The annual reports of 20 companies from the public sector and 24 companies from the private sector for the year 1996-97 were studied. The study led to the conclusion that i) The CSA disclosure by the public sector companies was significantly greater than that by the private sector companies.(ii) The size of a company as measured by the net tangible assets had significant effect on CST disclosure.

Porwal and Sharma (1991) examined the state of social reporting in India. Their sample was 47 companies from public sector and private sector. The findings of this study were that 46 per cent of the companies in India made some disclosure about their social

responsibility in their annual reports. Almost all the public sector companies made some sort of social disclosure, whereas only 35 percent of the private sector companies did the same. The disclosures had been made mainly through directors reports and schedules financial statements. Maximum companies had made disclosure about their human resource development and 46 percent of the companies made disclosure about their community involvement programmes. Only 11 per cent companies made disclosure about environment protection.

Some studies are also carried out to study some specific areas of Corporate Social Accountability. For example environmental reporting (Norman Pope (1971)) and pollution disclosure practices (Sen Gupta (1988))

Vasal (1988-1991) conducted a study to the extent of non statutory disclosures in annual reports of central public sector companies in India. The non statutory disclosures have been termed as extended corporate reporting and has been classified as extended financial reporting and extending social reporting. It was inferred in the study that disclosure of Extended Financial Reporting items was higher than Extended Social Reporting. The study also revealed that after the Companies Act was amended in 1988 which made social disclosures such as information on energy conservation mandatory, more companies disclosed much more information on their social performance in 1989.

A number of studies provide a detailed insight about the trends of disclosure of environmental information over time. Gray (1990) in his study on corporate social and environmental disclosure reported a little or no social and environmental information in the annual reports beyond what was required under the law. Cooers and Lybrand Deloitte (1990), Institute of Business Ethics (1990) and Roberts (1991) in their studies found that there was a little disclosure of environmental information in the annual reports of companies. Harte (1991) pointed out that the disclosure of environmental information was at a very general level and the detail

was very less.

In a micro level study on Corporate Social Disclosure in India conducted by Hegde (1997) on SAIL found that company has disclosed social balance sheet and social income statement.

Study conducted by Raman (2006) on the basis of annual reports of top 50 companies in India has reflected that the nature and extent of disclosure has varied and large emphasis is given to products and services and community involvement. However, this study is limited to Chairman’s message and letters to the shareholders section included in the annual reports.

In 2002, a nation-wide survey reported an understanding of CSR as different from "passive philanthropy," and noted that pressure from investors will drive greater transparency in reporting financial and non-financial information (Corporate Social Responsibility Survey, 2002).

The Global Reporters 2004 Survey of Corporate Sustainability Reporting has ranked TATA Steel's report as one of the strongest reports from emerging economy countries and India's top report. 'It is a bit like a Japanese report with its detailed numerical data, but the report contains an extensive set of stakeholder concerns and issues, linking them with the company’s response and strategic objectives'. A study conducted on social information disclosures in Indian Corporates (Singh, 2003-2004) brings to the forefront that there is a significant increase in the level of social disclosure information both public and private. However, the social information disclosures are more prevalent in public sector companies than private sector companies. Another study in 2005 reflects that only 64 percent companies published CSR report in their annual reports. Most of the Pharmaceutical, shipping and entertainment sectors did not publish this report. India is among the bottom 25 percent on the transparency index.  

The study undertaken by Raviinder Singh (2005) on place of environmental disclosures in the annual shows that 106 companies included it in the Directors report, 14 in the management review, 12 in a separate section, 6 in the Chairman’s speech, 9 in the Management discussions and analysis.

In their study on corporate environmental reporting Malavizhi and Yadav (2008) are hopeful that despite scanty reporting on environmental costs and benefits, future prospects of such reporting on environmental costs and benefits, future prospects of such reporting are high in growing environmentally aware economy like India. Role of corporate accountants are limited in environmental management due to lack of reporting guidelines. The current business practices in Indian companies do not reveal substantive approach towards environmental and social disclosures and reporting. The authors have studied some corporate social and environmental reporting practices. According to them corporate environmental reporting globally has been voluntary. Netherlands and Denmark had introduced mandatory disclosures way back in 2001. In Europe, EMAS (Eco Management and Audit Scheme) has been voluntary so far. Following table (figure 3) shows that the evaluation and auditing are carried out by a third party following GRI standards. Indian company reports published in 2008 following GRI guidelines.

<table>
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<tr>
<th>Name of the Organisation</th>
<th>Guidelines</th>
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<td></td>
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<td>G3</td>
<td>A+</td>
<td>GRI checked</td>
</tr>
<tr>
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<td>The Mahindra Group</td>
<td>G3</td>
<td>A+</td>
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</tbody>
</table>

Fig. 3 Companies following GRI guidelines

Study (Goswami, 2010) of 20 Indian corporations in the financial year 2007-08 shows that most of the public sector companies disclose CSR information in the directors’ reports. In case of private sector companies, most of them disclose such information by preparing separate statement. The public sector companies report about their healthcare initiatives and the private companies report about community and health programs. Community programs here include educational activities besides other development and awareness activities. Most of the public and private sector companies have reported undertaking education activities.  

3.9 STUDY IN CSR COMMUNICATION

The need for businesses to be responsible and accountable has acquired a new momentum in the global environment, accompanied, by a greater demand for mandatory and non-mandatory reporting of social responsibility initiatives (Birch, 2003). Almost three decades ago, Jacoby (1973) propounded the role of communication as a form of “social audit” to alleviate the negative perceptions of business as insensitive to social issues. Later, Manhcin and Pratt (1986) delineated the communication imperative for corporations if they were to better position themselves as “a contributing member of society, as a good citizen, and as a social leader”. Specifically, they argued that the public either does not know about or does not appreciate the effort and resources devoted to the case of responsible corporate behavior. But two decades later, Dawkins (2004) laments that even though CSR is an ongoing business priority, “communication often remains the missing link in the practice of corporate responsibility”.

One of the earliest related studies (Esrock & Leichty, 1998) found that even though 90% of Fortune 500 companies had web pages (of which 82% addressed at least one CSR issue), corporate websites were still not being utilized to their full potential as a medium for communicating about socially responsible activities.

The 2004 CSR Online Survey examined FTSE (Financial Times Stock Exchange) companies and reported that 98 of the FTSE 100

35 Goswami, Manoj: ‘Corporate Social Responsibility in India and its Corporate Reporting Practices’, working paper
and 131 of the FTSE 250 included CSR information on their website; however, found that "all too often, CSR material is hidden in hard-to-reach places, or presented as huge PDF downloads". It concludes that a lot needs to be done, both in terms of the extent and nature of reporting, for instance, offering interactivity and/or contact details that might facilitate follow-up (Coope, 2004).

The findings of a study (Chaudhri, Vidhi and Wang; Ian 2007) indicate that the number of companies with CSR information on their websites is strikingly low and that these leading companies do not leverage the websites to their advantage in terms of the quantity and style of CSR communication. While this does not imply non-activity in CSR on the part of IT companies in India, it does attest to a general lack of proactive CSR communication.

Ilan Alon et al (2010) analyzed the status of CSR communications in Brazil, Russia, India and China (BRIC nations). The results of the analysis show that CSR activities differ among BRIC nations with respect to CSR motives, processes and stakeholder issues. China was least communicative of a number of CSR issues. Even though India’s GDP per capita is lower than that of China its communication of CSR is more intensive.

3.10 KNOWLEDGE GAP

Though an evolving concept, studies and surveys have been conducted at International and National level on Corporate Social Responsibilities. These studies are mainly to understand the trends in corporate disclosures, corporate accounting, importance given to CSR and environmental reporting, relationship between CSR and financial performance, CSR communication and extent of CSR penetration in different countries. However it is observed that there is very less research to infer importance given by the corporates to a particular CSR issue such as community development or education. There is a lack of research on comprehensive approach of the corporates towards CSR. Adequate research is also not available on the approach of corporate towards education as a CSR area.
Considering the literature review there appears a gap between the studies conducted on CSR and the corporate practices and society needs. There is a necessity for more research in this very relevant concept of CSR and a very important indicator of development - education. The researcher has identified this knowledge gap and endeavored to study these crucial areas.