Chapter 5
Findings, Conclusions and Discussion
Findings:

Websites

The use of websites for displaying CSR related information is done much better by the MNCs as against the Indian companies.

- The CSR related information put up by the Indian and MNCs websites showed that nearly equal percentage of company’s carry a CSR related information link on their home page. But in the About Us category, 59% MNCs and only 28.57% Indian companies present their CSR related information which clearly reflects that the MNC website present CSR related information in a more important category. In contrast majority (54%) of the Indian companies place their CSR related information in the Others category.

- The amount of CSR related information is also minimal in the case of Indian websites. 83% Indian companies hold only 1-2 pages of CSR related information whereas nearly 59% of the MNCs have at least 3 or more than 3 pages devoted to CSR related information. MNCs that have more than 10 pages of CSR related information are almost double in number as compared to the Indian companies. Earlier research suggests that CSR disclosure on the web is largely low (Patten, 2002)

- Regarding the type of CSR information put up by companies on their websites, it is distinctly evident that majority of the information disclosed by companies (both Indian and MNCs) is positive information falling in the category of achievement and awards. The MNCs outperform the Indian companies in talking about their CSR related merits (89.74% MNCs; 69.05% Indian, Achievement Category). This finding finds support in earlier research from Australia, Portugal and United States of America. (Deegan and Rinkin, 1996; Waller and Roman, 2009; Holder webb et al., 2009).

- The CSR reports are also put up on the company’s websites and are a medium of CSR disclosure where it is found that the MNCs are far ahead of the Indian companies. Nearly 51.28 % MNCs put up their CSR reports on the internet while 12% of Indian companies had CSR reports on the websites. KPMG survey (2005),
findings backs the commonly believed opinion that MNCs publish more CSR reports than national companies.

- It is interesting to note that the Indian companies outperform the MNCs in issues of disclosure on monetary information which implies budgets allocated to CSR activities. This could be because most MNCs have India as just one of the target countries and their attention into disclosing every detail of the CSR activity could be more focused at the host country.

- Frequently asked questions (FAQs) regarding CSR are also almost 39% higher amongst the Indian companies as against their MNC counter parts. The likelihood of the Indian managers in understanding the queries which may arise from the business environment is much higher as against that of the MNCs. This does indicate a positive signal that the process of a two way communication is much higher amongst Indian Companies as against the MNCs. As per a survey conducted by CSR Online 50% companies failed to respond to any query clearly indicating that MNCs based out of India do not have a very positive response to a two way communication.

- The Indian and MNCs match in terms of the scannability of CSR related information posted on their websites while MNCs outperform the Indians in terms of the readability of the information which they post. The MNC websites are reader-friendly because they have a better balance between the visual and the textual elements of information and the use of video is also much more.

- The Indian companies have a much more interactive website where the FAQs and online interaction between the stakeholders and the company’s is much higher. The link to all three popular social networking sites – facebook, twitter and orkut was found on 18 Indian company’s websites.

- A few Indian company’s show a lack of interest in CSR communication through the websites because 3 indina company’s had broken links which clearly indicated apathetic communication inclination.
**Annual Reports**

Both the Indian and the MNCs whose annual reports could be accessed either on through the internet or was sent by the company through request disclose about all the 4 important stakeholders – Human Resources, Customers, Society and Environment.

- **Human Resource** remains the key stakeholder both amongst the Indian and the MNCs. 53.49% of total CSR disclosure made by Indian firms was about HR and 50.48% of the total MNC disclosure was pertaining to HR. These results are supported by various earlier research findings (Hackston and Milne, 1996; Guthrie and Petty, 2000b; Murthy, 2008; Sandhu and Kapoor, 2010). In HR domain the predominant area of CSR disclosure done by the MNCs is about the employee welfare and friendly policies like flexi-work hours and day care centres extended by the firms and the Indian disclosure mainly focuses upon the monetary benefits provided.

- **Customers** follow second in the order of importance followed by human resource. The MNC focus towards customers is higher than that of the Indian firms. As against 29.72% of MNC disclosure being focused towards customers, 22.37% of Indian social disclosure was attributed to customers. Within this the Indian firms focus more upon price while the MNCs focus more upon product quality. This finding is comparable with the conclusion drawn by Sveiby, (1997) and Teoh and Thong, (1986).

- **Environment** related disclosures are done much more by the Indian companies as against their MNC counterparts operating in the country and the reason for this is primarily because a lot greater number of MNCs publish sustainability reports (SRs) and therefore they use SRs as a medium of environmental disclosure. With 18% of the total Indian disclosure being environment related, 10.27% of the MNCs disclosure relates to the environment.

- **Society** for the Indian companies is the lowest and nearly as low for the MNCs as well, in order of CSR communication and whatever CSR related disclosures and communication is made towards society it concerns the immediate members...
of the community who are affected by the operations of the business. The main reason for this is that since the sector of study envelopes companies in the largely in the service sector or non-threatening to the community around, disclosure towards society and environment remains low (Malarvizhi and Yadav, 2008/2009).

**Sustainability Reports**

- The total number of sustainability releases is much higher amongst the MNCs (51.28%) as against the Indian companies (12%). The quality of the Indian report matches the MNCs in size, lay-out and colour appeal.
- The Indian reports are dominated by the use of green colour as against the MNC pre-dominance of the blue colour. The use of blue colour is in sync with the contemporary western world’s orientation and perspective of an integrated view of sustainability where beyond the green environmental cover water related issues are dominating the discussion than ‘green’ which is understood as narrow and limited to ecology.
- The average textual inputs in terms of word count are higher in the MNC (62563) as against the Indian companies (10,173) because the MNCs do not use visuals as much as the Indian companies. Average number of visuals in the Indian sustainability reports is 41.6 whereas as it is 26.52 in the MNCs.
- GRI index is a benchmarking report standard and the Indian companies fare much better than the MNCs. 66.67% of the Indian sustainability reports carry a GRI index where as 40% of the MNCs carry a GRI Index. Of these companies which carry a GRI Index 100% of the Indian companies have an A rating while 37.5% of the MNCs sustainability reports are have been rated A by the GRI.
- Standardization in terms of sustainability reports is not found. Some very large companies do not produce a very high quality sustainability report whereas some small companies did an impressive job in producing standardized sustainability reports. This is further so amongst the MNCs where company’s like Apple did not even produce a sustainability report and giants like Microsoft did not have an ‘A’ grade sustainability reports whereas much smaller
companies like Intel and SAP produced a GRI approved ‘A’ grade report. Amongst the Indian company’s large companies like TCS, Infosys do produce GRI accredited sustainability reports and even a small company’s like Tech Mahindra or Moser Baer are catching up with the trend and publishing sustainability reports.

**Press Releases**

There is very sparing use of press release for the disclosure of non-financial details. Financial press releases are a legal mandate and therefore all the companies publish their audited and unaudited financial statements in the leading national and regional daily.

- The use of press releases is done more by the MNCs than the Indian companies. MNCs have 1278 words which is considerably higher than the amount of CSR related press releases than those made by the Indian companies which is 834 words.

- Unlike the Annual reports, both the Indian and the MNCs focus most upon environment as a stakeholder than the Human resource and the emphasis of the MNCs upon environment is as good as the Indian companies. 65.02% of the total CSR communication made through press releases by MNCs is about environment as against 63.43% of the total CSR information communicated by the Indian companies.

- The MNCs as well as the Indian Companies in CSR communication made through press releases focus upon employees as the second most focused upon group of stakeholders (MNCs – 20.19% & Indian Companies – 20.02%) and this focus reflects a consistency in the MNCs as well as the Indian Companies catering to the employees as a stakeholder group because in the annual reports also the employees were the second most focused upon category of stakeholders.

- In CSR communication made through press releases, focus upon the customers has been the third most focused upon group of stakeholders (MNCs – 11.89% &
Indian Companies – 15.22%) in case of both types of companies where as the society as a group of stakeholders has been the least focused upon category of stakeholders with negligible focus 2.90% by MNCs and 1.32% by the Indian Companies.

Unlike the MNCs there is a distinct lack in consistency to stakeholder target measured through CSR communication amongst the Indian companies. The order of stakeholder focus in annual reports of the Indian companies was Human Resource, Customers, Environment and Society respectively whereas through the press releases the order of stakeholder focus is Environment, Human Resource, Customers and Society. Amongst the MNCs, the order of stakeholder focus was Human Resource, Customers, Environment and Society while in the press releases Human Resource and Environment exchange positions and the order is Environment, Human Resource, Customers and Society.

Conclusions
The key focus of communication being development seems not to take shape and not many companies are using media effectively to achieve national, industrial or even organizations goal. The is a lapse either in the orientation towards use of media for CSR or a distinct failure in the attempts of the companies in employing various mediums for effective and impactful CSR communication to get the desired results. The participatory theory of development communication emphasized the impact of local community in its crafting its development goal (Tufte and Mefalopulos, 2009) is not largely accomplished because all the communication of social responsibility targeted at the development of the stakeholders largely seems to be missing on the ‘two-way’ aspect of the communication process since all mediums of CSR communication are a uni-directional process where the organizations are through static and non-interactive ways reporting the activities and are failing to take the inputs of the concerned stakeholders.

Large amount of research focused upon the communication attribute of CSR of the IT sector indicates that the sector as a whole is not completely leveraging the vantage position it enjoys in terms of exposure to technology and is not using the websites effectively to communicate their CSR (Chaudhri and Wang, 2007) while on the other
hand research also suggests that not only is CSR related activities highest amongst the IT companies but that disclosure regarding CSR as a whole is also the highest by the IT sector as against any other sector (Tewari, 2010).

In the offline mode of communication, where CARs are the most commonly used medium, the corporate are making attempts to use CARs more as a management tool than merely a document fulfilling legal conditions and making declarations. The understanding that CARs are a private document, no more holds true and is distinctly leveraged by organizations as a document to convey ‘appropriate messages’ to the various groups of concern (Jones, 1996b). The 4 stakeholder groups identified for the purpose of this study in order of the coverage given to them in CARs are – human resource, customers, environment and society. The analysis substantiates earlier research conclusions of categorizing stakeholders (Freeman, 1984) into HR and customers as primary stakeholders for organizations being the focus of CSD as against society and environment grouped under as secondary stakeholders (Clarkson, 1995; Murthy, 2008; Stanton and Stanton, 2002).

Researches focused upon CSR and HR issues have explored the association between the two – CSR and the Employer Attractiveness (Albinger and Freeman, 2000); CSR and job satisfaction (Koh and Boo, 2001; Viswesvaran and Deshpande, 1996), CSR and talent acquisition (Greening and Turban, 2000), CSR and retention (Coldwell et al., 2007) CSR and employee engagement (Davies and Krane, 2010, Maclagan, 1999). The focus of the MNCs seems more on attributes like training and development, retention, work-life balance and health and safety whereas Indian companies are still struggling with issues like attrition, and have not yet begun to lay emphasis upon the HR management through training and development, providing a health and safe work environment and extending flexibility in the work to accommodate to the personal life of employees. This can be understood by the business life and stage of economic advancement which the Indian industries are in as against the MNCs counter parts which are way ahead and therefore have more established HR practices which are employee friendly. The MNCs do show the way ahead.

Mass of people at large therefore know a lot more an employee and a great degree lesser about organizations as a consumer, though there are indications that informed customers
can promote CSR (Smith et al., 2010). The influence of CSR on consumers is contingent (Bhattacharya and Sen, 2004; Smith 2008; Vogel, 2005) though it is well established that CSD does have an impact on consumers evaluation of the company. Further, consumers’ preference towards ethical and sustainable products is well established, it can be expected that firms will be more socially responsible which in turn will encourage ethical consumerism which is topic of elevated interest in consumer related fields like consumer research and marketing practice (Auger, et al., 2008; Irwin and Naylor, 2009; Trudel and Cotte, 2009; Wagner et al. 2009). Consumers need to be informed a lot more especially product related information which will lead to growing interest in the company and the product as well as promote ethical consumerism. This holds true for both the MNCs and the Indian companies.

Disclosure relating to society or community is very low and for a rise in organizations involvement in community building and therefore disclosure of community related activities it is important that social institutions like NGOs should become more active and involved more into the process of development. December 2005, the United Nations General Assembly unanimously adopted a resolution “Toward Global Partnerships.” In its report on agenda 59 (2006) the resolution describes the joint role of organizations and businesses in the eradication of poverty and national development. “Recalling […] the Millennium Development Goals, and the reaffirmation they have received in the 2005 World Summit Outcome, particularly in regard to developing partnerships through the provision of greater opportunities to the private sector, non-governmental organizations and civil society in general so as to enable them to contribute to the realization of the goals and programs of the Organization, in particular in the pursuit of development and the eradication of poverty.” Environmental reporting is just limited to fulfilling the legal mandate and no analytical mention of the systems or manner in which environmental activities are decided and adopted and the issues which have remain unaddressed.

The sustainability reports are published under different names and are also known as CSR reports which have the international benchmarking through the Global Reporting Initiatives (GRI) G3 guidelines. The Indian companies fall way short against the MNCs in the number of companies which publish sustainability reports primarily because it is
not mandatory in India for companies to publish a separate sustainability report. Yet, it is noteworthy that though the number of Indian companies publishing sustainability reports is few but the standards and quality of the published reports match the global benchmarks in terms of content of the report. The best practices which the Indian firms need to adopt from the MNCs are the inclusion and reflection of contemporary issues in the reports. The MNC reports are dominated by water relevant issues, which is a bigger current global concern than the green cover. Therefore the MNC reports have an overriding use of colour blue while the Indian reports still have green as the most used colour in their reports.

Regarding the press releases, the MNCs frequency of use of press release as a medium of CSR communication is much higher than the Indian companies though the key stakeholder focused at by both the MNC and the Indian companies is the environment. Therefore the medium or the channel of communication impacts the focus on the stakeholder. This focus is governed by the target audience of the communication channel. Annual reports are used as a medium of marketing communication primarily targeted at shareholders and the employees and therefore the key stakeholder there are the human resources whereas press releases as a form of mass communication where the target audience are the common people at large and therefore the companies focus upon environment as the key stakeholder. Society is the least catered to stakeholder because there is no way that CSR activities are directly channelized. Members of society who would be exposed to the press releases would either be attached to the companies as customers or would benefit through the environmental initiatives taken by organizations. Members of society would also look at companies as prospective employers and therefore would be interested in knowing the companies responsible activities towards its employees.

Society as a stakeholder remains the lowest catered to segment both in the annual reports as well as the press releases and therefore we can conclude to say that organizations both Indian and the MNCs have least CSR activities aimed towards society and this could be because the service sector does not greatly interact and impact the immediate surroundings and therefore causes of socially responsible activities
targeted towards the social surroundings is low. This could be a sector specific communication pattern.

Therefore, it is clearly evident that the MNCs CSR communication is better than the Indians on majority of the parameters used for the various channels of communication – websites, annual reports, sustainability reports and press releases. But the focus of both the Indian and the MNCs regarding the key stakeholder is the same and is driven by the medium of communication. A clear divide in the focus of the companies depending upon the various channels of communication is seen as the websites hold an appeal to the customers but the annual reports are clearly inclined towards the human resource as a stakeholder while the sustainability reports show a bent towards the environment, the press releases reflect company’s insistence on environment. This clearly reflects and flaw in the cohesiveness and impact making process of communication. Objective understanding of communication would require that companies should communicate to stakeholders which ever activities they are engaged into which would remain the same irrespective of the channel of communication but we notice that CSR communication varies not only in quantity but also in focus depending from one channel to the other channel of communication.

Discussion
CSR communication or disclosure is a product of various elements ranging from the micro factors like the extent of CSR activity which a firm has been engaged into and its organizational culture towards communication to the macro factors like the governmental policies and legal mandates towards CSR. Therefore, the perspectives in which CSR is understood and viewed, the cultural element and the public policies and legal requirements are important distinguishing factor affecting the disclosure of the Indian and the MNCs.

The Indian pathos shows inclinations towards philanthropic activities like charities and donations and shy away from communicating the details of CSR related activities like the outcomes and impacts of their CSR programs just to ensure that they do not talk too much about their CSR activities and preferring to be a part of ‘implicit’ or ‘silent’ CSR (Matten and Moon, 2008). In family owned companies (Several Indian Companies fall
in this category) social activities are fuelled by the values and sentiments of the family and several CSR activities are dedicated to the members of the family and are run under their names. In such cases the reporting is limited to the allocated corporate budget and a general CSR related view is provided by the companies.

It is conspicuously evident that companies are talking about issues which they have contributed to but there exists a distinct gap in the present day CSR reporting. The CSR communication is a presented as composite activity where most organizations get into describing the extent of their contribution made and catering done towards socially responsible activities. They fail to elaborate upon the complete CSR process including a discussion and explanation of the ‘CSR-motivation,’ (factors specific to the organization which motivate the organizations to adopt CSR), the manner of assessing the actual demand of CSR and the stages of planning and execution of CSR activities. The roadblocks and failures which came the company’s way during the a yearly cycle of CSR activities are equally essential to be communication because CSR communication made specifically through websites and annual reports is turning into an activity of self applaud and adulation where there is no scope of counter opinion expression from the internal and external stakeholders and therefore eventual learning and correction.

Companies which are professionally managed (most MNCs fall in this category) are more aggressive in CSR reporting as against the less professional organizations which engage in random CSR activities and therefore there reporting is also not very structured. Large organizations also hire consultants and follow a systematic CSR delivery plan in all the three stages – introduction, implementation and evaluation. (Baxi and Ray, 2009).

CSR reporting is limited to rhetoric and extends to describing the schemes and the details of operation but analytical presentation of CSR related activities is not made which would encompass issues like process of selection of CSR related activity and associated partners, problems encountered in CSR implementation, process of monitoring and assessment of CSR activities, or re-orientation or future plans or direction of CSR growth.

There is scope to create awareness and educate corporations about the benefits of CSR reporting and how it helps the company internally in identifying and addressing
business risks and opportunities apart from providing a competitive edge as being recognized as a socially responsible.

A key challenge which will continue to haunt the focus upon communication of CSR is the association between the actual actions and the reporting because it is not possible to conclude that the companies implement everything which they communicate about their CSR activities but CSR communication is definitely a step in the direction of companies inclination to activities and therefore it can be hypothesized that the more a company is bent towards and implements CSR related activities the higher is the chance of companies communicating it to its employees making an enhanced level of CSR communication always desirable.

Many new players are entering the foray as the information and technology is growing and it has now integrated with the telecom sector closely with the growing popularity of technologies like telephony etc. This integration is leading to an exchange of practices resulting in unique emergence. Sensitivity towards customers as a stakeholder is bound to rise and this can be seen reflected in the communications being made by the companies. IBM’s communication to customers about innovation, IDEA’s awareness about environment though advertisements are a good reflection of the growing importance of customers as a stakeholder.

It is important the insistence on publication of sustainability reports should be made because the internationally accepted format of publishing social information is a balanced and ensures that organizations quantify and present detailed information about all categories – economic, environment, society, human rights and labour practices and product responsibility each of which appeals to a set of stakeholders. Further there is a scope of self declaration, third party authorization as well as benchmarking against a standardized set of parameters (GR3 Indicators) accepted by the international community which ensures uniformity and credibility upon the disclosed information.

In developing nations like India, where majority of the companies fall into the category of Small and Medium Enterprises (SMEs) questions are raised about the suitability of adoption of CSR and subsequent reporting especially in accordance with the GRI framework is a question because of the limitations of resources in terms of awareness, time and cost. Company’s need to be sensitized and made aware about the advantages
that CSR holds for SMEs would help both in incorporating CSR and its reporting as well. CSR adoption should be adopted not for reasons of pressure from external or internal stakeholders but because it holds business sense and encourage growth for business. CSR adoption and reporting establishes a positive and competitive tone of doing business and leads to an enhanced status of the company and its products. If CSR reporting becomes a part of the national business conscience then it would not be far when Indian companies as a whole would be able to catch up with the company’s operating in the international arena. The current level of limited CSR reporting is happening because neither the primary nor the secondary stakeholders understand or comprehend or are interested in CSR related activities in which organizations are involved the scope for change and enhancement in the depth and the range of CSR reporting is likely to see very little change and growth.

Only the large Indian companies like Tata Consultancy Services (TCS), Infosys which have operations abroad in the form of overseas clients or customers seem to be communicating CSR activities which are at par with the top end MNCs. Top few Indian companies convey the CSR related activities in its entirety using all the channels of communication – websites, annual reports, sustainability reports, effectively. Further evolution of CSR reporting even for the large companies can happen if CSR communication is also understood and aspired by organizations as a two-way process where the corporations receive feedback about their CSR related activities from the stakeholders.

Both the quantity and the quality of CSR communication needs to be enhanced. The electronic medium of reporting is still static and largely one-way for both the Indian and the MNCs. Further for the Indian companies it is even important to post more information since very little is conveyed about CSR by the Indian firms. websites release a separate sustainability which adheres to the internationally desired reporting standards – Global Reporting Initiatives (GRI, 2006), indicating that a lack of legal regulations is the prime cause for the low sustainability reporting and there is a distinct need for public policy framework or industry driven initiatives which should motivate and monitor the organizations to adhere to the international sustainability reporting
practices and also try and outperform them by taking further initiatives like the CII has taken regarding the issue of corporate governance.

Internationally, cutting through sectors and countries across the globe, there has been a rise in reporting in 2010 and the GRI conference in 2010 was a success which further enhanced the reporting parameters to incorporate issues like carbon disclosure and water disclosure providing opportunities for increased transparency, reporting and stakeholder awareness. The focus is shifting from questioning the importance of reporting to bringing out ways of effective reporting. The ‘whether to report or not’ is giving way to ‘how’ to report. Discussion and debate about the presentation of the CSR reporting (print vs. online form), separate or integrated CSR framework, annual or more frequent reporting is happening in the academic and the business circles. Though weight is being exerted towards bringing out an integrated reporting framework where each stakeholders need is catered to, yet it is a very complex issue which shall be addressed in time to come because CSR reports are used as a fodder for investment analysis tools employed for Sustainability Indexes. The true spirit of CSR reporting will be tended to when communication is tailor-made to suit the stakeholder’s interest and interactivity is achieved so the CSR communication can be classified as a complete communication process with a two way interaction channel operational between the sender and the receiver.