Chapter 3
Research Objectives and Methodology
**CSR communication and linguistic Framing**

Disclosures regarding CSR are termed as corporate social disclosures (CSD) and it has been defined as ‘the process of communicating the social and environmental effects of organizations’ economic actions to particular interest groups in society at large’ (Gray et al. 1987). An important element employed for CSD is language which is used to make CSR activities public and readers make interpretations about organizations through language which companies use and the kind of communication tools and medium employed by organizations to talk about the CSR related activities. A common understanding is that ‘the linguistic framing of activities’ relating to CSR is an important determinant in the ‘construction of company images’ and the ‘creation of company relationships with stakeholders.’ (Tengblad and Ohlsson, 2010). The crucial role language plays in CSR reporting has also been dealt extensively and categorized into two distinct kinds of CSR activities – ‘explicit’ and ‘implicit’ CSR (Matten and Moon, 2008). It is the explicit CSR which is manifested through the CSR communication which organizations make for the various stakeholders. Since in India in the IT and ITES sector has an orientation towards the western or the northern world where CSR activities of companies are important for the business this study was undertaken to study the interface between communication and CSR. The extensive presence of the Multinational Companies (MNCs) added the element to understand how the Indian and the MNCs communicated their CSR.

**Research Objectives**

**Primary Objective:**
- To study the communication of CSR made through Websites, Annual Reports, Sustainability Reports and Press Releases of the Indian and MNCs operating in the IT and ITES sector in India.

**Secondary Objective:**
- To study the extent of CSR disclosures made by the Indian and MNCs through the four main channels of communication – websites, annual reports, sustainability reports and press releases.
• Which is the most prevalent mode of communication – websites, annual reports, sustainability reports and press releases used by IT and ITES companies in India?
• How prominent is CSR communication made through the four main channels of communication – websites, annual reports, sustainability reports and press releases?
• To understand the extent of reader orientation that CSR communication has?
• Identify the similarities and differences between Indian and multinational IT companies in India with respect to their CSR communication made through the four main channels of communication – websites, annual reports, sustainability reports and press releases.
• To understand the key stakeholder towards whom the majority of the CSR related information communicated through the four main channels of communication – websites, annual reports, sustainability reports and press releases is focused.

**Sample Selection and Data Source**

**Dataquest**, (2008) India’s first and leading IT magazine has ranked the top 100 IT companies in terms of their revenue in fiscal year 2006-07. The revenues of these companies range from Rs 18698 crore to 100 crore. These 100 companies comprise of both MNC and Indian companies. There were 39 MNCs and the remaining 61 were Indian companies. To further confirm and categorize the company as an MNC 5 rounds of Google search was done with combinations like Multinational Companies in Information Technology Sector in India; MNCs in India + Information Technology Sector; Information Technology Sector + Multinational Companies + India and Multinational Information Technology Companies in India. Names were further confirmed through a telephonic conversation with the Data Management of NASSCOM and opinion of executives working in IT companies like Mindtree, TCS and Infosys and academicians teaching subjects like information technology for managers, business intelligence, data mining, information systems etc was taken. An exhaustive list of 39 MNCs was prepared. (Annexure 2.2 – List on MNCs).
Of the Indian companies from the list of 61 companies the top 50 were selected (annexure 2.1 – List of Indian Companies) because earlier work by Chaudhri and Wang (2007) conducted on the websites of the IT sector conducted in 2003 found only 18 Indian companies with some CSR related material on their websites. The final list comprised of 89 companies which were financially sound and had revenues high enough to support socially relevant activities and since most of the companies selected for the sample were listed on the stock exchanges in India and several are abroad as well there inclination to communicate their socially responsible activities would be much higher. For the MNCs the motivation and reason to communicate CSR be driven by the fact that most of these MNCs are headquartered in United States of America or other European countries where stakeholder sensitivity to CSR is very high and legal mandates to communicate CSR also exists.

A few earlier research studies conducted on CSR communication focuses on any one medium of CSR communication and several research studies have indicated that there are limitations in using a single form of media for communication studies (Unerman, 2000; Holland & Foo, 2003) and to ensure a holistic CSR communication analysis all the authentic and recordable external medias of communication through which stakeholders are communicated about the CSR activities of the organizations were taken into account – the websites, annual reports, sustainability reports and the press releases issued by the companies. The latter three are also printed into hard forms for stakeholder consumption along with being uploaded on the company’s websites. The key source of data collection and information gathering was the internet and the soft forms whenever possible was authenticated and verified against the hard and printed form. Most annual reports of Indian IT companies were got in their hard forms but access to hard forms of annual reports of multinational IT companies was difficult to get. Sustainability reports published were all downloaded from the internet and the press releases were checked with the e-newspapers in which they appeared.

**Technique for Websites Analysis**

Websites as medium of communication is well established and the following aspects of CSR communication on corporate websites were assessed: placement of CSR
information on the corporate web site (home page vs. other sections) was an indication
of the prominence assigned to CSR communication; the extent of information was
measured by the number of pages which were devoted to CSR (including cross-links
and hyperlinks) were counted. Though it has often been debated if the number of pages
is the most scientific and accurate measure of understanding an organizations’
commitment to social responsibility but it certainly qualifies and validates the desire
and effort of the company to communicate its association to social responsibility. As per
Chambers et al. (2003), “the greater the extent of the reporting, the more engaged the
company is with CSR and the more seriously it is taken therein” (p. 11). Pollach (2003)
further validated the use of chambers measures of handling the extent of CSR
communication and therefore to meet the challenge of determining the extent of CSR
communication, categorization suggested by Chambers et al. (2003) and Pollach (2003)
has been used.

The CSR information on the website was acquired by examining the websites and
scanning through the CSR related information defined as corporate discourse,
responsible programs or both which included responsibility towards a) the human
resources, customers and other stakeholders b) responsibility towards environment and
c) responsibility towards community development. (Besser, 1998). The whole spectrum
of terms used for examining CSR related information on the websites included
corporate social responsibility, corporate governance, corporate citizenship, stakeholder
engagement, community development, social contribution, philanthropy, sustainability
development, social involvement etc. (Waddock, 2004). The company’s on which any
CSR related information was found was further explored. Of the 50 Indian companies
42 companies had CSR related information while all 39 MNCs had some CSR related
information.

The type of CSR information was gauged and measured to understand the the focus area
of CSR activity of the organizations and also the issues they intend to communicate to
their stakeholders. The exactness of the information disclosed also reflects the
communication orientation of the companies towards their stakeholders. For the
purpose of understanding the CSR related information on the websites, the details
provided on the website in the form of web-content were accounted for and the
sustainability reports and the annual reports were not accounted for because analysis of these reports formed a separate part of the research. The press releases were also treated separately because apart from the matter posted on the website, annual reports, sustainability reports and press releases were separately put up in the pdf. forms.

The following aspects of CSR on corporate websites was considered and assessed: placement of the CSR information (home page vs. other sections) indicating the importance and relevance attached to CSR communication; the number of dedicated pages reflecting the extent of CSR communication and the CSR related documents showing the type of CSR information displayed by the companies on their websites (Chambers, et al, 2003; Pollach, 2003).

To supplement the placement and the type of information and get a holistic and a complete picture of the communication made by Indian and MNCs the quality of communication was also to be assessed. It helped to understand the user-friendliness (in this case stakeholder-friendly) of the information. CSR communication on the website was assessed by analysing the 3 main attributes of communication. As the study was essentially qualitative information put up on the web was measured on the following parameters:

- **Scannability** stands for whether the website contains clear title, clear headings and subheading, and the use of typography and skimming layout like bold fonts and highlighted words.

- **Readability** stands for use of different text to differentiate between titles, headings and text as well as the use of background images.

- **Accessability** stands for the format of CSR presentation (textual, visual, multimedia, and interactive features (Aikat, 2000) and the speed of internet, PDF files vs. web files, browser compatibility and search facility. (www.bi.no, 2010)

**Technique for Annual Report analysis**

Corporate Social Responsibility (CSR) related activities are publicly declared and areas of focus, concerns and activities are expressed by organizations through their annual
reports that use it as a management tool. Corporate Annual Reports (CARs) are in the present times much beyond the compliance of legal declarations but are instead a highly ‘sophisticated product’ of a ‘competitive corporate environment’ (Stanton and Stanton; 2002) and the purpose of CARs is to consciously create a positive visibility and image of the organization than merely report the activities as ‘what they were’ (Hopwood, 1996). So, annual reports help in creating a picture of an organization and as Hines (1988) put it, “we create a picture of an organization … and on the basis of that picture … people think and act. And by responding to that picture of reality, they make it so”. Since CARs are an important tool of communication conveying the ‘personality and philosophy’ (Anderson and Imperia, 1992) of the organizations and as a means to construct the ‘visibility and meaning’ of a company (Hopwood, 1996), they are used as a medium of CSR communication.

A compilation of annual reports of Indian and the MNCs was done by downloading the annual reports from the company’s websites. The hard forms annual reports of the Indian company’s was also acquired and further the websites of the top 50 Indian companies considered as sample were looked up for the annual report. Only 39 Indian companies had their annual reports on their websites. To ascertain that maximum number of companies could be covered and the data considered for analysis is the same as that for the websites the annual reports of the financial year 2008-2009 was considered for analysis. The websites were analysed in the month of May, 2009 onwards. The annual reports were uploaded in the pdf format. 3 Indian annual reports could not be downloaded because they were password protected so their hard forms were scanned and converted into pdf for consideration of analysis.

Social disclosures are measured using content analysis because they help in bringing out the quantity and the nature of the disclosure (Holsti, 1969; Krippendorf, 1980). Content analysis has been defined as, “a technique for gathering data that consists of codifying qualitative information in anecdotal and literary form, into categories in order to derive quantitative scales of varying levels of complexity" (Abbott and Monsen, 1979) while Krippendorff (1980) elaborated and emphasised upon the reliability and validity aspect as well as he defined content analysis as ‘a research technique for making replicable and valid inferences from data to their context’. As a technique it has been rampantly
used especially in measurement of CSR studies (Abbott and Monsen, 1979; Ernst and Ernst, 1978; Gray et al., 1995b; Guthrie and Mathews, 1985; Zeghal and Ahmed, 1990; Williams and Pei, 1999). Units of analysis have been debated about and they range from words, phrases, characters, lines, sentences, pages or proportion of pages dedicated to various categories of social disclosure (Unerman, 2000). For the purpose of this study considering previous literature which uphold and defend the measurement of volume of disclosure in terms of words arguing that disclosure can be recorded in greater detail (Deegan and Gordon, 1996; Zeghal and Ahmed, 1990 Deegan and Rankin, 1996), individual words were used as a unit of measurement.

The content analysis of the downloaded reports was made. To make a content analysis of the downloaded reports they were converted from the pdf into ‘plain text’ format. These converted annual reports were saved as 'Text Only with Line Breaks' was manually checked to ensure clarity and correctness of data because conversions of pdf into plain text often results in repetitions, omissions or corruption of literature and it was made sure that each line was no longer 30 words which was comfortable to read.

To make a content analysis of the CSR related literature in the annual report; software named, “Concordance” was employed. The software employed 2 basic ways of content analysis – through the selection of particular words or through omissions of specific words. For the present study the method of selection was used. The content analysis was done using the single word and phrases search.

It was important to keep the search targeted and ensure that the words used for content analysis should cover the entire gamut of CSD. National Association of Accountants (NAA, 1974; Clarkson, 1995; Adams, 2002; Murthy, 2008; Sandhu and Kapoor, 2010; Dagiliene, 2010) identified four broad heads such that factors of corporate social activity are covered systematically and the key stakeholders are identified and crucial areas of CSD are identified – community development, human resources, services and product contribution and environment contribution. (NAA, 1974). The World Business Council for Sustainable Development (WBCSD, 2002b) has also identified human rights, employee rights, environmental protection and community involvement as the key components for CSD. A close understanding of the focus areas earmarked by world organizations for CSD indicates that human resource, community development,
customers and environment are the key stakeholders which need to be addressed through the CSD.

A list of 200 words encompassing the four stakeholders was compiled using the literature and after random study of the annual reports. This list was run on 20 annual reports of previous years using the software to understand and arrive at the exactness of the output of the software. Several words which did not feature in any of the outputs were deleted and many words were altered. The final list comprised of 111 words.

Single word analysis: For a single word analysis a list of words which were to be picked was made. The method employed was Selective Concordance. It was important to take care that the Pick List consisted of one word per line. Care had been taken while putting the words because the software treats the upper and lower case separately. So words which were made from the same base were treated and entered as separate entities in the Pick List. Eg. employment, employer, employee etc.

Phrases Search: A Phrase search helped in selecting and making concordance which kept all instances of the phrases specified and rejecting all other words. Each phrases list could carry up to six phrases and each phrase had to be more than one word and could be up to five words long. The software carried a separate edit box for each of the five words and care had to be taken that not more than one word was entered into individual edit box. The phrases comprised of words like employee satisfaction, environmental protection, high quality products, free or subsidized education etc.

The total number of phrases for each stakeholder – employees, customers, society, and environment was 65.

Technique for Sustainability Report analysis

Sustainability reports (SR) or social reports are released by the companies for the stakeholders and present the sustainability accountability of the corporate. Sustainable development reports have been defined by, The World Business Council for Sustainable Development (WBCSB), as ‘public reports by companies to provide internal and external stakeholders with a picture of corporate position on activities on economic, environmental and social dimensions.’ Sustainability Accountability has emerged for a period of time and has its roots both in philosophical accounting discussion and
developments in accounting (Bebbington, 2001; Bebbington and Gray, 2001 & Gray and Bebbington, 2001). There is a mixed pattern in the release of sustainability reports because certain organizations include the sustainable report as a section in their annual reports while others release it as a separate report.

For the purpose of this study, separately published sustainability reports where only included because those which were a part of the annual report were included for analysis in the section of annual reports. These reports are framed in accordance to the social audit, the third party certification norms which are in adherence to the guidelines issued by a well established international body called the Global Reporting Initiative. All the reports contained under the head of sustainability reports, CSR reports, corporate governance report, under the head of CSR report. Separately published sustainability reports have been chosen because SR are a depiction of the reality which the companies intend to present before there stakeholders because as Tinker and Neimark (1987) put it, “Corporate reports are not passive describers of an “objective reality” but play a part in forming the world-view of social ideology that fashions and legitimises”. Therefore SR would help enhance and elaborate in understanding communication of CSR as the annual report analysis brought out the quantity i.e. how much CSR reporting has happened (page count and the word count). The quality of CSR communication made through SR would be studied by analyzing the difference in presentation (use of colors, graphics and other creative expressions and grading received from GRI).

Technique for Press Releases analysis
The press releases were included in analysis to ensure and counter check the focus and the emphasis upon the content and the stakeholders presented through the Annual Reports and Sustainability Reports (SR) both of which are well nigh mandatory forms of communication (though SR is not mandatory yet a great deal of emphasis is laid that companies must release them) and are considered formal channels of communication drawing the attention of most stakeholders. Communication made through these two channels follows a fixed time, its availability is announced and accessibility is also often ensured by the companies. In comparison to the formal mode of communication,
press releases’ carrying social content is not mandatory. Apart from releasing the financial information in leading dailies it is not binding upon companies to disclose their social performance through the newspapers. The communication made through press releases is neither scanned through auditors nor is it pre-read by external auditors and therefore it can be understood as voluntary communication attempt of companies to their stakeholders. Meager research has been done on content analysing the press releases of companies (Lightstone and Driscoll; 2008).

Press releases were downloaded from the company’s websites. To ensure complete coverage of the press releases, all possible releases were downloaded from sections titled – Press Room; Press; Press Releases; News; News Releases; News Feed; Media; Media Room. All downloaded press releases were then read through and sifted to ensure that only those releases which carried social disclosures were included for analysis. The process of downloading and sifting was repeated with the help of 2 colleagues who were researching in the area of CSR audit and non-financial disclosures, after a period of six months and only 2 more press releases were found.

For uniformity in results between the content analysis of the annual report and the press releases the same software - Concordance was used with the same list of words used for analysis of the annual reports.