CHAPTER 5
OBJECTIVES AND RESEARCH HYPOTHESES

5.1. Introduction

The role of corporations is currently undergoing an important transformation as stakeholders develop and modify their perceptions of the place and responsibilities of such organizations in society, (Brønn and Brønn, 2003). The responsibility of business has become central to the agendas of corporations, governments, supranational organizations, such civil society groups as non-governmental organizations (NGOs) and the general public. The appropriate relationship between business and society has become the focus of the debate (Schwartz and Carroll, 2003, p. 503). The reason being that the best index of a company’s success is longevity and it comes from living in harmony with the society. Society is an important stakeholder for corporation. Long-term success of any corporation requires it to earn the goodwill and this goodwill can be achieved by showing its responsiveness towards social responsibility. This would help them to enter new markets and build up a reputation which in turn would have a positive impact on their products and their profitability. Many enterprises have adopted CSR practices largely because they believe it will benefit their business in the long term (Herrmann, 2004, pp. 206-207) and improve their competitiveness (Porter and Kramer, 2002, 2003, 2006; Porter, 2006). As Grayson and Hodges (2004) pointed out, a genuine commitment to sustainability and CSR can bring about opportunities for new products and services, markets and business models. In fact, some scholars (Jones, 2005, p. 93) even believe that responsible behavior will only be permitted by shareholders if it generates such benefits.

However, for corporate enterprises the capacity to influence the CSR activities taken up by them depends on the capacity to communicate with different stakeholders and on the support obtained from them. In fact, CSR has been defined as “an extremely complex web of interaction between an organization and its stakeholders” (Sjoberg, 2003, p. 192).

It is noteworthy to observe here that Dawkin, in 2004, had lamented that even though CSR is an ongoing business priority, “communication often remains the missing link in the practice of corporate responsibility” (p108). These questions are a reflection of the fact that now; there are greater demands 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.
5.2 Objectives and Hypotheses

Communication of CSR to the various stakeholders can only be regarded as being effective if there is transparent reflection of such communication either in annual reports, stand-alone reports or websites by which researchers will get an opportunity to analyze a country’s CSR development. However, 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. Therefore, the main objective of the study is to compare and contrast the distinctive features of the CSR activities of public and private sector companies as reflected in the respective company documents in the public domain. The companies have been analyzed on the basis of four parameters, namely, absolute profit, absolute turnover, growth rate of turnover, growth rate of profit and sectoral divisions was also considered.

Apart from the main objective the study also intends to look into the following:

- Analyze how the CSR section of the website had been divided to understand the communication prominence amongst the companies selected for our study.
- Analyze the presence of CSR information in the company’s corporate websites as well as in their annual reports to understand the priority given by the companies to CSR.
- To analyze the website design and the manner in which CSR information had been disclosed and communicated to the stakeholders.
- To examine if the companies had communicated any other information to the stakeholders pertaining to their CSR activities.
- To estimate the richness of the content provided by the companies with respect to their CSR involvement.
- To estimate the extent of information that the companies had communicated with respect to their field of CSR activities that they were responsive to.
- To estimate those CSR activities that had a significant impact on the companies.
- To identify the sectors and their responsiveness towards CSR activities.
- To estimate the relative importance attached to different CSR activities by all the companies.
- To estimate the relative importance attached to different levels of the CSR activities, by the companies.

The following dimensions are considered as surrogate to the CSR activities of the organization and hence on the basis of these dimensions the analysis is done to attain our main objective as well as the other objectives highlighted above:

- Structure or Situation of CSR Information Category
- Presence of CSR Information Category
- Format of CSR Presentation Category
- Additional Resource Category
- Content Category
- Extent of Information Category

Under each of the dimensions, the relevant research hypotheses have been stated below. These hypotheses are constituted in accordance to the objectives of the study specified above.

**Dimension 1.**

**5.2.1 Structure or Situation of CSR Information Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

*Hypothesis 5.2.1 a*: companies belonging to higher deciles are more likely to be responsive towards disclosure of CSR information either in their home page or sections or subsections in the form of a link than those belonging to the lower deciles for private sector companies.

*Hypothesis 5.2.1 b*: Pattern with respect to the attributes identified under Situation of CSR Information Category varies across all decile groups for private sector companies.

*Hypothesis 5.2.1 c*: companies belonging to “Top 50 percent” are more likely to be responsive towards disclosure of CSR information either in their home page or sections or subsections in the form of a link than those belonging to “Bottom50 percent “for public sector companies.

*Hypothesis 5.2.1 d*: Pattern with respect to the attributes identified under Situation of CSR Information Category varies between the two groups for public sector companies.

**Dimension 2.**

**5.2.2. Presence of CSR Information Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

*Hypothesis 5.2.2 a*: companies belonging to higher deciles are more likely to be responsive towards disclosure of CSR information either in the corporate websites or in the annual reports or both in corporate websites as well as in the annual reports than those belonging to the lower deciles for private sector companies.

*Hypothesis 5.2.2 b*: pattern with respect to the attributes identified under Presence of CSR Information Category varies across all decile groups for private sector companies.

*Hypothesis 5.2.2 c*: companies belonging to “Top 50 percent” are more likely to be responsive towards disclosure of CSR information either in the corporate websites, in the annual reports or both in corporate websites as well as in the annual reports than those belonging to “Bottom50 percent” for public sector companies.

*Hypothesis 5.2.2 d*: pattern with respect to the attributes identified under Presence of CSR Information Category varies between the two groups for public sector companies.
Dimension 3.

5.2.3. Format of CSR Presentation Category:

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

Hypothesis 5.2.3 a: companies belonging to higher deciles are more likely to be responsive towards disclosure of CSR information either in the text format or in the visual format or through multimedia or through interactive features than those belonging to the lower deciles for private sector companies.

Hypothesis 5.2.3b: pattern with respect to the attributes identified under Format of CSR Presentation Category varies across all decile groups for private sector companies.

Hypothesis 5.2.3 c: companies belonging to “Top 50 percent” are more likely to be responsive towards communicating additional information to the stakeholders pertaining to their CSR activities than those belonging to the lower deciles for public sector companies.

Hypothesis 5.2.3 d: pattern with respect to the attributes identified under Format of CSR Presentation Category varies between the two groups for public sector companies.

Dimension 4.

5.2.4. Additional Resource Category:

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

Hypothesis 5.2.4 a: companies belonging to higher deciles are more likely to be responsive towards communicating additional information to the stakeholders pertaining to their CSR activities than those belonging to the lower deciles for private sector companies.

Hypothesis 5.2.4b: pattern with respect to the attributes identified under Additional Resource Category varies across all decile groups for private sector companies.

Hypothesis 5.2.4 c: companies belonging to “Top 50 percent” are more likely to be responsive towards communicating additional information to the stakeholders pertaining to their CSR activities than those belonging to “Bottom50 percent” for public sector companies.

Hypothesis 5.2.4 d: pattern with respect to the attributes identified under Additional Resource Category varies between the two groups for public sector companies.

Dimension 5.

5.2.5. Content Category:

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

Hypothesis 5.2.5 a: companies belonging to higher deciles are more likely to be responsive towards communicating substantial information about their CSR activities
for the stakeholders than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.5 b:** pattern with respect to the attributes identified under Content Category varies across all decile groups for private sector companies.

**Hypothesis 5.2.5 c:** companies belonging to “Top 50 percent” are more likely to be responsive towards communicating substantial information about their CSR activities for the stakeholders than those belonging to “Bottom50 percent” for public sector companies.

**Hypothesis 5.2.5 d:** pattern with respect to the attributes identified under Content Category varies between the two groups for public sector companies.

**Dimension 6.**

**5.2.6. Content Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

**Hypothesis 5.2.6 a:** companies belonging to higher deciles are more likely to communicate through their websites about the various CSR activities that they are responsive to for the stakeholders than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.6 b:** pattern with respect to the attributes identified under Content Category varies across all decile groups for private sector companies.

**Hypothesis 5.2.6 c:** dominance of CSR activities (as reflected in ranks calculated on the basis of proportion of companies involved in different CSR activities) seems to be haphazard across different deciles.

**Hypothesis 5.2.6 d:** companies belonging to “Top 50 percent” are more likely to communicate about the various CSR activities that they are responsive to in the websites for the stakeholders than those belonging to “Bottom50” percent for public sector companies.

**Hypothesis 5.2.6 e:** pattern with respect to the attributes identified under Content Category varies between the two groups for public sector companies.

**Dimension 7.**

**5.2.7. Content Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

**Hypothesis 5.2.7 a:** companies belonging to higher deciles are more likely to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.7 b:** pattern with respect to the attributes identified under Content Category varies across all decile groups for private sector companies.
**Hypothesis 5.2.7 c:** companies belonging to “Top 50 percent” are more likely to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders than those belonging to “Bottom50 percent” for public sector companies.

**Hypothesis 5.2.7 d:** pattern with respect to the attributes identified under Content Category varies between the two groups for public sector companies.

**Dimension 8.**

**5.2.8. Content Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

**Hypothesis 5.2.8 a:** companies belonging to higher deciles are more likely to communicate about the various CSR activities that they are responsive to in the various segments of the annual reports for the stakeholders than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.8 b:** pattern with respect to the attributes identified under Content Category varies across all decile groups for private sector companies.

**Hypothesis 5.2.8 c:** dominance of CSR activities (as reflected in ranks calculated on the basis of proportion of companies involved in different CSR activities) seems to be haphazard across different deciles.

**Hypothesis 5.2.8 d:** companies belonging to “Top 50 percent” are more likely to communicate about the various CSR activities that they are responsive to in the various segments of the annual reports for the stakeholders than those belonging to “Bottom50 percent” for public sector companies.

**Hypothesis 5.2.8 e:** pattern with respect to the attributes identified under Content Category varies between the two groups for public sector companies.

**Dimension 9.**

**5.2.9. Extent of Information Category:**

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

**Hypothesis 5.2.9 a:** average sentences used to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders is likely to be higher amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.9 b:** level of dispersion with respect to the sentences used to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders is likely to be less amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.9 c:** pattern with respect to the attributes identified under Extent of Information Category varies across all decile groups for private sector companies.
Hypothesis 5.2.9 d: average sentences used to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders is likely to be higher amongst companies belonging to “Top 50 percent” than those belonging to “Bottom50 percent” for public sector companies.

Hypothesis 5.2.9 e: level of dispersion with respect to the sentences used to communicate about their responsiveness towards the society and environment in the various segments of the annual reports for the stakeholders is likely to be less amongst companies belonging to “Top 50 percent” than those belonging to “Bottom50 percent” for public sector companies.

Hypothesis 5.2.9 f: pattern with respect to the attributes identified under Extent of Information Category varies between the two groups for public sector companies.

Dimension 10.

5.2.10. Extent of Information Category:

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

Hypothesis 5.2.10 a: average sentences used to communicate about their responsiveness towards different CSR activities disclosed in the various segments of the annual reports for the stakeholders is likely to be higher amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

Hypothesis 5.2.10 b: level of dispersion with respect to the sentences used to communicate about their responsiveness towards different CSR activities disclosed in the various segments of the annual reports for the stakeholders is likely to be less amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

Hypothesis 5.2.10 c: pattern with respect to the attributes identified under Extent of Information Category varies across all decile groups for private sector companies.

Hypothesis 5.2.10 d: average sentences used to communicate about their responsiveness towards different CSR activities disclosed in the various segments of the annual reports for the stakeholders is likely to be higher amongst companies belonging “Top 50 percent” than those belonging to “Bottom50” percent for public sector companies.

Hypothesis 5.2.10 e: Level of dispersion with respect to the sentences used to communicate about their responsiveness towards different CSR activities disclosed in the various segments of the annual reports for the stakeholders is likely to be less amongst companies belonging to “Top 50 percent” than those belonging to “Bottom50 percent” for public sector companies.

Hypothesis 5.2.10 f: pattern with respect to the attributes identified under Extent of Information Category varies between the two groups for public sector companies.

Dimension 11.
5.2.11. Extent of Information Category:

Under this category our study would attempt to analyze and answer the following research hypotheses as follows:

**Hypothesis 5.2.11 a**: average sentences used to communicate about their responsiveness towards different CSR activities disclosed in the websites for the stakeholders is likely to be higher amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.11 b**: level of dispersion with respect to the sentences used to communicate about their responsiveness towards different CSR activities disclosed in the websites for the stakeholders is likely to be less amongst companies belonging to the higher deciles than those belonging to the lower deciles for private sector companies.

**Hypothesis 5.2.11 c**: pattern with respect to the attributes identified under Extent of Information Category varies across all decile groups for private sector companies.

**Hypothesis 5.2.11 d**: responsiveness of the sectors towards significant CSR activities is not uniform for private sector companies.

**Hypothesis 5.2.11 e**: relative importance attached to significant CSR activities varies across all decile groups for private sector companies.

**Hypothesis 5.2.11 f**: relative importance attached to different levels of the CSR activities varies across all decile groups for private sector companies.

**Hypothesis 5.2.11 g**: average sentences used to communicate about their responsiveness towards different CSR activities disclosed in the websites for the stakeholders is likely to be higher amongst companies belonging “Top 50 percent” than those belonging to “Bottom50 percent” for public sector companies.

**Hypothesis 5.2.11 h**: level of dispersion with respect to the sentences used to communicate about their responsiveness towards different CSR activities disclosed in the websites for the stakeholders is likely to be less amongst companies belonging to “Top 50 percent” than those belonging to “Bottom50 percent” for public sector companies.

**Hypothesis 5.2.11 i**: pattern with respect to the attributes identified under Extent of Information Category varies between the two groups for public sector companies.

**Hypothesis 5.2.11 j**: responsiveness of the sectors towards significant CSR activities is not uniform for public sector companies.

**Hypothesis 5.2.11 k**: relative importance attached to significant CSR activities varies between the two groups for public sector companies.

**Hypothesis 5.2.11 l**: relative importance attached to different levels of the CSR activities varies between the two groups for public sector companies.

The data source, study design, the sample frame and the methodology used to fulfill our main objective and other objectives will be the focal point of the next chapter.