CHAPTER 4

Literature Survey

4.1. Introduction

Corporations are considered to be social enterprises and therefore businesses can no longer function as if they are separate from the social and cultural values of those communities in which they seek a license to operate (e.g., Birch, 2003; Rowe 2006). Business organizations are being called upon to become “an active agent for social change” (Sethi & Steidlmeier, 1995, p. 12), and transition from asking “what we are entitled to what are we responsible for?” (Drucker, 1993, p. 109.)

Although various surveys have shown the CSR has acquired a new momentum in India the question arises have we been effective in communicating the social and environmental effects of organizations’ economic actions to particular interest groups within society and to society at large? How far have we been successful in transparent and proactive communications of CSR? It is noteworthy to observe here that Dawkin in 2004 also lamented that even though CSR is an ongoing business priority, “communication often remains the missing link in the practice corporate responsibility” (p108). These questions are a reflection of the fact that now there is 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 (p. 267). Later Manheim 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” (p. 9). 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.

Thus the literature survey has been divided into two sections. Section 4.2 have highlighted on the literature review of CSR in the Global and Indian context and Section 4.3 have highlighted on literature review of CSR communication including communication via the internet in the Global and Indian context because this study treats CSR communication and action as being interrelated rather than mutually exclusive functions.

4.2. Literature review of CSR in the Global and Indian context.

The basic notion of CSR is one of ethical and moral issues surrounding corporate decision making and behaviour. Knowing if a company should undertake certain activities or refrain from doing so because they are beneficial or harmful to society is a central question. Social issues deserve moral consideration of their own and should lead managers to consider the social impacts of corporate activities in decision making. Regardless of any stakeholders’ pressures, actions which lead to things such as the conservation of the Earth's natural resources or biodiversity preservation are morally praiseworthy. The present-day conception of corporate social responsibility (CSR) implies that companies voluntarily integrate social and environmental concerns in their operations and interaction with stakeholders.

CSR has been addressed by many disciplines, but there is an increasing consensus that the CSR concept cannot be analyzed through the lens of a single disciplinary perspective (Me Williams et. al., 2006). Lockett et al. (2006) followed the logic of Whitley's (1984) and identified CSR as a field of study within management rather than as a discipline. CSR, as an academic field, will focus on different related issues with highly permeable boundaries. Lockett et al. (2006) delineated four areas for CSR research: business ethics, environmental responsibility, social responsibility and stakeholder approaches. Branco and Rodrignes (2006) mentioned that CSR is
related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, and relations with suppliers and consumers. Branco and Rodrigues (2006) also indicated the notion of CSR is related to ethical and moral issues concerning corporate decision making and behaviors. The central question is to know if a firm should undertake certain activities or refrain from doing so, because they are beneficial or harmful to society.

Corporate Social Responsibility which has been conceptualized in a number of different ways can be clearly related to different views regarding the role of business in society (Clarke, 1998, Lantos, 2001). These views are often presented within the stakeholder-shareholder debate. The idea which underlies the "shareholder perspective" is that the only responsibility of managers is to serve the interests of shareholders in the best possible way, using corporate resources to increase the wealth of the latter by seeking profits (Friedman, 1998; Jensen, 2001). In contrast, the "stakeholder perspective" suggests that besides shareholders, other groups or constituents are affected by a company's activities (such as employees or the local community), and have to be considered in managers decisions, possibly equally with shareholders (Freeman, 1998; Werhane and Freeman, 1999).

Based on Clarke (1998) and Lantos (2001) the role of business in society can be distinguished as shown in Fig 4.1. The "classical view", defines it in purely economic profit making terms, focusing on the profit of the shareholders. The “classical view” was justified mainly on the basis of neoclassical economic theory arguments using notions such as the free market, economic efficiency and profit maximization It was believed that shareholders were the owners of the corporations and managers had no right to act on their own preferences, to make discretionary decisions or to use company's resources to further social goals which could not be shown to be directly related to profits. Companies' role was to produce wealth. It was believed that pursuance of socially responsible objectives would impair their role and managers were also not equipped to perform such roles. Way back in 1919, the concept of “social responsibilities” of a company was completely separated from its financial performance. Economists, like Adam Smith, saw financial reward in running a business with greater public goods in mind, considering that most shareholders invest in a company not to make a difference in society but to gain a sizable financial return on investment. In contrast, the "stakeholder view” holds that companies have a social responsibility that requires them to consider the interests of all the stakeholders.

Apart from Clarke and Lantos, Greenfield (2004) had also observed that CSR remained a controversial term to date because of the existence of two opposing camps in the CSR debate. According to him the first camp believed rather firmly that a corporation was a legal construct and had only the two responsibilities bestowed by the law creating it, namely making money for owners and obeying relevant rules. The first view translated into a narrow conception of corporate responsibility as simply entailing economic and legal responsibilities. This view is commonly referred to as “the classical view” which holds that the only and prime responsibility of management is to maximize profits within the rules of the game. Another group believed that corporations act intentionally via the intentional actions of their members and hence bear the duties and obligations of any good person or citizen, but on a corporate scale (Hancock, 2005; Pettit, 2005; Goodpaster and Matthews, 2003). This view translated into a broader conception of CSR entailing a wider range of economic, legal, ethical, moral and philanthropic responsibilities (Jamali and Mirshak, 2007). The second view is characterized as the “modern socio-economic view”, quite similar to the “stakeholder view” implying that corporations are responsible to a circle of economic and social stakeholders in a wider sense.
Lantos (2001) had further identified two perspectives in the classical view as shown in Fig 2.1 above: the "pure profit-making view"; and the "constrained profit making view'. The "pure profit-making view" is exemplified by Carr's (1968) position. The distinctive feature of this author's perspective was that some degree of dishonesty was acceptable because business people have a lower set of moral standards than those in the rest of society and it included things like conscious misstatements, concealment of pertinent facts, or exaggeration. According to Carr "Deception" was probably a necessary component of "a strategy to be successful in business", and thus business people cannot afford to be guided by ethics as conceived in private life.

The major proponent of the "constrained profit-making view" was Friedman (1998), who believed companies should behave honestly, that is, they should not engage in deception and fraud. He argued that the purpose of the company was to make profits for shareholders. The only responsibility of business was to use its resources to engage in activities designed to increase its profits so long as it stays within the rules of the game, because managers were agents of the shareholders and they have a responsibility to conduct business in accordance with their interest. According to him their responsibility was to make as much money as possible and maximize their wealth. Under this view, shareholders were considered the owners of the company therefore the profits belonged to them, so managers pursuing socially responsible objectives may be unethical, since it required them to spend money that belonged to other individuals. Asking companies to engage in social responsibility activities was considered to be harmful to the foundations of a free society with a free-enterprise and private-property system. Friedman believed that social problems should be left for the state to address .Levitt (1958) also believed that companies should be concerned with improving production and increasing profits while abiding by the rules of the game, which included acting honestly and in good faith, and that social problems should be left for the state to address.

Lantos (2001) had identified two perspectives in the stakeholder view as shown in Fig2.1above, the socially aware view and the social activism view. The socially aware view suggests that business should be sensitive to potential harms of its actions on various stakeholder groups. Whereas social activism view suggests business must use its vast resources for social good.
Stakeholder view is a much accepted view. As early as 1916, J.M. Clark emphasized the importance of transparency in business dealings in his writing in the “Journal of Political Economy.” In 1917, Henry Ford stated the purpose of his company this way: “To do as much as possible for everybody concerned, to make money and use it, give employment, and send out the car where the people can use it… and incidentally to make money… Business is a service not a bonanza” (Lewis, 1976, p. 101). Ford’s idea of business as a service to society was not accepted by the shareholders. In 1999, 80 years later, Henry Ford’s great grandson, William Clay Ford Jr. took the helm of the company and tried again to convince his company’s shareholders of the importance of business as a service to society: “We want to find ingenious new ways to delight consumers, provide superior returns to shareholders and make the world a better place for us all” (Meredith, 1999). This time around, however, the younger Ford received considerable support from the shareholders. This was due to a cultural shift in favour of social responsibilities that a business has towards its stakeholders.

The basic ideas behind the stakeholder approach are not new discoveries, even though formulation of the theory is in actual fact rather young, especially from Western perspective. It is possible to trace the main impulses back to Bernard (1938), Dill (1958), March and Simon (1958), Cyert and March (1963) and Thompson (1967) (cited in Nasi 1995). Freeman (1984) considers that the first explicit definition of the stakeholder concept can be found in an internal memorandum of the Stanford Research Institute from 1963. The European Commission had also defined CSR as a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment (European Commission, 2001, p. 5). It is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, relations with suppliers and consumers.

With respect to stakeholder approach Aerts, et al, (2004) had suggested that based on an analysis of a typical company’s relationships, stakeholders can be divided into three groups: business stakeholder, social stakeholders and financial stakeholders. They examined the influence of business stakeholders’ implicit claims (time horizon and industry concentration ratio), social stakeholders’ implicit claims (media exposure and capital intensity) and financial stakeholders implicit claims (forecast dispersion, concentrated ownership, return on assets and leverage).

The stakeholder view is much looked upon since we find many scholars addressing this issue through various forms but undoubtedly stressing on the issue that companies have got a bigger and wider role to play in a society. Many scholars have conceived of CSR as encompassing two dimensions: internal and external (Jamali et al., 2008). On “the internal level”, companies revise their in-house priorities and accord due diligence to their responsibility to internal stakeholders addressing issues relating to skills and education, workplace safety, working conditions, human rights, equity considerations, equal opportunity, health and safety and labor rights (Jones et al., 2005). With respect to “the external dimension of CSR”, which admittedly receives more priority, shifts to the need for corporations to assume their duties as citizens and accord due diligence to their external – economic and social- stakeholders and the natural environment (Munilla and Miles, 2005). The environmental component addresses primarily the impacts of processes, products and service on the environment, biodiversity and human health, while the social bottom line incorporates community issues, social justice, public problems and public controversies. Addressing these two CSR dimensions often implies difficult adjustments and willingness to consider multiple bottom lines (Jamali, 2006).

Donaldson and Davis (1991) expressed another perspective to the stakeholder view, the stewardship theory which is based on the idea that there is a normal imperative for managers to "do the right thing" without regard to how such decisions affect firm's financial performance.
From late 1990s, however, the concept of CSR has become much more closely related to market outcome throughout a number of empirical findings as well as theoretical studies (Hart, 1997; Kotler and Lee, 2005; Orlitzky, Schmidt and Rynes, 2003; Porter and Karmer, 2002). A growing number of shareholders began to accept the idea that adoption of CSR could, in fact, lead to financial rewards in the long run. Donaldson and Preston (1995) stressed on the moral and ethical dimensions of CSR as well as the business case for engaging in such activity. Russo and Routs (1972) tested the theory of CSR empirically using firm level data and environmental and accounting profitability and found that firms with higher levels of environmental performance had superior financial performance (p.202).

Jenson (1999) argued that the society has moved away from the agrarian society to the industrial society to the information society and that it is now entering the dream society. The dream society according to him was a society where businesses, communities and individuals thrive on the basis of their stories. In 2004 Wangari Maatheu's, a Nobel Prize Laureate, also stated that firms need to take responsibility for a more sustainable and healthier environment since they continuously use the world's resources. Sustainable development, democracy and peace are inseparable according to her. According to her, consumer will support companies that accept and take social responsibilities. (Granstrom, 2005).

Vogel (2005) considered the nature of CSR and evaluated the evidence of its effect as well as its potential. Van Der Laan Smith, et al, (2005) argued that stakeholder orientation in a country will influence the extent and quality of CSR disclosure in annual reports. They argued that corporate governance systems, ownership structure and cultural factors in a country influence the manner in which the role of company and its stakeholders is defined in a society. The results based on a sample of 32 Norwegian/Danish companies and 26 US companies support their argument. Lee Preston and James Post (1975) examined how business interacts with various sectors (government, business and civil society) and stressed on the importance of the relationship between the company and its host environment. R. Edward Freeman (1984) took this further by introducing stakeholder theory into business management, showing not only how elements of society have differing expectations, but also how important it is for companies to understand these diverse perspectives.

Michael Hopkins (1998) also highlighted that the responsibility of a business should be to treat the stake holders of the firm ethically or in a socially responsible manner. Stakeholders according to him exist both within a firm and outside and behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation. A more representative observation was made by Holmes and Watts (2000) that the responsibility of a business should be the “continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

The term 'social responsibility’ has been challenged as early as the 1970's. Sethi (1975, 1979) distinguished between social obligation, social responsibility, and social responsiveness. He argued that, like all other social institutions, companies were an integral part of society and must depend on acceptance of their role and activities for their existence, continuity and growth. Sethi believed that business orientation in any social dimension must be anticipatory and preventive. Stakeholder perspective that had developed in the nineties has become something which is inescapable if one really wants to discuss and analyze the social responsibilities of a business as Morten et al (2003 pg III) states “stakeholder theory is a necessary process in the operationalisation of corporate social responsibility as a complimentary rather than conflicting body of literature.”
Even though the stakeholder view of the concept of CSR was highly acclaimed by many scholars, yet no one could claim that the approach achieved any position of dominant paradigm globally in the 1960s and 1970s. But in Europe and more specifically in the Scandinavian countries, it did have an impact. Eric Rhenman alone (1964) and also with Bengt Stymne (1965) (cited in Carroll and Nasi 1997) explicitly outlined the stakeholder approach or as they themselves put it, the stakeholder theory. Stakeholder theory rose to popularity in America and around the world through Freeman’s work. In his landmark 1984 work “Strategic Management: A stakeholder Approach”, he expounded the stakeholder approach, framework and theory, which defined the basis for modern and sophisticated strategic management of corporations. Archie Carroll (1989) can take the credit for then connecting the stakeholder approach to the sphere of business and society.

Such effort was produced by Carroll in his 1979 “Academy of Management Review (AMR) article.” His three-dimensional conceptual model of corporate social performance (CSP) immediately gained acceptance and was further developed by others like Miles, (1987), Ullmann, (1985 ), Wartickand Cochran, (1985) Wood, (1991). The main thrust in Carroll’s three-dimensional model is the combination of three dimensions in corporate social performance which are corporate social responsibility, social issues, and corporate social responsiveness. Wood (1991, p. 695) retained Carroll’s four categories and identified how they relate to principle of legitimacy, the principle of public responsibility, and the principle of managerial discretion.

Wood and Jones (1995) further used a stakeholder framework to modify Wood’s definition of corporate social performance as principles, processes, and outcomes. They redefined the outcomes as internal stakeholder effects, external stakeholder effects, and external institutional effects. From a stakeholder theory perspective, corporate social performance can thus be assessed in terms of a company meeting the demands of its multiple stakeholder groups and companies must seek to satisfy their demands as an unavoidable cost of doing business (Ruf et al., 2001, p. 143). Corporate social performance is therefore considered to be "the ability of the company to meet or exceed stakeholder expectations regarding social issues.”

Clarkson (1995) stated that a stakeholder management framework was more useful to the analysis and evaluation of corporate social performance than models and methodologies based on concepts of social responsibilities and responsiveness. He contended that it was necessary to distinguish between stakeholder issues and social issues because corporations and their managers manage relationships with their stakeholders and not with society. Hillman and Keirn (2001) argued that one can find that social responsibility activities can payoff, as long as they are in the interest of a company's primary stakeholders. According to Jones (1980, p. 59-60), CSR is seen as an obligation to constituent groups in society other than shareholders, which extends beyond that prescribed by law and union contract and is voluntarily adopted.

Freeman and Gilbert (1987) had also presented the process of corporate social responsibility by using the approach of stakeholder management. Schwalbe (1988) had used the ethical theory as propounded by Georg Herbert Read and showed the need for socially responsible stakeholder policies. Reidenbach and Roben (1998) had shown how stakeholder policies can be integrated into the marketing strategy process. Garret (1989) had used the ‘due came’ theory for increasing the responsibilities of businesses towards stakeholders.

Thus stakeholder thinking had entered discussions with full force only in the nineties. Peter Drucker claimed that the management evolutions which began in the fifties came to full fruition in the nineties. Major themes like stakeholder theory, business ethics theory and corporate citizenship took center stage in the 1990’s. A lot of writings by eminent thinkers focusing on

Lawrence and Weber (2008) looked at CSR as a corporation being accountable for any of its actions that affect people, their communities, and their environment. Some authors even argue that managers should treat CSR precisely as "they treat all investment decisions” (McWilliams and Siegel, 2001, p.125) or “as a form of strategic investment” (McWilliams et al., 2006, p.4). In summary, CSR is a complex controversial concept that is still evolving. It is a much broader concept than business ethics. The present-day dominant conception of CSR simply entails that firms voluntarily integrate social and environmental concerns in their operations and interactions with stakeholders. So as far as the western countries are concerned the stakeholder view of CSR seemed to be prominent, with highly acclaimed authors supporting this view.

With respect to the Indian scenario we observe in 2001 the organization TERI, formerly known as the Tata Energy Research Institute, had conducted a poll and produced a report called “Altered Images: the 2001 state of corporate responsibility in India poll” (Kumar, Murphy & Viral, 2001). It traced the history of CSR in India and suggested that four models existed in the country. The 'ethical' model, suggested by Mahatma Gandhi, is a model where companies voluntarily committed themselves to the cause of public welfare and participated in nation building. The 'statist' model following India's independence propounded by Prime Minister Jawaharlal Nehru, which calls for state ownership and legal requirements to promote CSR. The 'liberal' model identified by Milton Friedman as CSR being limited to private owners or shareholders and finally the 'stakeholder' model championed by R Edward Freeman, which calls for companies to respond to all stakeholders' needs (Impact 2006).

India has always tried to exhibit the hallmark of a harmony-with-nature relationship” between humans and their environment as cited by Kuchkhhor & Strodtbeck (1961). Chakravorty (1991) had shown the deep roots of the Indian ethos from which Indian managers can develop a structure of values on the basis of which they can develop stakeholder policies. Gandhi’s theory of social trusteeship epitomizes this “prosperity for all” attitude. His theory of social trusteeship is a weapon to address economic inequalities.

Formulation of the stakeholder theory may be rather young from the western perspective but as far as India is concerned we find that many great ancient texts and scriptures like Manusmriti, Ramayana, Shanti Parva and Vidura Neeti of the Mahabharata and Kautilya’s Arthashastra which dates back to many millennia had already elaborated on the stakeholder approach to management. These texts elaborated on how the kings ensured the welfare of all stakeholders within the kingdom before taking a decision. Stakeholder management as given in a variety of Indian scriptures has usually dealt with the aspects of relationship between the leader and the stakeholders, reciprocation from stakeholders, guidelines for stakeholder policies and stakeholder policies Siva Kumar (1995), R. C. Majumdar (1969), O. P. (1972) George Bullen
(1979), K. M Ganguli (1981). Therefore the belief that the companies should look into the interest of all the stakeholders was present in India for a long period of time.

The current literature on CSR with respect to India however mostly focuses heavily on developed western settings, and the reliability of these findings on the developing countries like Asia, is lacking. Although there have been recent attempts at mapping the CSR terrain of emerging markets (e.g. Jamali & Mirshak, 2007; Husted & Allen, 2006; Waldman et al, 2006), they are quite insufficient when weighed against the coverage of western countries and thus research gaps are obvious. Moreover, the literature (cf. Jamali & Mirshak, 2007; Welford, 2004; Mohan, 2001) often assume that firms in the emerging Asian markets lag behind in their CSR agenda in comparison to their Western counterparts, overlooking the possibility of context-specific idiosyncrasies.

Corporate India has always boasted a strong tradition of corporate philanthropy and the Indian society had viewed its business leaders as leaders of social development (Mohan, 2001). Regardless of this strong tradition on philanthropy, the CSR research in India in the recent past has primarily focused on identifying the ideal 'how to carry out CSR,' often leading to contradictory findings on the related practices (e.g. Ruud, 2002; Kumar, Murphy, Balsari, 2001). The undifferentiated application of western ideologies of CSR in the Indian context may have contributed to this inconsistency in the previous literature. Mohan (2001) has already hinted that in the CSR context, expectations with regard to corporate India differ from expectations in the traditional western sense. Various cultural, political and development aspects influence the Indian stakeholders’ understanding of the CSR agenda and it is crucial to identify these to determine the right approach to implementing CSR at the corporate level.

However, as Mehra (2006) is quick to caution, mainstreaming CSR in the corporate process and achieving consistency in actions remain unachieved. She also draws attention to the importance of going beyond the hype and focusing on localized solutions for CSR and Gandhian trusteeship theory may well hold the answer. A few CSR studies on emerging economies (including India) tend to rely on the companies' CSR reporting. Chambers, Chapple, Moon, and Sullivan (2003) reveal that although India leads in providing coverage to their CSR practices in annual reports in Asia, only two percent of Indian companies produce dedicated CSR reports and they point to Maitland's (2002) observations that there is high probability of CSR reports to consist of inconsequential information. Therefore, high achievements in CSR reporting is open to debate as far as the overall application and connotation is concerned (Joshi, 2005).

Empirical evidences from CSR research in India (e.g. Arora & Puranik, 2004) found CSR policies to be positioned far from the core corporate activities and are regarded as philanthropy, with companies not expecting much in (immediate financial) return for their CSR efforts. As a result, and despite being around for a while, CSR is not as yet a popular term in the Indian business parlance. Gupta (2007) also points out that there are societal expectations from a corporate entity in India to involve themselves in developmental issues concurrent to doing responsible business, not necessarily a case in the West.

PIC (2004) concluded that CSR in India has moved beyond corporate philanthropy and has become more methodical in its approach. The CEO and other members of the top management team emerged as the principal initiator of CSR activities in a company (PIC, 2004), in a nod to the tenets of transformational leadership theory (Waldman, Siegel, & Javidan, 2004).

Empirical evidences (e.g. Mohan 2001; Rudd 2002; Sawhney 2004; Gardberg & Fombrun, 2006) show conflicting evidence with regard to foreign MNCs' role in this context of CSR in India as well. Rudd (2002) opines that MNCs in India are the drivers of the CSR agenda.
However Mohan (2001) found no discernable differences between the CSR policies of MNCs and those of local companies in India – a finding that Sawhney (2004) corroborates. A further study showed that MNCs in India only practice CSR partially, and barely have policies and practices that are in tune with those of their parent companies in Europe (Rose, 2004).

In 2002, a survey, this time under the joint patronage of the Confederation of Indian Industry (CII), United Nations Development Programme (UNDP), British Council and Price Waterhouse Coopers (PWC), noted some improved trends. According to this study social responsibility is not the exclusive domain of the government and ‘passive philanthropy’ alone no longer constitutes CSR. A desire to be a good corporate citizen and improved brand image were the drivers for CSR. More than 90 per cent of the respondents believed that investors would demand greater transparency in disclosure of financial and non-financial information. More than 90 per cent and 63 per cent of the respondents expected to be more transparent in reporting financial and non-financial information respectively.

In 2003, Partners in Change (PIC) conducted its third survey on CSR in India in partnership with the research group IMRB (Arora & Puranik 2004). The survey captured the views of 536 companies, with annual turnover exceeding Rs 25 billion across the country. The 2003 Survey also included the views of other key stakeholders such as government, media, NGOs and other civil society organizations (CSOs). The survey concluded that for the majority of companies (64 per cent), the main CSR driver was philanthropy, followed by image building (42 per cent), employee morale and ethics (30 per cent each). It also found that only one out of five PSUs (public sector units) and very few MNCs (21 per cent) and Indian companies (14 per cent) have a CSR policy document (Deo 2004). These are found largely among business sectors such as infrastructure, finance, food & beverages, pharmaceutical and chemical industries.

Undertaking CSR activities is not enough unless it gets reflected to the various stakeholders through its communication. The following section hence would deal with CSR communication.

4.3. Literature review on CSR communication and Communication via the Internet

CSR communication is the process of communicating social and environmental effects of organization’s economic actions to particular interest groups within society and to society at large. It is intended to demonstrate to the society the social activities that a firm engages in and its impact on the society (Zakimi and Hamid, 2004). CSR communication is bound to be ineffective if it fails to inform stakeholders or support a dialogue that influences the decisions and behavior of both the reporting organization and its stakeholders” (2002, p. 9).

[This study treats CSR communication and action as being interrelated rather than mutually exclusive functions]. We adhere to the following explanation offered by Fukukawa and Moon (2004):

The communication of CSR does not necessarily denote activity, and the activity levels that lie behind the communication may well vary. By the same token, the absence of communication of CSR does not necessarily indicate non-activity. However, in the light of the assumption that reporting, transparency and accountability are part and parcel of CSR, there is reason to expect increasing congruence between communication and action (p. 48).

Researchers and academics have been studying the subject of CSR for more than 50 years. Most of these studies have concentrated on CSR of western countries such as USA, Europe and Australia (Adams et al. 1998; Ernst and Ernst 1978; Gray et al. 1987; Guthrie and Mathews 1985; Roberts 1991; Trotman 1979). Recently, researchers have started focusing on the CSR practices of developing countries such as Bangladesh, Malaysia, Singapore, India, Indonesia, Thailand, Nigeria and Uganda (Basalamah and Jermias 2005; Belal 2001; Chapel and Jeremy...
2005; Kuasirikun and Sherer 2004; Md Zabid and Ibrahim 2002; Raman 2006; Tsang 2001). These studies have investigated the CSR practices of top companies in each country.

Most of the studies have investigated the CSR practices of companies by studying the annual reports because annual reports are formal public documents produced by companies in response to the mandatory corporate reporting requirements existing in most western and eastern economies (Santon & Santon, 2002:478). Daub, (2007) stated that the annual report is sometimes referred to as a company business card which reflects that it provide readers with a comprehensive picture of the publishing organization (Daub, 2007: 75).

However Roberts, (1991) stated that the exclusive focus on annual reports may provide an incomplete picture (to some extent) of corporate disclosure practices (Roberts, 1991:61). Also, Zeghal & Ahmed, (1990) indicated that annual reports are not the only medium can companies use to disclose their socially responsible behavior. Unerman, (2000) stated that "studies which only examine annual reports risk underestimating the volume of CSR companies engage in” (Unerman, 2000, p.674). So, there are some studies which used documents other than annual reports; Guthrie & Parker, (1989) used, with annual report, half yearly produced report of PHB company, Zeghal & Ahmed, (1990) used, with annual report, corporate advertisements and brochures, Harte & Owen, (1991) used, with annual report, environmental report, Simmons & Neu, (1996) used, with annual report, press reports regarding environmental fines.

Even though historically, corporations have used the mass media to communicate with their publics, but there is a discerning shift toward the internet as a new medium of organizational communication (e.g., Aikat, 2000; Esrock & Leichty, 1998; 1999; Pollach, 2003; Snider, Hill, & Martin, 2003). The internet represents a new medium for companies to use in communicating with their publics, both internal and external. It facilitates the rapid provision of much more comprehensive information, and makes it possible for companies to solicit more feedback from a range of stakeholders (Antal, Dierkies, MacMillan, & Marz, 2002). The prominent studies that have taken place to understand and establish a pattern with respect to CSR activities have been highlighted below.

The CSR experience in Asian countries has been limited and varied. By examining annual reports (from 1986 to 1995) of listed firms across several industry sectors in Singapore, Tsang (1998) revealed that one half of them did not have any social responsibility disclosures throughout the ten-year period. Ex-aming 1996-1997 annual reports from listed firms from Bangladesh, Imam (2000) reported a worse experience with most firms hardly engaging in any CSR. In another study in Bangladesh, Belal (2001) conducted a content analysis of CSR practices on the annual reports of 30 companies selected at random. This study found that most of the companies were making social disclosures that were descriptive but the quantity of information was not sufficient.

Kuasirikun and Sherer (2004) analyzed annual reports of the years 1993 and 1999 of large Thai listed firms across industry sectors and found that their CSR was comparable to CSR of listed firms in Western nations such as the UK, USA and Australia. Another study conducted in Thailand examined the CSR by content analyzing the annual reports of the 40 largest Thai companies for the years 1997, 1999 and 2001 (Ratanajongkol et al. 2006). In aggregate the research showed a trend of increasing CSR in the five-year period but varied within different industries. This study found that CSR among Thai companies primarily focused on human resources.

The study conducted by Basalamah and Jermias (2005) investigated the practice and motivation for social and environmental reporting and auditing in two Indonesian companies. The three reports of the two companies analyzed seem to be associated with significant threats faced by
the company that might jeopardize their reputation and even their ongoing survival. The management determined the CSR, and therefore the tone of the reports, and the findings tended to be positive and biased in favour of the company.

In Malaysia, Zakimi and Hamid (2004) conducted an empirical study on the CSR practices of the banking and finance sector. The results showed that product-related disclosure was the highest. Moreover, the size, listing status and age of the business appeared to significantly influence the disclosure pattern. In a study of CSR in annual reports and websites of financial institutions in Ireland conducted by Douglas, Doris, and Johnson (2004), it was found that Irish banks were lagging behind the leading European banks with regard to the quality and quantity of social disclosure in annual reports. They found that a greater volume of disclosure was made in websites rather than in annual reports.

In Portugal, Branco and Rodrigues (2006) conducted a study of CSR in annual reports and websites of 15 banks. They found that banks with high visibility among customers exhibited greater concern to improve their corporate image through social disclosure. This study used legitimacy theory to explain the CSR of Portuguese banks. Zeghal and Ahmed (1990) examined the social responsibility information disclosed through mass media vehicles by Canadian companies operating in the banking and petroleum industries. The study indicated that the mass media vehicles were used extensively, but that they provided less information in the quantitative and monetary form than did the annual reports. This study did not bring out the differences in social disclosure patterns between the banking and petroleum industry.

Ho & Taylor, (2007) examined triple bottom-line reporting (TBL) in annual report, stand-alone report, and special website reports. Branco & Rodrigues, (2008) examined CSR communication in both annual reports and web sites. With respect to disclosure of CSR activities Hackston &Milne (1996), indicated that human resources and community information are the most important categories in New Zealand companies. Rizk et al. (2008) indicated that employee-related information is the most important information in Egyptian companies. Furthermore, Sobhani et al (2009) indicated that human resources information is the most important information in Bangladesh.

Piacentini et al. (2000) conducted a study on the motivation and extent of CSR of food and confectionery retailers in Scotland. In a more recent study on CSR of the hotel industry in Thailand after the Indian Ocean tsunami, the authors found a rising interest among management in social issues (Henderson, 2006)

In a climate that is arguably marked by more informed publics and a critical media, companies are facing more clearly articulated expectations from customers and consumers regarding their contributions to sustainable development, which puts pressure on them to maintain transparency and be proactive in communicating with its publics. Graafland, Eijffinger and Smid (2004) posit that “the Corporate Social Responsibility (CSR) of a company will only be correctly perceived by the public if it’s social and environmental value creation is transparent” (p. 137). The need for and benefits of proactive and transparent communication as central to corporate reputation and relationship building has been endorsed by most scholars (e.g., Manheim & Pratt, 1986; Tapscott & Tiscoll, 2003). The compelling need for transparency has elevated the role of the internet as one of the most preferred channels of corporate communication.

CSR communication via the corporate web has been a direct offshoot of the digital revolution. Esrock and Leichty (1999) note that corporate websites are no longer an anomaly, and may have “a number of sections that target the unique wants and needs of several audiences” allowing them to engage in multi-stakeholder dialogue, earlier identified as a practical
challenge of CSR communication. One of the earliest related studies (Esrock & Leichty, 1998) found that even though 90 percent of Fortune 500 companies had web pages (of which 82 percent 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.

According to Esrock and Leichty (1998) 80 percent of the Companies in the Fortune 500 addressed at least one CSR issue in 1998 such as community development/ in education and the environment. In 2000, another study by the same authors demonstrated that the percentage increased from 80 percent to 85 percent. Williams & Pei (1999) after studying the disclosure practices amongst companies in Australia- Singapore – Malaysia - Hong Kong showed that companies in all countries appear to provide more disclosure on web sites than annual reports.

The 2004 CSR Online Survey examined FTSE (Financial Times Stock Exchange) companies and reported that 98 of the FTSE 100 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” (Coope, 2004, pp. 20-21). 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 study of CSR communication via the World Wide Web has also received a fair amount of attention in the Asian context. Chambers, Chapple, Moon, and Sullivan (2003) examined websites of the top 50 companies across seven Asian countries to investigate the “penetration,” “extent,” and “waves” of CSR reporting, and found significant differences among the seven countries on all dimensions. The study found that despite an extremely low percentage of internet users in the population, India had the highest penetration and extent of CSR coverage. Other studies have looked at CSR reporting in specific Asian countries (.Fukukawa & Moon, 2004 for CSR reporting in Japan; Thompson & Zakaria, 2004 for CSR reporting in Malaysia; Welford, 2004 for a comparison between Europe and Asia). Similar research carried out in Brazil by the Akatu Institute (2006) found that 78 percent of consumers would like to know how the companies try to be socially responsible.

Chapel and Jeremy (2005) investigated the CSR pattern of companies through analysis of website reporting of 50 companies in seven Asian countries: India, Indonesia, Malaysia, the Philippines, South Korea, Singapore, and Thailand. They concluded that CSR varies considerably among Asian countries. More-over, multinational companies were more likely to adopt CSR than those operating solely in their home country but the pro-file of their CSR tended to reflect the profile of the country of operation rather than the country of origin.

Ho & Taylor, (2007) examined the influence of corporate characteristics (size, profitability, industry membership, leverage, and liquidity) and country on triple bottom line reporting (TBL) in annual report, stand-alone report, and special website reports, in both US and Japan. The empirical results, based on sample of 50 of the largest US and Japanese companies, showed a positive and significant association between both corporate size and country and TBL disclosure, negative association between corporate profitability, liquidity, and industry membership and TBL reporting, while there was no significant association between leverage and TBL reporting.

Wanderley, et al, (2008) examined the impact of both country of origin and industry sector on CSR information on corporate websites in emerging countries. They analyzed the websites of 127 companies in 8 countries (Brazil, Chile, China, India, Indonesia, Mexico, Thailand and South Africa), and found evidence that both country and industry sector have a significant influence over CSD in websites, and country of origin has stronger influence than industry sector.
Mio, (2009) addresses another issue; he examined factors influencing the quality of sustainability, environmental and social reports of Italian companies. He presented an analysis for the link between the quality of reports and the following variables: level of clarification of the sustainability strategy; level of complexity; territoriality (extension of the market); degree of maturity and experience in sustainability communication; rate of growth (turnover and number of employees); degree of privatization and organizational structure and arrangements of the issues of social responsibility. Tagesson, et al, (2009) examined the factors influencing social and environmental disclosures on corporate websites in Swedish companies. The results showed that disclosure is associated with corporate size (number of employees), industry, profitability, and ownership identity.

There is very little evidence of research being carried on with respect to communication of CSR via internet with respect to India, even though worldwide it has been proved that WWW pages offer corporations an opportunity to participate in setting the agenda on public policy issues. Web pages can also employ interactive features to collect information, monitor public opinion on issues, and proactively engage citizens in direct dialogue about a variety of matters. Given the ability of corporations to use the web to interact with audiences and provide information directly to individuals without having to pass through the gatekeepers of the news media, the medium could be used to express the organization’s position on policy issues and thereby draw attention to those matters (Esrock and Leichty 1998:306-309).

The above discussions show that there has been growing interest among researchers on CSR literature and communication in the context of Asian countries in recent years, but very little investigation has been done into the CSR pattern of companies in the Indian sub-continent with the exception of studies mentioned below:

In a study conducted by Singh and Ahuja (1983) on 40 Indian public sector companies for the years 1975/1976, they found that only 40 per cent of the companies disclosed about 30 per cent of the total social disclosure items included in their survey. This was the first study in India on CSR that could be found in international journals and was based on CSR practices of the country 35 years ago. Another study on CSR in India conducted by Hegde et al. (1997) was a case study of the Steel Authority of India Limited (SAIL) a public sector manufacturing company. SAIL had a social balance sheet and income statement. They also reported on human resources.

In the most recent study conducted by Raman (2006), the annual reports of the top 50 companies in India were examined to understand how the top management perceived corporate social responsibility and reported on it. This study found that the nature and extent of such disclosures was varied with a large emphasis placed on products and services and the development of human resources. Community involvement was highlighted by less than 50 per cent of the sample organizations.

Hossain & Reaz, (2007) examined determinants of voluntary disclosure in annual reports for Indian banking companies. Social disclosure represented one category of voluntary disclosure categories. The empirical results, based on a sample of 38 banking companies, show that corporate size and assets in-place are significantly associated with disclosure, while corporate age, multiple exchange listing, business complexity, and board composition (percentage of non-executive directors) are not associated with disclosure.

4.4. Critical analysis of the literature survey

An in-depth analysis of the literature review indicates the following:
First, the general studies with respect to CSR and its development in India undertaken previously showed different opinion amongst researchers. Some researchers (Arora & Puranik, 2004, Jamali & Mirshak, 2007; Husted & Allen, 2006; Waldman et al, 2006, Ruud, 2002; Kumar, Murphy, Balsari, 2001) are of the opinion that India’s economic reforms and its rise to become an emerging market and global player have not resulted in a substantial change in its CSR approach. Researchers have highlighted that companies have highlighted on just “how to carry on CSR”. Contrary to various expectations that India would adopt the global CSR agenda, its present CSR approach still largely retains its own characteristics, adopting only some aspects of global mainstream CSR. While there are empirical surveys discussed in the earlier segments that have highlighted that CSR in India has moved beyond corporate philanthropy and has become more methodical in its approach. Social responsibility is not the exclusive domain of the government and 'passive philanthropy' alone no longer constitutes CSR. So, the question arises “Is Indian CSR still in a confused state?” which has not been properly addressed through any empirical or analytical studies.

Second, previous surveys had shown that investors would demand greater transparency in disclosure of financial and non-financial information. In a climate that is arguably marked by more informed publics and a critical media, companies are facing more clearly articulated expectations from customers and consumers regarding their contributions to sustainable development, which puts pressure on them to maintain transparency and be proactive in communicating with its publics. Researchers have shown that apart from annual reports, now websites are also being considered as a very important tool for CSR communication. However studies in this regard have been extremely limited in India so the question as to how far have we been successful in transparent and proactive communication of CSR remain unanswered. [This study treats CSR communication and action as being interrelated rather than mutually exclusive functions].

Third, literature review reveals that there have been studies conducted by researchers to establish CSR pattern amongst companies by studying the annual reports, stand alone reports and websites in the western front. But very little investigation has been done into the CSR pattern amongst companies in the Indian sub-continent with the exception of studies conducted by Singh and Ahuja (1983), Hegde et al. (1997), Raman (2006) and Hossain & Reaz, (2007), being the most prominent and cited ones.

The next question is therefore about identifying the research gaps that remained unanswered and try to justify the objectives set for the present study. This question is the focal point of the next chapter.