

**CORPORATE SOCIAL RESPONSIBILITY AND
ITS IMPACT ON THE COMMUNITY:
AN EXPLORATORY STUDY**

Thesis submitted in fulfillment of the requirements for the Degree of

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by

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MANAGEMENT



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Dedicated to my Daughter

TABLE OF CONTENTS

CONTENT	Page Number
DECLARATION BY THE SCHOLAR	vii
SUPERVISOR'S CERTIFICATE	viii
ACKNOWLEDGEMENT	ix
ABSTRACT	x
LIST OF ACRONYMS AND ABBREVIATIONS	xii
LIST OF FIGURES	xiii
LIST OF TABLES	xiv
CHAPTER-1	
INTRODUCTION	1
1.1 CSR DEFINITIONS	2
1.2 EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY	8
1.2.1 CSR TAKES SHAPE IN 1950S	8
1.2.2 CSR ACCELERATES IN 1970S	9
1.2.3 COMPLEMENTARY THEMES TO CSR ASCENT IN THE 1980S AND 1990S	9
1.2.4 21ST CENTURY: EMERGING CSR ISSUES	10
1.3 MODELS OF CSR	15
1.3.1 ETHICAL MODEL OF CSR	16
1.3.2 STATIST MODEL OF CSR	16
1.3.3 LIBERAL MODEL OF CSR	16
1.3.4 STAKEHOLDER MODEL OF CSR	16
1.4 CSR AND SUSTAINABLE COMMUNITY DEVELOPMENT	17
1.5 UNDERSTANDING CSR	17

1.5.1	THE RESPONSIBILITY ASPECT	18
1.5.2	THE ACCOUNTABILITY ASPECT	19
1.5.3	THE SUSTAINABILITY ASPECT	20
1.5.4	THE SOCIAL CONTRACT	21
1.6	CSR IN INDIA	22
1.6.1	ROLE OF THE STATE	23
1.6.2	MERCHANT CHARITY AND CORPORATE SOCIAL RESPONSIBILITY	24
1.6.3	CSR AND EDUCATION	25
1.6.4	SEEDS OF MODERN CORPORATE SOCIAL RESPONSIBILITY	25
1.6.5	FIRST INDUSTRIAL CORPORATIONS	26
1.6.6	NATIONAL VOLUNTARY GUIDELINES AND THE COMPANY'S ACT 2013	27
CHAPTER-2		28
LITERATURE REVIEW		
2.1	THEORIES OF CORPORATE SOCIAL RESPONSIBILITY	28
2.1.1	INSTRUMENTAL THEORIES	29
2.1.2	POLITICAL THEORIES	30
2.1.3	INTEGRATIVE THEORIES	32
2.1.4	ETHICAL THEORIES	35
2.1.5	CLASSICAL THEORIES ON CSR	37
2.2	CORPORATE CITIZENSHIP	39
2.2.1	MINIMALIST PERSPECTIVE ON CORPORATE SOCIAL RESPONSIBILITY	40
2.2.2	EXPANSIONIST PERSPECTIVE ON CORPORATE SOCIAL RESPONSIBILITY	41
2.3	STAKEHOLDER VIEW	42

2.3.1	CHARACTERIZATION OF STAKEHOLDERS	43
2.3.2	DESCRIPTION OF STAKEHOLDER ATTRIBUTES BY MITCHELL ET AL (1997)	46
2.3.3	PERSPECTIVES ABOUT APPLICATION OF STAKEHOLDER THEORY	48
2.4	CARROLL'S FOUR-PART PYRAMID OF CSR	49
2.4.1	EXTENSION OF CARROLL'S PYRAMID OF CSR-THREE-DOMAIN MODEL	50
2.5	MOTIVATIONS FOR CORPORATE SOCIAL RESPONSIBILITY	54
2.6	CODES AND STANDARDS ON CSR-GLOBAL GUIDELINES AND PRINCIPLES	57
2.6.1	THE UNITED NATION GLOBAL COMPACT	58
2.6.2	THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES	60
2.6.3	THE MILLENNIUM DEVELOPMENT GOALS	62
2.6.4	INTERNATIONAL LABOUR ORGANIZATION'S MNE DECLARATION	63
2.6.5	GLOBAL REPORTING INITIATIVE	65
2.7	PLANNING AND IMPLEMENTATION OF CSR	65
2.8	CHALLENGES FACED BY CSR IN THE GLOBALIZED WORLD	68
2.9	OPPORTUNITIES FACED BY CSR IN THE GLOBALIZED WORLD	72
2.10	CONCLUSION	75
CHAPTER-3		78
RESEARCH METHODOLOGY		
3.1	INTRODUCTION	78
3.2	STATEMENT OF THE PROBLEM	79
3.3	PURPOSE OF THE STUDY	79
3.4	SIGNIFICANCE OF THE STUDY	79

3.5	RESEARCH OBJECTIVES	80
3.6	SAMPLE	80
3.7	INSTRUMENTATION	81
3.8	PILOT STUDY	82
3.9	DATA COLLECTION	82
3.10	DATA ANALYSIS PROCEDURE	83
3.11	CONCLUSION	84
CHAPTER-4		85
AMBUJA CEMENT LIMITED (DARLAGHAT PLANT)		
4.1	COMPANY PROFILE AND CHARACTERISTICS	86
4.2	CONCEPTUALIZATION OF CSR	86
4.3	CSR PRACTICES AND CSR FOCUS AREAS OF THE COMPANY	86
4.4	FACTORS THAT MOTIVATE THE SELECTED COMPANY TO ENGAGE IN CSR ACTIVITIES	88
4.5	PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES	88
4.6	CHALLENGES INVOLVED IN CSR IMPLEMENTATION	89
CHAPTER-5		90
ACC (GAGAL PLANT)		
5.1	COMPANY PROFILE AND COMPANY CHARACTERISTICS	90
5.2	CONCEPTUALIZATION OF THE TERM CSR	91
5.3	CSR PRACTICES AND FOCUS AREAS OF COMPANY	91
5.4	FACTORS THAT MOTIVATE SELECTED COMPANIES TO ENGAGE IN CSR ACTIVITIES	93
5.5	PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES	94
5.6	CHALLENGES INVOLVED IN CSR IMPLEMENTATION	94

CHAPTER-6	95
SJVNL (NATHPA JHAKRI HYDRO POWER STATION)	
6.1 COMPANY PROFILE AND COMPANY CHARACTERISTICS	95
6.2 COMPANY’S CONCEPTUALIZATION OF THE TERM CSR	96
6.3 CSR PRACTICES AND CSR FOCUS AREAS OF THE COMPANY	96
6.4 FACTORS THAT MOTIVATE SELECTED COMPANIES TO ENGAGE IN CSR ACTIVITIES	98
6.5 PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES	98
6.6 CHALLENGES INVOLVED IN CSR IMPLEMENTATION	99
CHAPTER-7	
COMMUNITY PERCEPTION AND EXPECTATION ON CORPORATE SOCIAL RESPONSIBILITY	100
7.1 INTRODUCTION	100
7.2 DATA ANALYSIS AND RESULTS	100
7.2.1 DEMOGRAPHIC PROFILE OF COMMUNITY RESPONDENTS	100
7.2.2 COMMUNITY PERCEPTION ON COMPANY’S CSR	102
7.2.3 MOTIVATION FOR CSR ENGAGEMENT	105
7.2.4 THE CSR PRACTICE (CSR FOCUS AREAS)	107
7.2.5 CSR ACTIVITIES TOWARDS THE ENVIRONMENT	110
7.2.6 CSR ACTIVITIES TOWARDS THE COMMUNITY	112
7.2.7 INVOLVEMENT OF COMMUNITY IN THE PROCESSES USED IN CSR PLANNING AND IMPLEMENTATION	114
7.2.8 MEDIUM OF ENGAGEMENTS	115
7.2.9 IMPACT OF CSR ACTIVITIES OF THE COMPANY ON THE COMMUNITY	116
7.2.10 COMMUNITY EXPECTATIONS	116
7.3 RESULTS	118

CHAPTER-8	120
FINDINGS AND CONCLUSION	120
8.1 FINDINGS	120
8.2 CONCLUSION	126
8.3 RECOMMENDATIONS	129
8.4 LIMITATIONS OF THE STUDY & SCOPE FOR FURTHER RESEARCH	130
REFERENCES	132
APPENDIX A	148
APPENDIX B	157
LIST OF PUBLICATIONS	164

DECLARATION BY THE SCHOLAR

I hereby declare that the work reported in the Ph.D. thesis entitled “**Corporate Social Responsibility and its Impact on the Community: An Exploratory Study**” submitted at **Jaypee University of Information Technology, Waknaghat, India**, is an authentic record of my work carried out under the supervision of **Dr. Tanu Sharma** and **Dr. Anil Sehrawat**. I have not submitted this work elsewhere for any other degree or diploma. I am fully responsible for the contents of my Ph.D. Thesis.

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ABSTRACT

The Indian cement and Hydro power industry, a potential polluter had won numerous Green awards for fulfilling its commitment towards sustainable community development. Companies are obliged to undertake Corporate Social responsibility activities which fall under the purview of Company's Act 2013. The stakeholders mainly the community expect the companies to undertake Corporate Social Responsibility (CSR) practices and devote part of their profit for the sustainable community development. The companies today have integrated the community development goals in to the business goals by considering responsibilities for the impact of their activities on all stakeholders as well as environment. These CSR practices can take the form of donation to support education, health, gender equality, women empowerment, skill development and practices focused towards environmental protection and ecosystem.

The main objective of this study was to analyze the kinds of CSR practices adopted by the selected companies in Himachal Pradesh in relation to community and explore the perceptions and expectations that community hold about CSR practices of these selected companies. The choice of the selected companies is crucial because such firms badly affect the environment and the ecosystem and is a fertile area for CSR research. In this study, an attempt has been made to assess the impact of CSR practices of these companies on the community by considering community perceptions and expectations and seeking to find the ground reality i.e. the gap between what the companies have shown on the CSR sustainability reports and what has taken place on the ground. The study adopted a mixed method approach using semi-structured interviews and questionnaire were deemed appropriate for the present study. The data was collected through semi-structured interviews of CSR representatives or managers who were responsible for the implementation of CSR activities undertaken by these companies; and the data related to CSR perceptions and the expectations of the respective communities were collected through structured questionnaire.

The findings provide a clear picture about the gap between what the companies have shown in their CSR sustainability reports and what has taken place on the ground. The Ambuja Cement Foundation and SJVNL have been actively engaged in fulfilling their CSR related responsibility towards the community and their participation above the traditional philanthropic levels have provided the benefits of brand building and creation of good will among the

community. The findings reveal that there is a discrepancy with respect to CSR practices particularly in case of ACC. The respondents are dissatisfied with the ACC's Corporate Social Responsibility activities. The study recommends that companies must design policies related to communication with community, diversification of CSR related activities and CSR guidelines and action strategies for community participation and involvement.

LIST OF ACRONYMS AND ABBREVIATIONS

ACF	Ambuja Cement Foundation
ASSOCHAM	Associated Chamber of Commerce
CED	Committee for Economic Development
CIME	Committee on International Investments and Multinational Enterprises
COP	Communication on Progress
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
HPIPH	Himachal Pradesh Irrigation and Public Health
MDG	Millennium Development Goals
MNCs	Multinational Enterprises
NABARD	National Bank for Agriculture and Rural Development
NJHPS	Nathpa Jhakri Hydro Power Station
NCP	National Contact Point
NGO	Non- Government Organizations
NVGs	National Voluntary Guidelines
OECD	Organisation of Cooperation and Development Guidelines
SJVNL	Satluj Jal Vidyut Nigam Limited
SMEs	Small and Medium Enterprises
UNEP	United Nations Environment Programme
WBCSD	World Business Council for Sustainable Development

LIST OF FIGURES

Figure Number	Title	Page Number
1.1	CED Three- Circle Model of CSR	4
1.2	CSR Eras	5
1.3	Pyramid of Corporate Social Responsibility	6
2.1	Key Focus Areas and Stakeholders Involved	44
2.2	Saliency Model: Stakeholder Classification	46
2.3	Pyramid of CSR	49
2.4	The Three- Domain Model of CSR	52
2.5	CSR Framework	66

LIST OF TABLES

Table Number	Title	Page Number
1.1	Contributing Authors	10
1.2	Dimensions of CSR	14
1.3	Models of Corporate Social Responsibility	15
2.1	Key Focus Areas and Stakeholders Involved	45
2.2	Summary of the Seven Conceptualizations of CSR	52
2.3	Van Marrewijk's (2003) CSR Framework and Carroll's (1991) Pyramid of CSR- The Interrelationship	56
7.1	Demographic Profile	101
7.2	Community Awareness and Perception on Company's CSR	102
7.3	Community Perception	104
7.4	Motivations for CSR Engagement	105
7.5	CSR Focus areas	108
7.6	Environment related CSR activities	110
7.7	CSR activities towards the Community	112
7.8	Community involvement in CSR	114
7.9	Medium of Engagement	115
7.10	Impact of CSR on the Community	116
7.11	Community Expectations	117

CHAPTER 1

INTRODUCTION

In the last one decade, the concept Corporate Social Responsibility (CSR) has witnessed a paradigm shift in doing business from traditional private institutions to social institution. Companies have integrated the community development as a goal in to their business goals by considering the responsibility for the impact of their activities on all stakeholders as well as environment. Business exists because society provides a resource pool and license to operate. Society provides various inputs to the businesses in form of skilled and unskilled labour, natural resources, raw material for the sustainable growth and continuity of business. As a result, corporate management must consider the demands of society by integrating them in to business activities and practices in such a way that business operate in accordance to societal values.

Traditionally, the main purpose of any business or organizations is to maximize profit to all the stakeholders. But, today organizations have experienced that intertwining societal and environmental considerations in to the business strategies can provide competitive advantages and cutting edge innovation to the business. Kotler and Lee [1] emphasized that organizations should understand Corporate Social Responsibility and define it as “a commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources”. The definition covers the discretionary practices which imply voluntary commitment by the businesses while choosing these activities and practices. The community wellbeing in this definition covers both the human conditions as well as concerns to the environment.

Community in this context is the group of people who are dependent on each other for the fulfillment of certain needs, with a common purpose, interact on regular basis and live in close proximity. In a community, there is a common feeling of commitment towards welfare of the community and all group members are willing to communicate openly. Swisher, Rezola, & Sterms [2] argue that a community which is developed on the basis of sustainable development is an economically productive, environmentally sound, and socially justifiable community. The sustainable community development covers social, economic and

environmental dimensions. Therefore, a firm which prioritizes the expectations of the community enjoys the community support which further ensures the sustainability of the company in the long run. Community development refers to the various activities or initiatives undertaken by community in association with external organizations for the growth and development of the community area and members to empower the community members in a sustainable manner. Federation of Community Development Learning [3] in context of community development put emphasis on educating, enabling and empowering the local people.

The United Nations focused on the creativity and self-reliance aspects of the community for the attainment of short and long run goals, in addition to the CSR roles of the business firms. United Nations [4], explains “Community Development is an organized effort of individuals in a community conducted in such a way to help solve community problems in collaboration with external organization.” The external organizations are comprised of government, non-government organizations, small and medium enterprises (SME’s) and multinational corporations (MNC’s).

1.1 CSR DEFINITIONS

The Corporate Social Responsibility refers to the responsibility of the businesses towards all its stakeholders who directly or indirectly affect or are affected by the business. CSR covers the responsibilities that are inherent to both sides of this relationship; the relationship between businesses and the society with which they operate and interact. CSR is a multifaceted concept and to understand it in a better way the definitions given by renowned academicians and researchers are considered.

Howard Bowen’s [5], landmark book “Social Responsibilities of Businessmen” marks the beginning of the modern period of literature on Corporate Social Responsibility. He inquired: What responsibilities businessmen may reasonably be expected to assume towards society? Bowen was the first to articulate the definition of Social responsibility. According to him Social Responsibility refers to “the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society”.

Keith Davis [6], defined CSR as “businessmen decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”. He asserted that social responsibility brings economic gains to the firms and should be seen in managerial context. Further, he asserted that “some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing economic gains to the firm, thus paying it back for its socially responsible viewpoint”. Keith Davis is considered as a runner up to Howard Bowen for the ‘Father of CSR’ designation because of his contributions to CSR [6]. He also introduced the “Iron Law of Responsibility” where he justified the existence of direct relationship between business power and social responsibility. Archie Carroll [7], took an assumption that when power and social responsibility were relatively equal, then businesses will ultimately lose their social power in an attempt to avoid social responsibility. He further supported the “Iron Law of Responsibility” with an assertion that, “social responsibilities of businessmen must be commensurate with their social power”. Therefore, it is important for the businesses to undertake CSR to gain social power.

William C. Frederick [8], who is an early contributor to the field of CSR, defines CSR as “Social responsibility is the final analysis which implies a public posture towards society’s economic and human resources and a willingness to see that those responses are utilized for broad social ends and not simply for narrowly defined circumscribed interests of private persons and firms”. McGuire [9], is particularly interested in the idea that businesses has certain responsibilities towards society that exceeds economic and legal obligations and that is what constitutes social responsibility of businesses. She further explained that socially responsible businesses must undertake issues covering education, employee happiness, community welfare and the society where the business operates.

Morrell Heald’s [10], in his path breaking book, “The Social Responsibilities of Business: Company and Community”, asserted the concept of CSR “as businessmen themselves have defined and experienced it”. According to him this responsibility concept of businessmen must be finally clarified in actual policies with which they are associated. He asserted that policies, community based programs and views of business executives in a historical fashion explained that businesses during this era were already occupied with community relations and philanthropy significantly.

Johnson's [11], definition supports a positive relation between social responsibility and financial performance. He asserted that programmes specific to social responsibility bring profit maximization to the firm in the long run. According to his view, social responsibility is an action in alignment to socio-economic aims by extending the social norms specific to business functions which oscillate along certain social and cultural context which specifies various options to conduct business. The concept of stakeholder approach has been introduced by Johnson, which is followed by most of the businesses. He assumes that the managerial staffs of socially-responsible firms are able to balance multiplicity of interests including a mixture of profit maximization to stockholders, while at the same time ensuring the satisfaction of remaining stakeholders including employees, dealers, customers, suppliers, communities, society and whole nation.

Committee for Economic Development (CED) [4], contributed significantly to CSR concept in publication "Social Responsibilities of Business Corporations" as represented in figure 1.1. This committee introduced the CSR concept with the observation that businesses operate according to concept of the public with a purpose to serve and satisfy the needs of the society. CED articulated three concentric circles of CSR.

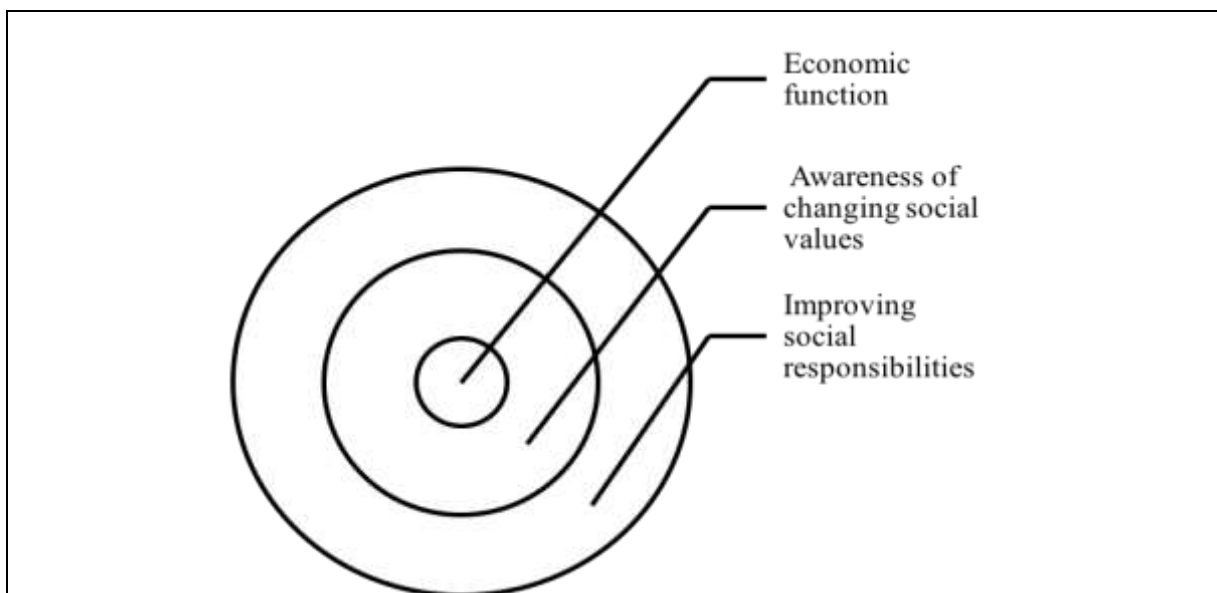


Figure 1.1: CED Three-Circle Model of CSR

The innermost circle represents the primary responsibilities of the businesses which help to execute their economic functions effectively including job provisions, production of

goods and services and contribution to economic growth in general. The intermediate circle represents responsibilities of businesses that affect the functions above economic, keeping in mind the phenomenon of changing societal priorities and values. This covers issues related to employee hiring and relations, fair treatment, protection from injury and meeting the rigorous expectations of the customers related to information and environmental protection. The outer circle presents the emerging responsibilities of the business. This requires the business to engage themselves in activities that are meant to improve the overall social environment.

S. Prakash Sethi [12], discussed the dimensions of Corporate Social Performance. He provided a clear distinction between Social Obligation, Social Responsiveness and Social Responsibility. The Social Obligation is the behaviour of the corporate in accordance to legal constraints and market led forces. Therefore, here the social obligation criterion covers economic and legal areas. Social Responsibility is about going a level above of social obligation where responsibility is congruent to existing social values, norms and performance expectations. Whereas, Social Responsiveness is the adaptation of corporate behaviour according to the needs of the society.

Patrick Murphy [13], classified the concept and development of CSR into four eras of CSR as represented in figure 1.2. These eras marked the period before and after 1950s. He placed the period up to 1950 under Philanthropic Era, period between 1953-67 as the Awareness Era, period between 1968-73 as the Issue Era and period from 1974 onwards as the Responsiveness Era.

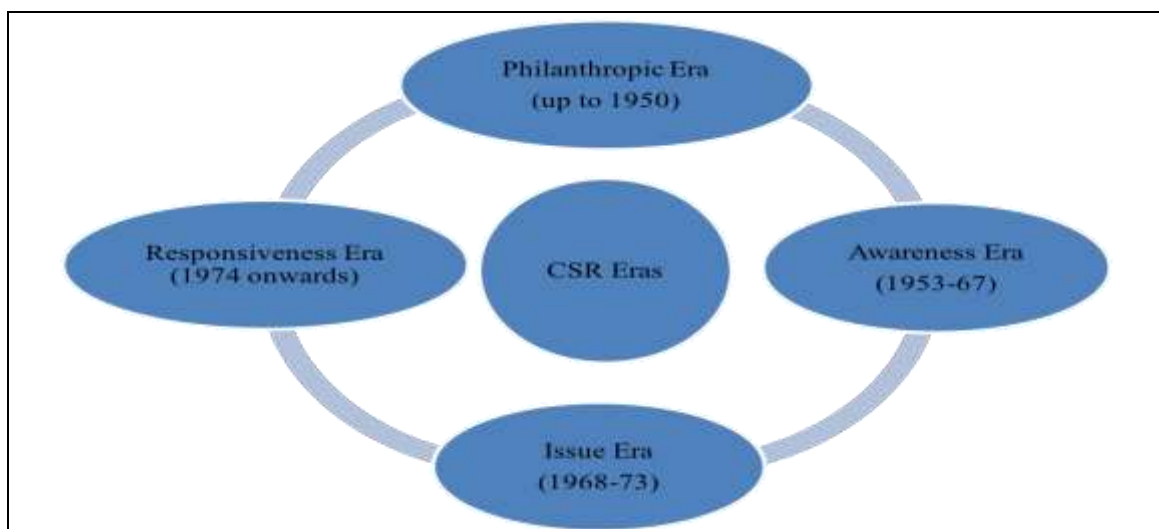


Figure 1.2: CSR Eras

Archie B. Carroll [14], proposed a model of corporate social performance with three-dimensions addressing questions to academicians and managers alike, about what constitutes CSR, different social issues that businesses must address and the organizations model of social responsiveness. Carroll argued that economic viability is something the business does for the society. He said that the business's social responsibility covers the economic responsibilities; the legal responsibilities; the ethical responsibilities, and the discretionary responsibilities [14]. In 1983, he changed the dimensions covered in the definitions into philanthropic or voluntary.

Carroll [7], gave the model named Pyramid of Corporate Social Responsibility in which economic, legal, ethical and discretionary responsibilities of the CSR definitions were presented in a pyramid structure (Figure 1.3). This model is considered to be the most influential model in CSR research for the past three decades. Carroll further argued that only after fulfilling economic, legal and ethical responsibilities, firms can pursue philanthropic responsibilities.

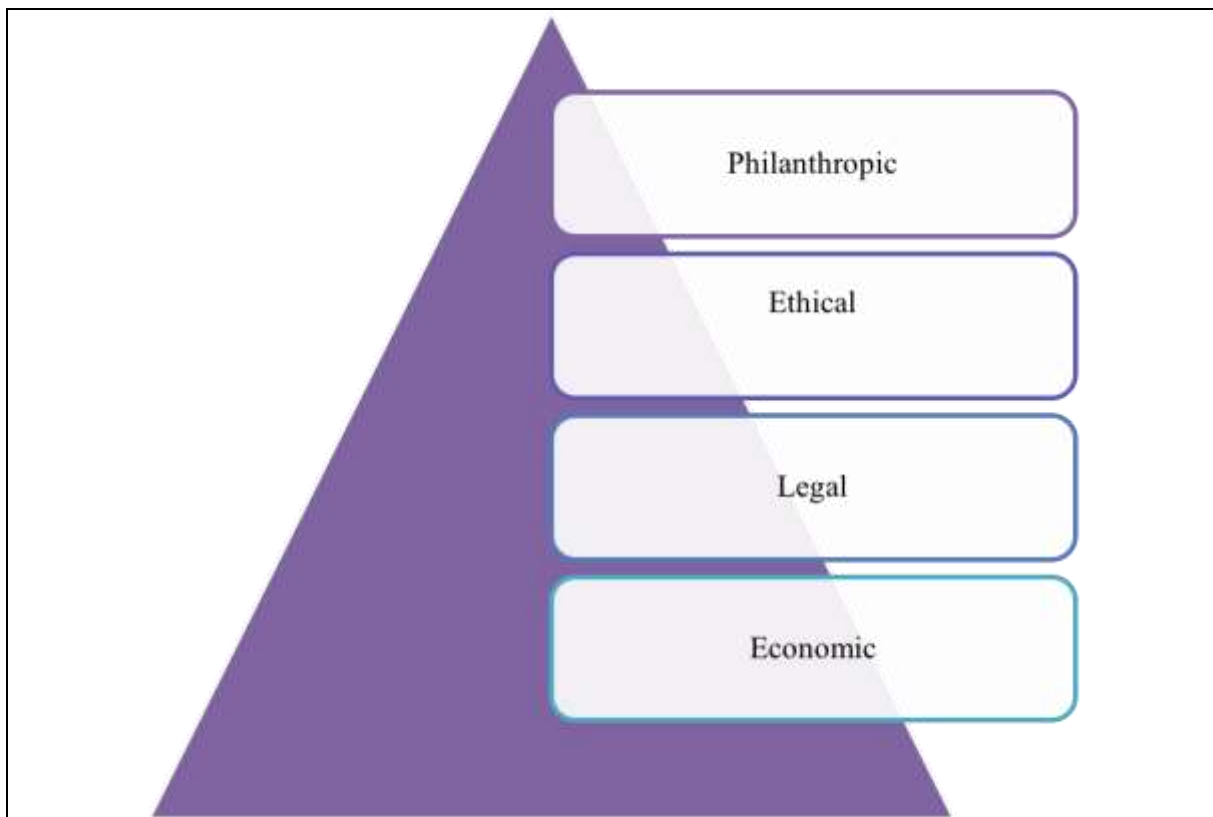


Figure 1.3: Pyramid of Corporate Social Responsibility

Wartick and Cochran [15], updated Carroll's model by recognizing the gap in his model. The model failed to consider the processes and policies through which companies fulfilled their responsibilities towards the society. This can be done by incorporating three segments. The three segments were Principles, Policies and Processes representing philosophical, institutional and organizational orientations. In this updated model, the Principles were taken from Carroll's 4 categories and the policies were proposed to manage social issues. The policies constituted the policies pertaining to issue identification, analysis and response development and the determination of social policies that are effective. The social issues were considered as the outcome variable in this model.

Peter Drucker [16], covers the issue of responsibility with respect to compatibility of profitability by introducing a new dimension to the CSR concept. In his opinion, responsibility is an attempt to convert social problems in to economic opportunities, productive capacities, human competence, better paid jobs and creation of wealth. A corporation which is involved in social responsibilities will be turning its responsibilities into opportunities for the business.

Wood [17], considered Corporate Social Performance as a set of structural categories. Wood organized the literature into principles of responsibility as Input, Process and Outcomes using a basic system framework known as open system. She attempted to define nature of social responsibility which a firm can assume in a society. She further recognized the weaknesses of the previous models, like Carroll's models didn't have an outcome variable and Wartick and Cochran used policies of issue management as their outcome variable. Therefore, she developed a broader and more integrative approach to understanding responsibilities the firm may assume in a society [15]. She constructed a three-part model covering the principles of social responsibility at individual, organizational and institutional levels. Processes of social responsiveness, including environment assessment and stakeholder management. The Outcome of Corporate Practices in terms of policies, programs and social impacts.

One of the remarkable definition given by The World Business Council for Sustainable Development (WBCSD) [18] which defined CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large".

The current millennium, with environmental concerns reaching the heights of socio-environmental dimensions got added to the definition of CSR. The European Commission [19], defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis”.

Despite the contested nature of CSR definitions, it is clear that the nature of CSR is voluntary. Thus, social responsibility means moving beyond legal obligations and more investments in relation to environment, community, society and responding to other stakeholder needs as well.

1.2 EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

The idea of Corporate Social Responsibility is not a new discovery and cannot be credited only to the economically developed countries. CSR has been practiced many times in history and at various places but there is an evolutionary shift in the Corporate Social Responsibility concept in the twentieth century. Asongu [20], admitted that, the concept is still emerging, and its history is still being written. This following section of this chapter, will discuss the evolutionary shift in this concept.

1.2.1 CSR takes shape in 1950

During the 1950's there were more talks on CSR than action taken. This means that the concept had started growing conceptually than practically. Merrick Dodd [21], described that the managers have to pursue social responsibility in addition to economic responsibilities of the businesses. Howard Bowen during this period gave a remarkable contribution in the field and is regarded as Father of Corporate Social Responsibility [22]. The majority of scholars have pointed towards Howard Bowen's book “The Social Responsibilities of Businessmen” as the first attempt signifying business and society relationship [14], [23] and [15]. During this period, many writers and industrialists also commented on the Business and Society Relationship [24]. Bowen considered CSR as an obligation on businesses which they must include in policies and undertake activities for the betterment of the society. Patrick Murphy [13], provided CSR eras under which he referred the period up till 1950s as philanthropic era. In 1960s the concepts and practices related to CSR emerge and proliferate and there is still

more talk than action with respect to the CSR front. Keith Davis [6], supported the fact that responsibility of the corporate should be seen in managerial context. The array of CSR considers an impression of public relation strategy taken by the organisation at the top level [25]. The social responsibility refers to the public concern, attitude and posture towards economic and human resources of the society which are further utilized to meet the broader social ends and not just restricted to narrowly circumscribed interests of private persons and firms [26], [27]. Therefore, in 1960s philanthropy manifested as CSR. Muirhead [28], classified this period as the period of growth and expansion.

1.2.2 CSR accelerates in 1970s

This period supports the managerial approach to CSR concept. This period is already occupied with activities of the corporate in relation to philanthropic acts and building community relations [10]. Wallish and McGowan, wrote an article with a purpose to make an effort to reconcile social and economic interests of organizations [29]. George Steiner [30] in his book “Business and Society” explained that businesses will remain fundamental economic institutions but must undertake social responsibilities to help them in fulfilling their basic needs. S. Prakash Sethi [12], discussed and classified the dimension of Corporate Social Performance and in this process, they distinguished behaviour that might be called Social obligation; Social responsibility; and Social responsiveness.

Bowman and Haire [31], determined the extent to which companies are engaged in various issues related to corporate social responsibility. Sandra Holmes [32], conducted a research study which sought to collect perceptions of the executives on CSR. In doing this, she presented a set of statements concerning CSR to executives trying to find how many disagreed and agreed with respect to these statements to locate their perception set. Archie B. Carroll [33], also gave a remarkable contribution to the dimensions of CSR by classifying various responsibilities of the businesses in the form of economic, legal, ethical, and discretionary responsibilities.

1.2.3 Complementary themes to CSR ascend in the 1980’s and 1990’s

Research started in CSR with various complementary themes such as Corporate Social Responsiveness, Corporate Philanthropy, Strategic Corporate Philanthropy, Corporate Social Performance, Business Ethics, Stakeholder Management and other related areas. CSR serve as

a base point for complementary themes in 1990's. Philanthropy expanded considerably in the late 1980s and early 1990s with the appearance of more global companies in the economy which were dedicated to contribute towards society. The larger companies like IBM, Nike, Coca-Cola, McDonalds developed CSR related reputation and small companies grew larger while embracing CSR practices. The major contributing authors along with their corresponding contributions are presented in table 1.1 below.

Table 1.1: Contributing Authors

S. No.	Author	Year	Contribution
1.	Thomas M. Jones	1980	Emphasizes CSR as a process (CSR not to be seen as a set of outcome but as a process)
2.	Frank Tuzzolini & Barry Armandi	1981	Proposed a need hierarchy framework for assessing CSR patterned after Maslow's need hierarchy (organizations like individuals had criteria that needed to be fulfilled just as people)
3.	Wartick & Cochran	1985	Evolution of Corporate Social Performance Model
4.	Griffin & Mohan	1997	Researched on Corporate social responsibility and Corporate social performance
5.	Muirhead	1999	Period as 'Diversification and Globalization'. Initiatives included education, health, human service, community, NGO partners

1.2.4 21st Century: Emerging CSR Issues

In the new millennium, the discourse of CSR has attained a different and new dimension with the alignment of widespread interests of the government and the business for the environmental protection, societal development and social inclusion. While achieving the goals of the corporations, addressing to the needs and expectations of the various stakeholders have become viable for the sustainability of the business. Additionally, governments are also being motivated to take full responsibility to ensure that the antecedents of market failures are accurately regulated with the view of achieving the tenets of development in a sustainable manner including economic, environment and social aspects of sustainability.

Horrigan [34], indicated that CSR in the 21st-century has been a story of progressive sensitization of businesses to systems and dynamics of governance which is beyond government obligations, beyond law, and responding to CSR needs beyond responsibilities. It is a story of a fast growing alignment across individual businesses, industrial sectors, and geographic and political regions between the systems and dynamics of regulation and responsibility on one hand and a business model of company, strategies, and their impact, on the other hand. These events lead to the emergence of a separate body of corporate laws and regulations that resonate well with CSR and bringing CSR from a voluntary to mandatory space.

Horrigan [34], further explained that theoretical insights are emerging into corporation's corporate laws and governance that questions the conventional theories on such matters in addition to illuminating the matters related to CSR assessment and implementation. Therefore, in the 21st century, the laws and policy reforms related to the activities of the corporations needed to be aligned with CSR issues and development of the society. Contributing to the CSR in 21st century, Horrigan [34] provided that at the G8 Summit of World Leaders in 2007, "CSR has emerged clearly from a secondary global concern into the spotlight as a primary international policy issue listed at par with climate change, international security, sustainable development and free trade and investment".

According to Ashley [35], CSR is a source of competitive advantage. CSR is required by the companies to gain competitive advantage. There are mixed results of the impacts of CSR on competitive advantage. Many researchers have found that CSR serves as a source of competitive advantage.

Orlitzky et al [36] have conducted a very impressive and interesting research in the field of CSR in October 2004. This study won the Moskowitz award, an award for exceptional research in the field of social investing. They have conducted meta-analysis on Corporate Social Responsibility and Financial Performance by compiling 52 studies over 20 years. The result of the research presented a positive and significant relationship between Corporate Social Responsibility and Financial Performance, with variation from highly positive to moderately positive. Balabanis et al, [37], concluded that inconsistencies have been found in some of the studies which studied the association between CSR and Financial performance

due to difference in research methodologies used and varying and questionable CSR methods used in these studies.

Krishnan and Balchandran [38], explained that the emerging market and the customers will prefer to boycott product and services of such companies who have negative orientation towards the society. This further indicates the perception of customers towards socially responsible companies.

Philip Kotler & Nancy Lee [1], in their remarkable book “Corporate Social Responsibility: Doing the most good for the company and cause” emphasizes that that community expects the companies to give to the communities in the form of charitable donations and projects. Nancy lee, the co-author of the book also explains that why charitable contributions are good for the businesses. They have showcased business leaders on how to choose social issues, design charity related initiatives, evaluate the social issues and gain support of their employees. They have also provided and explained 25 best practices which the help of the companies while implementing CSR programs.

David Vogel [39], concluded that CSR will not be successful until mainstream companies started reporting CSR aspects which are critical to the past or future progress on companies with respect to CSR. This further indicates the importance of the CSR reporting by the companies to measure their CSR progress.

Samuel. O. Idowa [40], had conducted study covering 20 companies in U.K. which advocated that the companies in U.K. have started disclosing their CSR related progress with a view of public benefit, government requests and providing information to stakeholders. This is because of the belief system that the shareholders of this century are more aware and educated than past. This further provides that the U.K. based companies have integrated the ethical component in the businesses in context to CSR.

Vaaland & Hiede [41], conducted a study with an objective to handle critical incidents based on CSR and utilizing this experience further in the enforcement of CSR. The results presented that CSR should be managed by handling incidents with unexpected nature, reducing various expectations among the stakeholders, performance of the company and ultimately by sustaining society relationships with interplay between actor, activities and different resources.

Truscott, Bartlett & Trwonniak [42], conducted a study based on the case study research methodology. Here, they interviewed the key CSR representatives of the industries based in Australia to explain the CSR term in the context of economic, ethical and legal role of businesses in society. Industrialists revealed the growing concept and significance of CSR in the industries by sharing their opinion on various dimensions of CSR covering economic, ethical and legal aspects in relation to business roles in the society. To industrialists, CSR acts as a model of corporate reputation.

Shah & Bhaskar [43], had undertaken a research based on case study in Bharat Petroleum Corporation Limited, a public sector undertaking. The research concluded that there is a direct and positive relationship between the business and society. The organizations exist because of society as it provides basic inputs like land, man, material and resources to them. In return, the businesses and the organizations also undertake initiatives to serve the society. The company selected for the case study is found to have undertaken many initiatives for the betterment of the society.

McWilliams & Seigel [44], linked the CSR strategy to improving the reputation of the company. The study provided that the firms which are producing and selling convincing goods come under CSR umbrella ultimately increases the loyalty of the customers and increases the revenues. The study also explained the importance of advertising to disseminate the information among the customers. Additionally, it explained the role of media to spread awareness among customers about CSR related activities of the firms which further improved or damaged the reputation of the firm.

Hartman [45], identified and then analyzed the role and importance of CSR in food sector, the mainly in those companies that have high brand value. CSR plays a significant role in these companies. It is also provided that the small and medium sized enterprises are less capable in serving to society. The research suggested that the food sector tries to improve and maintain control and discharge various services to consumers. Moreover, the customers give preference to brands which have embedded social responsibilities in their business objectives in addition to providing quality goods and services.

Rahman [46], in his article made an attempt to evaluate CSR on ten dimensions based on definitions of CSR from 1950 till date. The various eras and the dimensions are presented in table 1.2 below.

Table 1.2: Dimensions of CSR

S. No.	Eras	CSR Dimensions
1.	1950	CSR as obligation towards the society
2.	1960	Relationships of corporates and society
3.	1970	Stakeholders involvement in CSR
4.	1980	Voluntary dimension of CSR
5.	1990	Stakeholders involvement, obligation towards profit and all stakeholders as employees, environmental protection, society and ecosystem.
6.	2000	Social and Environmental concerns, business ethics, quality of work and life, human rights, environmental protection, anti-corruption, issues of accountability and transparency

Source: Rahman (2011)

Aguinis & Glavas [47] in their publication “What we know and don’t know about CSR: A review and research agenda” considered 588 Journal articles and 102 books provided a framework of CSR actions affecting external as well as internal stakeholders and the outcomes of such CSR actions. They also considered and clarified the understandings about the levels of CSR, the forms of CSR and the need to understand the CSR outcomes. Additionally, it also provided a framework of research design, data interpretation and analysis and research measurements on CSR.

Huang and Watson [48], presented a study on the corporate social responsibility research in accounting, published in 13 top accounting journals over the last decade. The scholars conducted the literature review and presented in four categories:

1. The Determinants of Corporate Social Responsibility
2. The relationship between CSR and Financial performance
3. The outcomes and consequences of CSR
4. The role of CSR disclosure and assurance

Aguinis & Glavas [49], “Corporate Social Responsibility and Employee Engagement: Enabling Employees to Employ More of Their Whole Selves at Work”. The findings of the

study concluded that authenticity that is ‘being able to show one’s whole self at work’ positively mediates the relationship between CSR and employee engagement.

Jones, D. A., Willness, C. R., & Glavas, A. [50] “When Corporate Social Responsibility (CSR) Meets Organizational Psychology: New Frontiers in Micro-CSR Research, and Fulfilling a Quid Pro Quo through Multilevel Insights.” Here, the authors draw multiple insights and understandings from the research articles to present a multilevel model that provides multiple illustrations to explain the variability in firm basically at the micro level relationships between practices of the businesses and performance of the corporate.

1.3 MODELS OF CSR

The struggle for defining the boundaries of corporate responsibility for environmental and social matters has been deep rooted in the business history. At the time of industrial revolution, those within and outside the business world have battled over the notion and extent of social responsibility. Over this time period, according to Ritu Kumar, David Murphy and Viraal Balsari [51], four different models have been emerged. All the four models are relevant in the Indian context. The table 1.3 below gives an overview about four of these models.

Table 1.3: Models of Corporate Responsibility

S. No.	Model Type	CSR Focus Areas	Major Contributors
1.	The Ethical model	Voluntary commitment of companies towards welfare of the public	M.K. Gandhi
2.	The Statist model	State ownership and legal regulations	Jawaharlal Nehru
3.	The Liberal model	Corporate responsibilities solely towards owners	Milton Friedman
4.	The Stakeholder model	Corporate responsibilities in response to the needs of different stakeholders	R Edward Freeman

1.3.1 Ethical Model of CSR

The philanthropic contributions by the companies are the main constituents of Ethical Model. During the period of independence, Mahatma Gandhi Proposed the Theory of Trusteeship which promotes the idea that wealth created by the businesses belongs to the society. This theory compelled the companies to take active part towards social wellbeing and to be committed to social and economic development.

1.3.2 Statist Model of CSR

The statist model come in to existence after independence when India adopted framework from socialist and mixed economy, with a large public sector and state owned companies. The composition of Indian regulations and laws along with the state ownership reflects the dimensions contained in CSR. In the early 1990s this corporate philosophy sponsored by state is still operating in many public sector companies that have survived the wave of privatization.

1.3.3 Liberal Model of CSR

The Liberal model states that the company has the responsibility towards the shareholders. Milton Friedman supports this view point by saying that increasing the profits is the sole responsibility of businesses. This model argued that it is sufficient for business to obey the laws and generate wealth, which through taxation and private charitable choices can be directed to social ends.

1.3.4 Stakeholder Model of CSR

The aim of stakeholder model is to create loyal relationship with all the stakeholders covering employees, customers, suppliers, investors and a commitment leading to sustainable and long run value, viability and success of business. In the era of liberalization, privatization and globalization, the companies have to compete not only on economic grounds but also needs to pay significant attention to social aspects. The increasing public awareness pushes the organization to take serious look over their impacts or otherwise have to face wrong postures of the public towards irresponsible acts of the companies. Therefore, companies have to

provide answers to their acts and consequently have to satisfy the expectations of the stakeholders.

1.4 CSR AND SUSTAINABLE COMMUNITY DEVELOPMENT

Clarkson [52], defined stakeholders as a group that have or claim, ownership, rights or interest in a corporation and various activities of the corporations and can be distinguished into two categories, which are primary and secondary stakeholders. Primary stakeholder typically includes shareholders, investors, employees, customers, and suppliers together with government and communities which provide market and infrastructure, and to whom taxes are due. The corporation cannot stay alive as a going concern without support and participation of the group of primary stakeholders. If the organization fails to retain their participation it leads to the failure of the whole system. The secondary stakeholders cover media and a broad range of special interest groups with the capability to activate public views in support or against performance of the corporation's performance. Secondary stakeholders are not important for the survival of the corporation and are not involved in transactions with the corporation. Community is among the major stakeholder of the firm whose needs and expectations must be fulfilled in a sustainable manner. Therefore, Community development is a process of challenging the unacceptable and undesirable disparity of conditions and infrastructure which negatively affect the quality of life of people and work. It functions best as a process in locations where all strata of society are engaged with a sense of community solidarity [53]. It refers to the initiatives undertaken by community in partnerships with external organizations to empower the community members for sustainable community development. Community workers facilitate the people participation by enabling linkages made between communities and with the development of wider policies and programs. Community development expresses value of accountability, equality, opportunity, participation, mutuality, reciprocity and continuous learning.

1.5 UNDERSTANDING CSR

To better understand the concept of CSR, it is necessary to understand that CSR goes beyond philanthropic contributions, although that might be its beginning. CSR must take in to consideration the integrity and accountability aspects for the long-run sustainability of

businesses. To understand the concept of CSR in a better way, it has been divided in to four broader aspects:

1. Responsibility Aspect
2. Accountability Aspect
3. Sustainability Aspect
4. The Social Contract

1.5.1 The Responsibility Aspect

Clarkson [52] has differentiated between responsibility, responsiveness and performance by arguing that the absence of clear and precise definitions on corporate social performance, corporate social responsibility and corporate social responsiveness is the fundamental problem in the field of business and society relationships. Moreover, he argued that there is lack in agreement about the meaning of these terms in context to managerial and an operational viewpoint. It was emphasized that using a framework which is based on managing relationships between corporation and its various stakeholders than by using CSR methods and models, the analysis of corporate social performance can be done more effectively. He believed this to be a better way to understand CSR as corporation's complex web of relationships with different stakeholders.

Therefore, corporations focus on managing relationships with different stakeholder groups instead of focusing on whole society. The root of the problem propagates from the word 'social' and its linkages to everyday activities of the businesses. Clarkson [52], defined society as a level of analysis which is more ambiguous and inclusive, and further up the ladder of abstraction than the corporation itself. William Frederick [54], has taken the concept of CSR to an advanced level by defining corporate responsiveness as the ability of the corporation to respond in accordance to societal pressures.

The creativity outlook from the history provided that to deal with variety of challenges which corporations face while maximizing profits, new ways of creativity and innovation are required in the period of globalization. From the liberation outlook of the history, we learned the lessons of empowerment. The fall of the fittest outlook indicated the importance for a better understanding of change processes and the necessity of continuous innovation [55]. Ethically accepted activities of the corporations and profit making are complimentary to each

other. Dealing ethically with the stakeholders leads to success and sustainable growth of the businesses.

An analysis of the history showed three different approaches to know the relationship between the victor and the victim. These approaches are: domination approach; exploitation approach; and the oppression approach. This can also be applied and seen in context to business, as when business world practices earning profit by selfish means, then society suffers from all the three approaches of domination, exploitation and oppression. But, this way of earning profits leads to depletion of economic resources and victimization of the society. Therefore, such businesses cannot sustain in the long run as future opportunities of earning profits would not be available. So, for the continuous flow of profits and sustainable growth in the long run, mutual sharing of benefits and maintaining good relationships is needed.

A framework is needed to meet the requirements of internal and external stakeholders as well as for the operational stability in businesses. Many a times, CSR has been challenged by issues of ethics and grounds of relativity in such a manner that what is considered right by one may not be accepted right by other. The tradeoff between stakeholders to arrive at a consensus for CSR checklists may not be easy. There will be disagreements of perennial and inevitable nature related to cause and effect in the developmental processes, because each organization hold different opinion and perspectives in relation to serving the society. This needs handling with innovation as there are certain values which are universal in nature and acceptable to all. Such universally accepted value set that can be generalized to larger settings are known as human values. Therefore, in a diverse cross-cultural scenario, issues need to be prioritized, keeping in view the aspects of human compassion and justice in the front. This concept is not new as every era in history attempted to establish a relation between the social and the economic man.

1.5.2 The Accountability Aspect

The Committee for Economic Development Report (1971) states that the simplest way to understand the different levels of accountability is to adhere to the Social Responsibilities of Business Corporations [4]. During 1942, the CED was initiated to address priorities of national nature which promoted development and economic growth in a sustained way to all

Americans. This committee was non-profitable, non-partisan, public policy organization led by business. It conducted research on various social and economic issues, and provide suggestions on implementations of its recommendations by the private and the public sectors. This committee was composed of around 200 corporate executives and leaders from the universities. These members provide views on research and outreach efforts to meet the requirements of dynamic social and economic scenario to the academicians and practitioners.

However, while complying to the framework, it should be taken in to consideration that this report does not constitutes legal responsibilities. Hence, legal aspects must be taken in to consideration and precautions must be undertaken to not to overlook aspects related to law.

1.5.3 The Sustainability Aspect

This aspect presented an extended set of expectations to the business. There were many issues in the business such as financial frauds, layoffs, product quality, environmental pollution or plant closures among others that demands the wide range of complex issues for providing systematic solutions. Businesses have the requisite resources and expertise for creating systems which contribute human and sustainable development. Therefore, CSR is not just concerned with processes and performance standards of measurement for achievement, but a change in company's thinking, planning and action strategy.

The businesses are required to encourage a CSR move above philanthropy due to awareness with the practices of unethical nature that frequently turns the society highly insensitive and intolerant. Business experts can locate the possibilities of suffering from the perception deficit because of familiarity with practices which unethical in nature. So, the businesses recognized that often there is a decrease in the intensity of self-control in keeping a watch on the activities which are harmful to the environment on the part of society. The responsibility of the business is either to be extra attentive to weed out extra activities or to take advantage of such inactive situation for pursuance of unethical activities. The need is to create an environment that supports integrity and ethics to keep a proper check on crime, corruption, terrorism, frauds and disharmony in the environment.

Keeping in view the needs and values of different stakeholders, the objectives of the company's in relation to governance of CSR by the company should be distinctly stated and

defined. The environment of the businesses will constantly be in a dynamic and permanent condition of flux because of the power and control of social, economic and political factors at various levels of business. Therefore, there is need for CSR strategy that is required to adhere to ethical standards in business. In support and to motivate all the stakeholders, the designing, implementation and communication within all the levels of organization and society need to be geared up.

The behaviour of the principal and agent who are acting on behalf of organization, led to the formation of legal and ethical principles. Total business is a concept whereby all the stakeholders are considered by embracing legal as well as ethical obligations and contractual rights and duties. More often than not, while serving the different constituents of business there will be conflicts of ethical nature. This is not only because of the differences in perceptions and the constituent's interests of conflicting nature but also variations in understanding the nature and purpose of the business. This dilemma in the nature of differences can be solved by following social responsibility in true spirit.

1.5.4 The Social Contract

The Social Contract aspect of the CSR is related to the social contract that exist between business and the society. At a particular time in the society, there is the existence of set of relationships which are generally acceptable, duties, obligations among the prominent institutions and the people. George. A Steiner [56], provided that according to political theorists and philosophers, this set of common understandings is termed as the Social Contract.

If we consider this aspect further, we find that there is a difference among these accepted set of duties, obligations and relationships within and between society. That is why the practitioners of business choose to either avoid or criticise the CSR concept with solely theoretical grounds. Edmonds and Hand [57], in a survey report of business professionals, provided that nearly 81 percent out of 248 executives perceived that the maximizing wealth and the social involvement are complementary and are not contradictory concepts. This report is further confirmed by survey which is conducted by McKinsey [58], that executives and consumers strongly agreed that the responsibilities of the corporate towards stakeholders must be well trade-off by contributing to broader public good with 84 percent belong to executives

and 89 percent belong to consumers. It can be done by going above legal responsibilities and requirements as minimizing pollution level, philanthropic donations and minimizing other ill effects of business activities.

The business have responded in a very scattered way in response to different demands of responsibilities by enacting laws, employee welfare and wellness programmes, consumer policies, environment policies and protection of ecosystem, etc. But there is no collective impact of business CSR activities on the community and therefore it become essential to accommodate the CSR concept in such a way that it fits well in to overall business plan and strategies.

It is interesting to mention here that there exists reciprocity in the responsibilities between business and society. It should be kept in mind that various stakeholders have mutual duties to each other and the community also have the obligations to make the balance between sustainability, integrity and cost. Therefore, the businesses are required to maintain the proper tradeoff between stakeholders depending upon their priority and sustainability. In the same way, stakeholders should also realize that sometimes one has to sacrifice their interests for the survival of others.

1.6 CSR IN INDIA

CSR is not a modern concept, it can be traced from the ancient literature that provided and described the aim of the state. Many observations from the Vedic literature suggested that the state holds the fundamental function of maintaining security, peace, order and justice. In the records of Chandogya Upanishad (V.11.5) it was clearly stated that religion was to be promoted, educations was to be patronized and morality was to be encouraged. The main aim of the state during Vedic and Upanishad ages was all-round welfare of the public. This is related to the periods as old as c.1000 BC AND C.600 BC.

In the political literature, the moral laws (dharma), the wealth (artha) and the pleasure (kama) was to be promoted and it was considered the main aim of the state [59]. With the development of a feeling of religiousness; by promoting morality; by establishing institutions like schools, homes for poor and advancing sciences and literature, the principle of dharma can be promoted by the state. The wealth (artha) can be generated by promotion of trade,

agriculture and industries. The sources of water like construction of dams, canals can be built to reduce the dependency on rain water. More barren lands can also be brought under cultivation purposes. Proper rule and regulations must be formulated and implemented for working in mines systematically. The pleasure (kama) can also be ensured with the establishment of order and peace. Individuals could also pursue arts and aesthetic culture and enjoy their life without any disturbances. Therefore, ancient policymakers were concerned with the development of the individual to the fullest level that reached to a point of highest development in the society.

1.6.1. Role of the State

The various state specific activities are related to human life including social, religious and economic aspects, as envisaged in Mahabharata and Arthashastra. The opinion that state was essentially an evil was discarded. The laissez-faire theory which promoted that activities of the state should be decreased to minimum level of law and order maintenance was not advocated popularly. The state was required to plan, implement and supervise activities in a way that the whole society is encompassed in it. The activities of the state include establishment of righteousness, morality and piety by promoting education. The state has undertaken welfare activities in support of public by constructing rest houses, hospitals, charitable trusts to support commoners during stress causing situations like floods and famines. Through constructing dams and canals, and by acquiring fresh land for cultivation purposes, productivity is being ensured by the state. It is important as well as interesting to note here that with the colonization and development of fresh lands, state was encouraged to see the even distribution of population to avoid dependence on one place. The development is also supported by enrichment of resources like mines, forests in addition to promotion of agriculture. Therefore, in promoting trade and industry and to ensure that common citizens did not suffer in the hands of capitalists, state played a proactive role. The state had appointed officials for the supervision of these institutions against vices like drinking and gambling.

Extreme precautions were taken to prevent the individual liberty from suffering while embracing welfare activities. This was done by keeping a balance between independent institutions (local institutions like trade guilds, Brahmana or Sramana assemblies) and bureaucracy. These assemblies were not governed and controlled by state and enjoys the autonomy to take decisions independently. The village panchayats, city councils, and trade

guilds were empowered by decentralization of powers. During the periods when there were lower levels of economic stability, trade associations took over powers related to decision making and responsibility at local levels which was concerned with governance [59].

Ancient Indians accepted and valued the idea of association and realized that state could bring together and merge the contradictory interests with conflicting nature, if its bureaucracy worked in association with renowned bodies which were well established. This collaborative approach within bureaucracy and well-established bodies worked extremely well during the Maurya period (c.300BC) and the Gupta period (c.500AD). During this period, India experienced its socio-economic harmony and political strength in terms of stability. This further portrays the continuance of responsibility towards society, that can be traced from the (before Christ) period to the (AD) after the birth of Christ period in the history as an ideology during the ancient periods.

1.6.2 Merchant Charity and Corporate Social Responsibility

Charity by the merchants was a strategic cunning plan which was adopted to gain political influence and to smooth the relationships with rulers who originated outside the community or the country. In return, the rulers credited the donors with honours thereby enhancing their creditworthiness and prestige that leads to improved business. The gifts to buy favour with the rulers had taken the form of philanthropy during the British rule, since a different moral code prohibited personal gifts. The charity by the merchant class can be categorized under four main categories: **Religious Charity**: The grants in favour of religion were made to the activities which were significant to religion and which were not limited to geographical boundaries. **Secular Charity**: This form of charity included donations to activities that supported development of infrastructure, education, public welfare and promotion of arts and culture. **Individual Merchant Charity**: This refers to the charitable donations by the individual merchant owners. **Collective Charity**: There are certain references to group of merchants who came together in a group and offered donations and grants collectively.

The merchant families used to contribute a portion of their profit for charity. The donations at individual levels were also being made in public welfare and other related sectors. This includes constructing roads, rest houses, wells, feeding poor, building schools and colleges in addition to providing relief during natural calamities (floods and famines).

Merchants, who were financially strong, provided support to weak class merchants by providing financial support to such sections because of strong ties among the community that were ingrained in every community. To supervise the activities related to charity, merchants collectively supervised the activities benefitting the common population.

1.6.3 CSR and Education

Education was regarded as one of the primary and significant requirement of the society. The education was promoted by substantial grants and free land, constructing institutions, providing free facilities for stay and hostel. Every temple, dharamshala, or a mosque had school attached to it from where the youth gained religion based education. Most of the people engaged a pandit, a guru, or a moulvi to preach and teach their sons, their friends and dependents except few wealthy men. The majority of the villagers feel pride in devoting portion of their produce to the teachers [61]. Therefore, it can be concluded that the driving and motivating forces for the businesses were to undertake social work, whether meeting the urgent requirements or long run commitment for the wellbeing of the society at large. Even today big business house like Reliance, Tata, Birla, Jaypee, Jindal etc. are involved in education sector as CSR.

1.6.4 Seeds of modern Corporate Social Responsibility

By embracing new technology and various opportunities provided by the business which were beneficial to Indian society, Indians easily built on their capabilities and potential. This time charity donations and CSR based activities are still on the lines of tradition such as donations to religious and education related institutions. However, with the outspread of western education, a change in the perception of donors towards the processes of charitable investments was noticed. Now based on equality of all human beings, a movement was towards philanthropy which was more inclusive. The humanitarian approach followed by the Christian missionaries, also played an important part in undergoing this change. The awakening related to political settings in India, was on the grounds of democratic and secular aspects of freedom, created an environment which contained the dimensions of quality, justice, universal brotherhood and freedom to everyone. The state also awarded the individuals who were involved in philanthropy at individual level.

There was a realization that societal development was dependent on enlightenment and awareness of the public. That's why education was considered one of the popular and widely accepted areas for donations. Among accepted charitable causes, health of the public was also a major concern because facilities related to health were very poor. The Indian culture was also promoted by dance, music and theatre. Among other philanthropists, the Parsi community was proactively engaged in undertakings activities that focused on fulfilling basic needs related to housing and sanitation. Other important fields like agriculture and rural development did not gain attention during this time. Rudner [60], presented that a major driver in the philanthropy was personal interest. He further clarified that philanthropy was not limited to solely religion based charities for the attainment of spirituality but also provided the benefits of actual material gains and profits in economic sense.

1.6.5 First Industrial Corporations

The time of industrial corporations was marked by the establishment of industrial houses and development of entrepreneurial base. During this period, there were significant changes in Indian businesses. The movement towards achieving freedom compiled the hard work of individuals present in the society. The major changes in activities related to philanthropy were geared towards achieving independence. The Trusteeship theory proposed by Mahatma Gandhi promoted the idea that wealth of the owners belong to society and must be used by the business for the welfare of the community. The emphasis was laid on the fact that trusteeship does not constitute charity or philanthropy but it was to be a way of life. "The art of amassing riches become a degrading and despicable art, if it is not accompanied by the nobler art of how to spend wealth usefully. Let not possession of wealth be synonymous with degradation, vice, and profligacy" [62].

The philanthropy was shifted to a broader scale by the collective effects of political, social and economic factors and the contributions of renowned families like Tata, Birla, Shri Ram, Godrej, Dalpatbhai Lalbhai, Mafatlal, Mahindras, and others were considered the backbone of India in terms of economic strength.

Slowly, the advent of the social responsibility era was being accepted and recognized by businesses and the government also shifted from closed to open economy and framed new policies specific to open economy. The educated business leaders accepted the fact that the

government alone cannot fulfill the responsibilities related to development. This shifted business move towards social responsibility. A remarkable change was that the social responsibility has become a part of the business management. Consequently, there was a notable movement of the industrial sectors located in urban areas to the rural areas and the communities around their operations. Though, the speed was slow, because there were doubtfulness regarding lack of awareness within different sectors and an unstructured awareness and knowledge about CSR concept.

1.6.6 National Voluntary Guidelines and The Company's Act 2013

In the year 2011, spurred by the concern that the industries in India are becoming the islands of wealth in the sea of poverty, the ministry of Corporate Affairs released a comprehensive statement of intend, defining the role of corporate sector towards sustainable development of the society. The national voluntary guidelines specify the Economic, Social and Environmental responsibilities of businesses towards sustainable development of the community and society at large. Moreover, two critical interventions by the government further strengthened the agenda. First was to mandate disclosure by top 100 listed companies and another was to bring a part of the NVGs from the voluntary to mandatory space by introduction of Section 135 of the Companies Act, 2013.

CHAPTER 2

LITERATURE REVIEW

This chapter reviews the work that has been done in the field of CSR. It also reviews motivations for CSR engagement, various codes and standards on CSR, theoretical explanations of CSR, thematic focus areas of CSR: Global guidelines and principles, and planning and implementation of CSR. It also reviews the challenges involved while CSR implementation and the empirical studies in national and international context.

2.1 THEORIES OF CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility field contains unclear, complex theories which are controversial in nature [63]. Moreover, this field presents not only theories but also contains different approaches and multi-dimensional terminologies. Corporate social responsibility relates to all business related concepts like philanthropy, strategic philanthropy, accountability, sustainability and shared values. Garriga and Mele [63], classified the CSR theories into four groups. These theories are grouped where it is assumed that each group may focus on any area that falls under social reality. The focus area covers economic, political, social integration and ethical aspects.

Instrumental Theories: In the first group of theories the assumption is that wealth creation is the sole responsibility of the business. This group gives consideration solely to the economic area of the business.

Political Theories: This group puts emphasis on social power of the companies in its relationship with the society and their responsibility in the political area concerned with its power.

Integrative Theories: This group includes theories which regarded that businesses ought to integrate the societal demands for its sustainable and long run growth.

Ethical Theories: This group of theories gives importance to ethical values while describing the relationships between business and society. This group assumes that firm accepts social responsibilities as ethical obligation of businesses.

2.1.1 Instrumental Theories

Instrumental theories are widely accepted theories in today's business world. Here, CSR is viewed as a strategic tool to achieve economic objectives leading to wealth creation. Friedman says, "The only one responsibility of business towards society is that of profit to the shareholders within the legal framework and the ethical custom of the country" [64]. It is very important to mention here that concern for profit always include the interest of all those who have stake in the organization i.e. the stakeholders. Therefore, instrumental theories are classified in to three major groups depending on the proposed economic objectives.

1. Shareholder value Maximization: The objective here is to maximize the shareholder value. This shareholder value is measured by share prize which is used as a prime criterion for the evaluation of specific corporate activities
2. Strategies to achieve competitive advantage: This group of instrumental theories focuses on the allocation of resources to gain competitive advantage and on the achievement of social objectives [65]. Three approaches are included in this group:
 - 1) Social Investment in a competitive context. Porter and Crammer [66], have applied the model of competitive advantage [67] which considers investment in competitive context domains. These authors asserted that in order to improve the competitive advantage, firm must make investments in philanthropic activities. This generally creates greater social value as compared to individuals and government alone.
 - 2) Natural resource based view of the firm and dynamic capabilities: The natural resource view of the firm says that the ability of the firm to perform better than the competitors depend upon the interplay among human and physical resources with time [68]. Earlier the resources should meet four criteria which must be deployed by the organization effectively leading to competitive advantage. The four criteria cover: valuable, rare, and inimitable. The "dynamic capabilities" approach focused on the drivers behind the creation,

evolution and recombination of the resources in to new sources leading to competitive advantage [69]. Therefore, the organizational and strategic routines are the dynamic capabilities through which managers attain, modify and integrate and recombine resources in such a manner that leads to the generation of strategies for value creation.

- 3) Strategies for the bottom of the economic pyramid: Earlier business strategies are focused on targeting products at upper and middle class people, but most of the world's population is poor or lower middle class. Therefore, certain strategies can serve the poor and simultaneously make the profits. A specific means for attending the bottom of the economic pyramid is disruptive innovation. Disruptive innovations [70], [71] are the products or services that can be only introduced for new or less demanding applications among low traditional customers, with a low production and adapted to the necessities of the population. These products or services do not have the same conditions and capabilities as those being used by customers in mainstream markets. Therefore, disruptive innovations can improve the social and economic conditions and create a competitive advantage for the firms in telecommunications, energy production and consumer electronics, and other industries, particularly in developing countries [72], [73].
3. Cause-related marketing: The Cause-related marketing is described as “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a special amount to a designated cause when customers engage in a revenue providing exchanges that satisfy organizational and individual objectives” [74]. The goal here is to enhance the revenues and sales or customer relationship by building the brand through the acquisition and association with the ethical or social responsibility dimension [75], [74].

2.1.2 Political Theories

These groups of theories primarily focus on the role and interactions between business and society and also on the power, position and inherent responsibilities of business. Both the political considerations and analysis in the CSR field are covered under this. This constitutes a

variety of approaches within which two major theories can be distinguished. These are Corporate Constitutionalism and Corporate Citizenship.

- a) Corporate Constitutionalism: Davis [6] explored the role of business power in society and the social impact of this power. In establishing this role, he introduced business power as a new element in the debate of CSR. He held that business is a social institution and it must use power responsibly. He noted that both the internal as well as external causes of the firm generates the social power of the firm. The locus is constantly shifting from the economic to the social forum and from there to the political forum and vice versa.

Davis formulated two principles to manage social power: “the social power equation: and “the iron law of responsibility”. The social power equation principle states that “social responsibilities of businessmen arise from the amount of social power that they have” [6]. The equation of social power-responsibility has to be understood through the functional role of the business and managers. The iron law of responsibility refers to the negative consequences of the absence of the use of power. So, if a firm does not use its social power, it will lose its position in the society because it is occupied by other groups, especially when society demands responsibility from business [6].

The limits of the functional power come from the pressure of different constituency groups. This “restricts organizational power in a supportive way and to protect other interests against unreasonable organizational power” [76]. As a result, the theory is called “Corporate Constitutionalism”.

- b) Integrative social contract theory: Donaldson [77] viewed and placed the business and society relationship from the social contract tradition, mainly from the philosophical thought of Locke. He assumed a sort of implicit social contract between business and society, which implies some indirect obligations of business towards society.

Afterwards, this approach has been extended by Donaldson and Dunfee [78] [79] as an “integrative Social Contract Theory” taking into account socio-cultural context and to integrate empirical and normative aspects of management. These scholars assumed that social responsibilities come from consent at two levels. Firstly, a macrosocial contract which appeals to all rational contractors and second to a real microsocial

contract by members of numerous localized communities. The macrosocial contract provides rules for any social contracting. These rules are called “hyper-norms”; they ought to take precedence over the other contracts. These norms are fundamental and basic that they “are discernible in a convergence of religious, political and philosophical thought” [80]. On the other hand the microsocal contract indicates an explicit or implicit agreement that is a binding on the identified community. These microsocal contracts generate ‘authentic norms’ that are based on attitude and behaviour of the members of norm generating community and to be legitimate and to be in accordance with the hyper-norms.

- c) Corporate Citizenship: Davis [81], said that the firm’s concept as a citizen is not new. In 1980s the term “corporate citizenship” was introduced into business and society relationship through practitioners [82]. This term has become more popular in business and academic field since the late 1990s and early 21st century [83]. The Academic reflection of this concept is quite recent [84], [85] among others. This concept is always seen in relation to community. Perhaps for this reason this concept has been so popular among businesses and managers because it is increasingly clear that businesses need to take into account the community where it is operating.

Several contributing factors that impact on the business and society; have regenerated the interests of practitioners in this concept. Especially, the crisis of the welfare state and the globalization phenomenon are the major contributing factors. These factors along with deregulation process and decreasing costs with technological advancements have shown that some large multinational companies have greater social and economic powers than some governments.

2.1.3 Integrative Theories

The groups of theories focus on identifying social demands and accordingly responding to those demands to achieve greater acceptance socially. The central idea of this theory group is about integration of social demands by the businesses. The argument in this group is that businesses exist and grow because of society. By way of social demands, society interacts with business providing prestige and legitimacy to the business. This is because businesses consider social demands by integrating them in a manner that business operates as per values

prevailing in the society. Therefore, the area of business responsibility is confined to space and time frame of each condition which further depends on the prevailing values in society at that time and comes from the company's functional roles [23].

- a) Issues management: Sethi [12] explained Social responsiveness in the light of social issues and the processes managing them within an organization. This approach arose in 1970s which says that it is significant to consider the gap between the organization's actual performance and the kind of performance public expects from the organization. The gaps are situated in the discretion zone which is neither regulated nor illegal or sanctioned, wherein the environment provides unclear signals to the company. The firms should receive and perceive the gaps and respond accordingly to fix the gaps.

Jones [86], said that the "Corporate behaviour should not in most cases be judged by the decisions actually reached but by the process by which they are reached". So, he laid emphasis on process rather than principles as a means to approach various issues under CSR.

The Social responsiveness concept was then broadened with Issues management concept. Wartick and Rude [87], defined Issues management as "the processes by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly on it". Issues management serves to reduce "surprises" which are accompanied with social and political changes by providing early warning system for environmental opportunities and threats.

- b) Public responsibility Principle: Preston and Post [23], [88], considered responsiveness approach and the purely process approach [86] as insufficient. They proposed "the principle of public responsibility to stress the importance of public process, rather than personal morality views or narrow interest groups defining the scope of responsibilities. According to Preston and Post "public policy includes not only the literal text of law and regulation but also the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements and enforcement and implementation practices" [88]. Preston and Post analyzed the scope of managerial responsibility in terms of the "primary" and "secondary" involvement of the firm in its

social environment. Essential economic tasks of the firm such as locating and establishing its facilities, engaging employees, procuring suppliers, carrying out production function and marketing products, legal requirements are covered under primary involvement. Whereas secondary involvements are the resultant of primary involvements. For example, career opportunities for some individuals which came from the primary activity of selection and advancement of employees.

In practice, conceptualizing the concept of public responsibility is a complex task that requires substantial management attention. As Preston and Post [88] recognized that “the content of public policy is not necessarily obvious or easy to discover, nor is it invariable over time”. Therefore, if business adhered to the standards of performance mentioned in law and the existing public policy processes, then it would be judged acceptably responsive in terms of social expectations.

- c) Stakeholder Management: This approach of managing stakeholders had orientation towards stakeholders. At the end of 1970s, the academic development of the concept of stakeholder started at the end of 70s. Stakeholders are the people who affect or are affected by the corporate policies and practices. The area of stakeholder management has been extensively researched which includes areas such as how to determine the best practice in corporate stakeholder relations [89], stakeholder salience to managers [90], [91], the impact of stakeholder management on financial performance [92] and how managers can successfully balance the competing demands of various stakeholder groups [93]. Recently, corporations have been pressured by communities, government, non-governmental organizations, media and forces demanding responsible corporate practices. Consequently, some corporations are responding to social demands in accordance to needs of stakeholders.
- d) Corporate social performance: Carroll [14], introduced the model of “corporate performance” that contained three elements: Social responsibility definition, issues of social responsibility and a strategy in response to social issues. He said that the social responsibility definition includes ethical, legal and discretionary expectations of the society from the organizations. Later his basic definition of corporate social responsibility was presented in the form of pyramid as “Pyramid of Corporate Social Responsibilities” having economic responsibility at the base of the pyramid [7].

Wartick and Cochran [15], extended the Carroll approach by suggesting that corporate social involvement is dependent on the social responsibility principles, social responsiveness processes and the policies of issues management. Wood [17], presented a model of corporate social performance comprising CSR principles, corporate social responsiveness processes and corporate behaviour outcomes. The principles of CSR are presented at individual, institutional and organizational levels. The process of responsiveness covers assessment of environmental, managing issues and managing stakeholders. The outcome includes social impacts, programs and policies.

2.1.4 Ethical Theories

The fourth group of theories is formed on the principles which express the right things to do or to achieve a better society with a focus on the ethical requirements binding the business and society relations.

- a) Normative stakeholder theory: Some authors covered stakeholder management within the integrative theories group because they consider this form as a way to integrate social demands. Stakeholder management has become an ethical based theory since 1984 when Freeman wrote strategic management: A Stakeholder Approach. He considered stakeholders as those groups who have a stake in the organization as customers, suppliers, employees, stockholders and local community. More precisely, Donaldson and Preston [94] held that stakeholder has a normative core based on two major ideas. Firstly, stakeholders are the persons or groups with legitimate interest in procedural and substantive aspects of corporate activity. It is assumed that the stakeholders are identified by their interests in the corporation, whether or not the corporation has any corresponding functional interests in them. Secondly, the interests of stakeholders are of intrinsic value i.e. each group of stakeholder merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as shareholders. Therefore, a socially responsible firm requires attention to the legitimate interests of all stakeholders thereby balancing the multiplicity of interests and not only the interest of the firm's stockholders.

A generic formulation of stakeholder theory is not required. To point out how corporations need to be governed and how managers ought to act, a normative core of

ethical principles is needed [95]. In practice, this theory has been applied to a variety of business fields including stakeholder management for the business and society relationship [96], [97], [98] among others.

- b) Universal rights: Some human rights related approaches of corporate responsibility have been proposed in the recent years. In the global marketplace, human rights have been taken as a basis for corporate social responsibility. One of them was UN Global compact, presented by the United Nations Secretary-General Kofi Annan in an address to the world economic forum in 1999, which includes nine principles in the areas of labor, human rights and the environment. Another human right based approach for CSR was presented and updated in 1999, was The Global Sullivan Principles, with an objective of supporting economic, social and political justice by companies in the operational areas. The certification for accreditation of social responsibility is also based on human and labor rights. Despite using different approaches, all are based on Universal Declaration of Labor Rights, Human Rights and environmental protection.
- c) Sustainable development: Sustainable development approach was formed at a macro level rather than corporate level demanding a relevant corporate contribution. The term started wide spreading in 1987, when the World Commission on Environment and Development (United States) published a report named “Brudtland Report” [99]. According to this report, sustainable development seeks to meet the needs of the present generations without compromising the needs of future generations to meet their own needs (World Commission on Environment and Development, 1987, p. 8). Originally this report included only the environmental dimension, the concept of “sustainable development” has since expanded to cover social dimension as a part of development. The World Business Council for Sustainable Development “requires the integration of social, environmental, and economic considerations to make balanced judgments for the long term”. Numerous definitions have been proposed for sustainable development; the analysis of the main definitions suggests that sustainable development is “a process of achieving human development in an inclusive, connected, equip arable, prudent and secure manner.” [100]

The challenge comes when the corporation has to develop the process and implement strategies to meet the corporate challenge of corporate sustainable development. As

Wheeler et al. [101] stated, sustainability is “an ideal towards which society and business can continually strive, the way we strive is by creating value, creating outcomes that are consistent with the ideal of sustainability along environmental and economic dimensions”.

- d) The common good approach: This approach is a classical concept presented in Aristotelian tradition [102], in Medieval Scholastics [103], and assumed in to Catholic social thought [104] as a key reference for business ethics [105], [106]. This approach says that business has to contribute to the common good as with any other group or individual in society. In this respect, it is argued that business is a mediating institution [107], [108]. Business should contribute positively to the wellbeing of the society by providing quality goods, services, protecting individual fundamental rights and wealth creation.

2.1.5 Classical Theories on CSR

The classical theorists are inspired by the writings of Milton Friedman. The economic theory of the firm is the foundation of this theory. Adam Smith admitted that an efficient resource allocation is needed for balance between market forces of demand and supply which maximizes the market profit and maximizes societal benefits at the same time. Coase [109], admitted failure in the market clarified that the imperfections in the market necessitated the need for the growth of companies whose primary interest is allocating the scarce resources effectively and efficiently for maximum profit generation to the owners of resources. These arguments become the basis for Classical theories. Therefore, this theory views profit maximization as the primary objective of the firms and in doing so, the firm guarantees wealth maximization to the society.

Friedman [110], related this view to CSR in article “Capitalism and Freedom”, explaining that the sole responsibility of business is resource utilization and engagement in activities that are designed for profit maximization without engaging in fraud and deception in open and free competition.

Coelho, et al [111], were in the opinion that the government has incorporated the business mainly to allow owners to own enterprises which the state permits. This implies that the corporations are entities which are given responsibilities regarding satisfying the interests

of owners. These fiduciary responsibilities are undertaken within the legal framework of the society without duplicity which generates wealth which has been endowed to them by the shareholders. Friedman's another publication "Social Responsibility of Business", reframes explanation which he provided earlier indicating that, in a free enterprise private property systems, corporate executive is there who is hired by the shareholders who are the owners of corporation. Agency Theory explains that, there is a supposed relationship among principal's and principal's agents. The principals are the shareholders and the corporate executives are the Principal's agents. Corporate executives are hired by shareholders to conduct business according to the principal's desires and that is profit maximization adhering to societal rules [64]. He also agreed that principal may have objectives contrary to profit making in certain cases. For example, in charitable organizations, the purpose of corporate objective is to render services instead of making profits.

The classical theorists believed that their model is the best for society as it is socially responsible model directed towards society. They argued that the efficiency of their model is because of its ability ensure its efficiency lies in its ability to ensure that stakeholders must get more returns on investment, offering stable prices to customers, employee benefits, creation of jobs, increase in wages and benefits. This also includes benefitting society by paying tax to states which are further used by state to provide educational, health and social benefits [112].

The Classical View also contains some inadequacies, particularly while enforcing it in current business environment, which is dynamic and ever changing. In current business environment, this theory faced several criticisms against its applicability.

Garcia-de-Madariaga and Rodriguez-de-Rivera-Cremades [113], explained that the changing nature of business and environment and the increasing complexity of corporations place the objective of profit maximization in extremely unpleasant circumstances. Corporations are now competing in a knowledge based, sound networked and globalized economy. To develop relationships with similar corporations together with value chain has now become significant for the corporations to be successful. The corporations have numerous stakeholders (agents) directly or indirectly influencing their businesses. Therefore, it is difficult to maximize profits without fulfilling their interests.

Furthermore, in the era of information based technology supporting knowledge based economy, competition has become tougher than ever before. Now the customers have information access options and many options to choose. So, the corporations have more things to do besides making profits for shareholders thereby adding competitive advantage to the corporations themselves.

Critics other than this stick to the fact that maximizing profits is a product of market imperfections. These imperfections in global market place have resulted in externalities, due to which it becomes important for the corporations to fix these externalities by giving back. Profit maximization coupled with business impact on the society is important for the growth of businesses [114].

To conclude, we can say that many critics, like Brummer [112], agreed to the principle that profitable corporations provide many benefits to the society by creating job and wealth generation. Therefore, corporations should engage themselves in promoting various social and ethical activities.

2.2 CORPORATE CITIZENSHIP

The concept of Corporate Citizenship is the most debatable till now. Logsdon and Wood [85] propounded that the Corporate Citizenship concept seems to be replacing the concept of Corporate Social Responsibility and it contains a deep and thorough change in regulating understanding about how businesses should respond in accordance to stakeholders. In their opinion, corporations are not self-governing bodies by nature and characteristics having non-transferable rights to act independently. Corporations are the elemental members of society with privileges together with restraints and obligations and therefore must be a matter of social control.

This concept has gained immense attention among academicians, government organizations, non- government organizations, consultants and others as it is being popularized by many international bodies, as the US Chamber of Commerce, the OECD, the World Economic Forum and the United Nations.

Interestingly, to describe business activities, the term citizenship is attempted to apply directly with its roots from Political Science. From a greater extent, this concept has been used interchangeably with Corporate Social Responsibility concepts and practices.

In early 1980s, US corporations popularized specifically the applicability of Corporate Citizenship as effective means to mark the behaviour and responsibilities of corporations in social context [82]. The Microsoft's citizenship report [115], highlighted the focus of company on resource mobilization as a part of ongoing work in context to global citizenship to generate community specific opportunities, fostering economic growth, serving the public by way of new technologies and associating with government, industry, and organizations from the respective community [116].

Simply, Crane et al [116], suggested that there is no clear and widely accepted definition of Corporate Citizenship. Logsdon and Wood [85] while analyzing the four states of citizenship concluded three major implications of the emerging concept of business citizenship which are:

1. From a clear definition of business citizenship, corporations are ultimately becoming the prime drivers for enforcing global human rights.
2. The definition of business citizenship requires corporations to adhere to the mission as an agent to the stakeholders, reorganization of policies, incentives, processes, and control systems in accordance to its mission.
3. The definition also requires human stakeholders for affirming their responsibility as principals of businesses, for the monitoring of agents behaviour and in giving appropriate incentives for the attainment of goals and to minimize the negative effects [85].

The two main perspectives of Corporate Citizenship are espoused in management research which are explained by [117], under the “minimalist” perspective and “expansionist” perspective.

2.2.1 Minimalist Perspective on Corporate Social Responsibility

This perspective of Minimalist viewed the Corporate Citizenship in the lines of corporate philanthropy. It is described in the form of charitable projects that are generally sponsored by

the corporations. Neron and Norman, [117] stated that to the Minimalist, Corporate Citizenship state the various ways through which corporations are involved specifically with the local community along its operations. Carroll [7], affirmed that a responsible corporate citizen sticks to responsibilities which are philanthropic in nature and which is over and above the usual expectations of the corporations. Interestingly in Carroll's four CSR categories, the philanthropic responsibilities are given less importance in his four categories of CSR. This is because the philanthropic responsibilities are usually needed by the communities where the corporations operate [116]. According to Neron and Norman [117], Corporate Citizenship incorporates into Corporation's major business activities to include ways to treat employees, their families, impact on local environment, ways to develop communities working with NGO's and local authorities.

2.2.2 Expansionist Perspective on Corporate Social Responsibility

The expansionist perspective explained the concept of Corporate Citizenship in broader sense and is used interchangeably with Corporate Social Responsibility concept. From Expansionist view, Corporate Citizenship involves identification and analysis of economic, social and political responsibilities of the companies as specified in laws and accordingly responding to expectations of various stakeholders [118]. This perspective is also explained by Dawkins [119] which says that Corporate Citizenship include responsibilities of the corporate beyond obligations towards shareholders towards multiple stakeholders, employees, environment and community.

The Expansionist view is preferred more in the recent years. This is because major stakeholders covering consultants, non- government organizations and major activists seems to provide preference to broader responsibilities of corporations which are captured in the expansionist perspective.

Neron and Norman [117] concluded their analysis of Corporate Citizenship by summarizing in to five types of corporate behaviour which can be applied as yardstick to measure the level to which corporations is regarded as good corporate citizen. The behaviour include the level to which corporation follows rules and legal regulations like paying taxes, level to which corporation contribute to community development such as by charitable benefits, level to which corporations minimize their impacts on the community as reduction in

all forms of pollution, the level to which are engaged in economic activities as fair competition, better quality product and services, on time payment to suppliers, level to which corporation are engaged in various political issues concerning communities.

These behaviours specific to Corporate Social Responsibility, if followed by corporations, make them to move to a level from just a business entity to a social entity with rights and responsibilities as enjoyed by and expected from members in the society.

2.3 STAKEHOLDER VIEW

Explaining the business and society relationship leads to the emergence of several theories. Due to several limitations in Classical View, which gives due consideration to the interests of shareholders, alternatively the Stakeholder's View has emerged. The concept challenged the argument that management needs to respond only to stockholders [120]. He summarizes Freeman [121], Jones [122] and Walsh [123] views in to three assumptions. This Stakeholder view assumes that:

1. Businesses include the relationships among groups who have a stake in activities related to business. To understand the business relations in a better way, we need to understand the way in which these relations are formed and changed with time. Therefore, the duty of a manager is to manage and shape these relations effectively for value maximization and its distribution to stakeholders [121].
2. For business survival in a Capitalist system, it is necessary to manage stakeholder's relations effectively. Managing stakeholders is crucial as it covers the matter of values, choices, risks and benefits concerned with individuals and groups [120], [124].
3. The focused attention to maintenance and alignment in accordance to stakeholder relationships create value and avoid moral failures [120].

In response to Shareholder's View, several differences in opinion about who are the stakeholders. Freeman [121], marked a significant contribution to the stakeholder theory. He says the Friedman's idea about company's sole aim of accumulating and redistributing profit among shareholders is a mistake. He provided that profit is a primary objective of the company but a result of company activities. Friedman's idea implies that company should focus only on shareholders and not on other parties who are affected by the company activities

like customers, employees, suppliers, investees and clients. The company may go bankrupt without support of these parties. He explained that the aim of the company is to fulfill the stakeholder needs.

The stakeholders are the people who are affected by the company's decisions and if their needs are fulfilled, company can generate profit. Donaldson & Preston [94], defined stakeholder as "person or group with legitimate interests in procedural and/or substantive aspects of corporate activity" or "stakeholders are persons or groups who could impact or be impacted by the firm or organization" [125]. Freeman gave the revolutionary idea because of his different perception to the company. His perspective and vision covers three key points about stakeholder concept which includes:

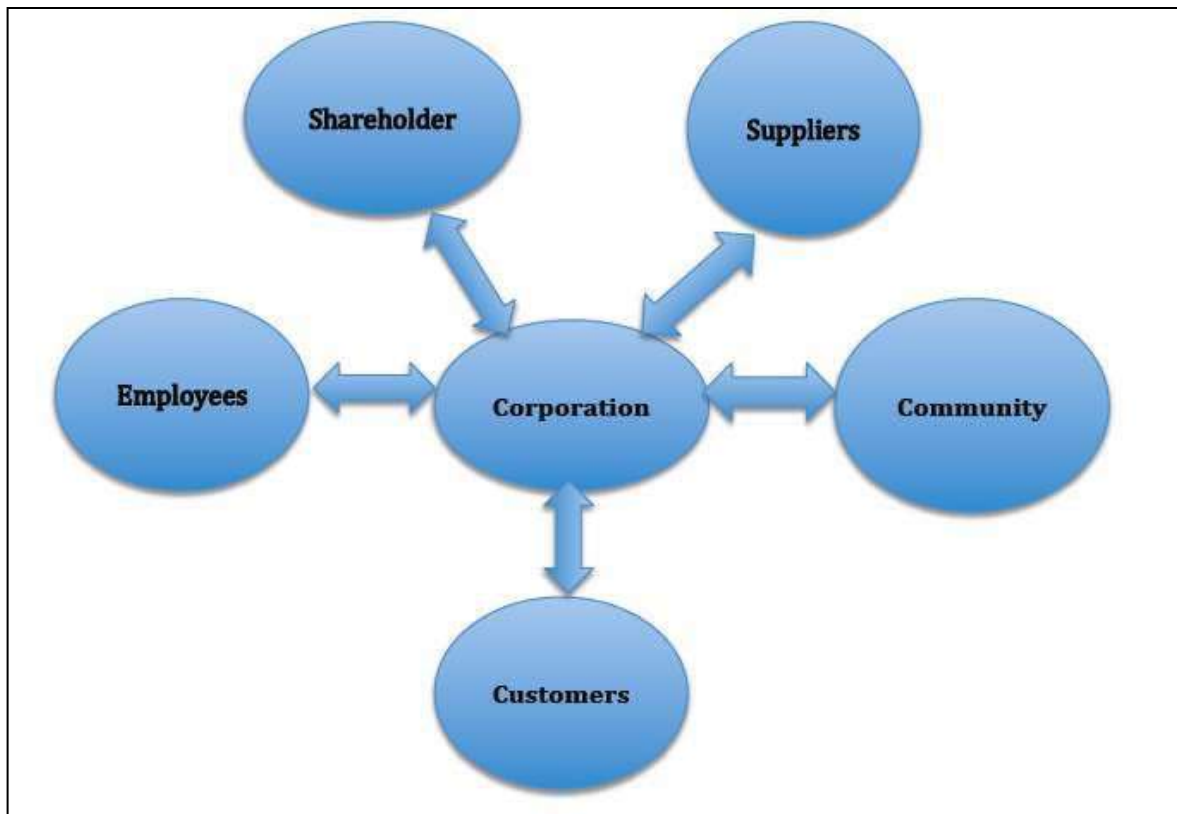
1. Name and face Approach: Freeman supported the approach by saying that stakeholders are people with names and by identifying appropriate stakeholder representatives, companies must accept to negotiate them.
2. From a philosophical angle, Freeman considers that companies must not follow absolute decision principles. To consider stakeholders needs company must accept to challenge each of its opinion.
3. Freeman believe that there is always a possibility of an agreement. If the interests of different stakeholders are conflicting, then company must find an alternative way to find a compromise to resolve the conflicting interests.

2.3.1 Characterization of Stakeholders

Clarkson [52], classified the stakeholders in to primary and secondary stakeholders. The stakeholder typologies proposed by him, is widely cited in the discourse of stakeholder.

Primary Stakeholders: Primary stakeholders are the individuals or groups whose presence and contribution in the corporation is crucial for its survival. He included shareholders, suppliers, employees, and customers in the category of primary stakeholders. The community and the government are also crucial as they provide infrastructures and markets with which the corporations operate and whose laws and regulations the corporation have to follow and to whom the corporation is obligated to pay taxes.

Secondary Stakeholders: Secondary Stakeholders are the individuals or groups who indirectly affect, or are affected by the corporations. Such groups are not engaged in direct transactions with the corporation and are not necessary for its survival [52]. The present study found the stakeholder theory in concern to primary stakeholders as relevant for the study. Clarkson [52], categorized the primary stakeholders as captured in Figure 2.1 below:



Source: Adopted from Crane et al (2008) and Clarkson (1995)

Figure 2.1: Key Focus Areas and Stakeholders Involved

It must be emphasized that, in this study, a critical addition is made on to the stakeholders as identified by Clarkson [52]. The study holds the view that the environment constitutes an important part of the community. This is because communities have their livelihood intertwined with the environment, and thus any serious damage done to it will directly or indirectly affect the livelihood of the community. Influenced by emerging issues on business and the deteriorating environmental quality, this study treats the environment as an independent stakeholder as will be seen in the conceptual framework captured in the next chapter.

Crane et al [116], also discussed four key focus areas in similar illustration for the meaningful CSR application. These four focus areas cover the marketplace, workplace, community and the environment. Clarkson [52] summarizes these areas as captured in the table 2.1:

Table 2.1: Key Focus Areas and Stakeholders Involved

S. No.	Focus Arenas	Focus Arenas	Clarkson (1995) Primary Stakeholders
1.	Marketplace	Marketplace includes consumer markets, financial markets and business-to-business markets. Issues revolve around 1) The kinds and quality of products that a company produces, 2) How and from where the resources for these products are procured 3) The impact of these products in terms of health and safety on consumers and society.	Customers and Suppliers
2.	Workplace	This includes the internal functions of the corporations related to work force issues. This covers work conditions, health and safety, equal opportunity, benefits and remuneration.	Employees
3.	Community	It relates to the kinds of corporate giving usually targeted at marketing and branding. This constitutes such initiatives as donations to good causes and involvement in local development initiatives	Community
4.	Environment	It constitutes activities relating to conservation and recycling, strategies towards climate, biodiversity and resource security-change prevention of pollution and waste management, energy,	Community or society

Source: Adopted from Crane et al (2008) and Clakson (1995)

Mitchell et al [91], on the basis of possession of one, two or all of the three attributes classified the stakeholders as the Power of the stakeholder, the Legitimacy of the stakeholder relationship, and the Urgency of the stakeholders with respect to firms.

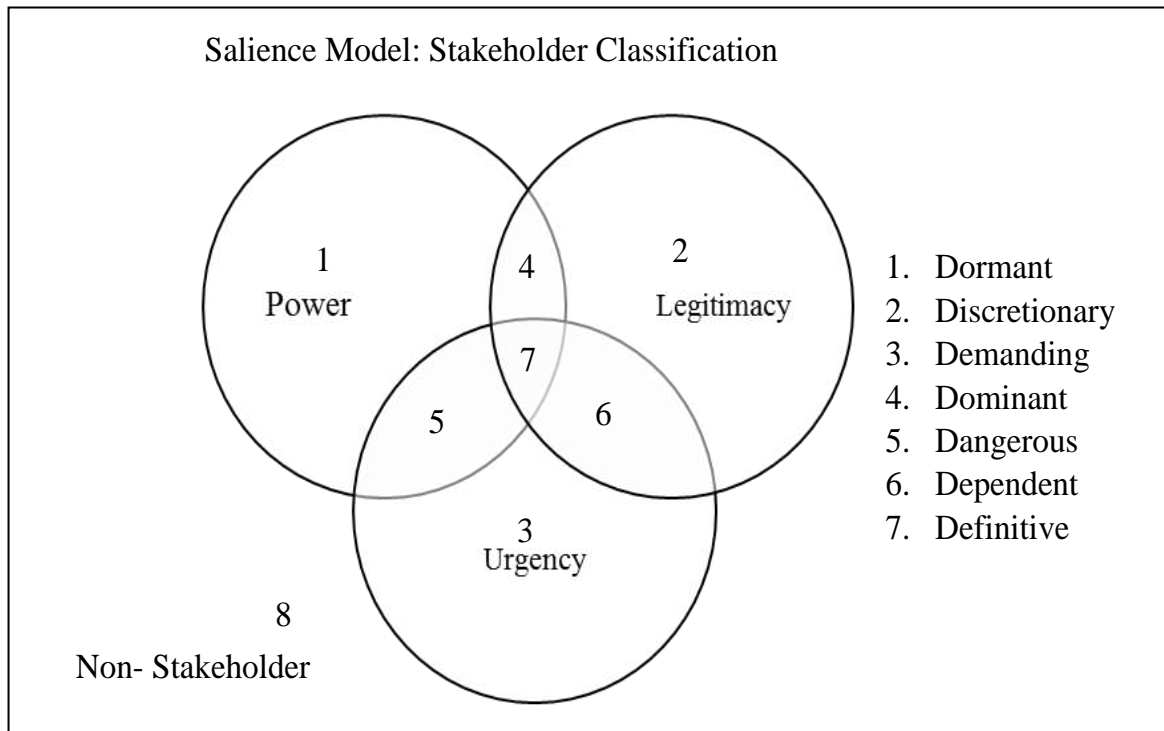


Figure 2.2: Salience Model: Stakeholder Classification

Based on their analysis, they produced what they called Stakeholder Salience, on which one can predict and explain how managers prioritize stakeholder relationships. Mitchell et al [91] provides that Stakeholder Salience also allows for easy prediction of managerial behaviour in relation to each class of stakeholders and how stakeholders move from one class to another (Figure 2.2).

2.3.2 Description of Stakeholder Attributes by Mitchell et al (1997)

Power: The definition of power is adopted from Weberian definition which defines power as “the probability that one actor within a social relationship can be in a position to carry out or realize his own will in others even against their resistance” [126]. They identified three typologies of power which stakeholders can possess. These are:

- a) **Coercive power:** This is leveraged, on the basis of physical resources of force, violence or restraint.
- b) **Utilitarian power:** This is achieved on the basis of material and financial resources.
- c) **Normative power:** This is used on the basis of symbolic resources such as being able to command attention of the media.

Legitimacy: Mitchell et al [91] explained the attribute as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some system of norms, values, beliefs, and definitions”. They admitted that this definition is unclear and difficult to operationalize, nonetheless, its sociological basis makes it useful in stakeholder identification approach. To them, this definition makes legitimacy a desirable social good, which is more shared and larger than a mere self-perception [91].

Urgency: This is based on criticality and stakeholder time sensitivity. Defining urgency, they explained that urgency is that which is “calling for immediate attention” or “pressing”, that which is “compelling,” “driving,” and “imperative”. To them, the urgency attribute is activated when the nature of relationship or claim is sensitive to time and is significant to the stakeholder. Therefore, Urgency here refers to the degree to which stakeholder claims require immediate attention.

Mitchell et al, [91] based on interaction among above mentioned attributes, as possessed by a stakeholder, proposed seven types of stakeholder, as captured in Figure 2.2 above. According to them, the degree of prioritization of a given stakeholder depends on number of attributes possessed by a stakeholder possesses. This is what they refer to as Stakeholder Salience. Thus, a stakeholder is less prioritized if he possesses only one attribute (as in 1, 2, and 3 in Figure 2.2 above). He or she is moderately prioritized if he or she possesses two attributes (as is 4, 5 and 6 in Figure 2.2 above) and highly prioritized if the stakeholder is perceived to possess all the three attributes (7th in the figure). The use of the Stakeholder theory largely depends on effective identification of stakeholders. As concluded by Mitchell et al [91], the corporations’ perception about attributes of the stakeholders is crucial to the corporation’s Stakeholder Salience view, hence, its action and response towards satisfying the needs of the stakeholder.

2.3.3 Perspectives about application of Stakeholder Theory

Donaldson and Preston [94], who are widely cited, identified three different ways by which the Stakeholder Theory is used. In their article titled “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications” they stated an array of thesis which provided that the Stakeholder theory is used descriptively, instrumentally or normatively.

Descriptive View of Stakeholder Theory: The instances from several works [127], [128], [129] among others, Donaldson and Preston [94] explained that the stakeholder theory is used to describe and at times used to explain certain characteristics and behaviours which are corporate specific. To them, this theory in some instances is used to describe nature of firm, manager’s perception about managing firm, board members thinking about interests of corporate constituencies and way by which actual corporations are managed.

Instrumental View of Stakeholder Theory: The stakeholder theory assumes instrumental view when it is used for identifications of connections or lack of connections, among stakeholder management and fulfillment of traditional corporate objectives, which was predominantly maximizing profit to satisfy shareholder interest. As explained by Jawahar and McLaughlin [130], the fundamental assumption has always been that the primary objective of the corporate decisions is success in the market place and stakeholder management provides an effective way in fulfilling those objectives. In this view, interests of stakeholders are a major factor which is to be considered while the company is involved in maximizing wealth to stakeholders. [131]. Thus, this view considers stakeholder’s interests as means to achieve corporations higher level goals such as profit maximization, growth and survival.

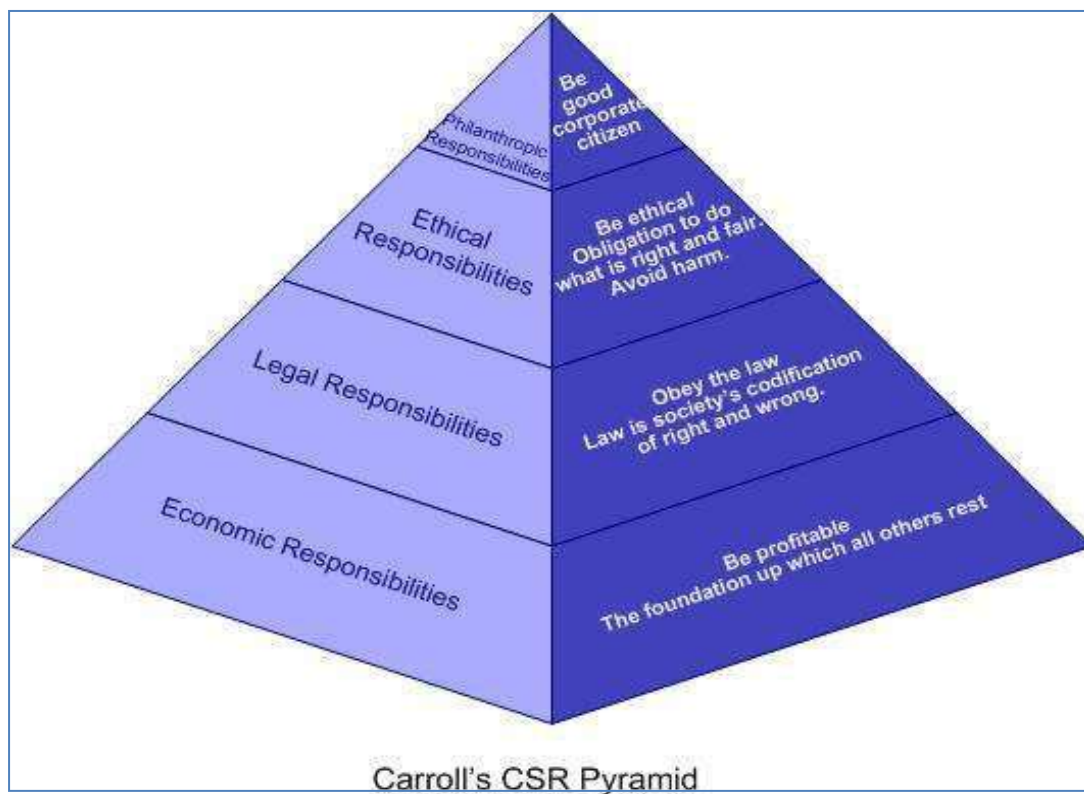
Normative View of Stakeholder Theory: As per Donaldson and Preston [94], this theory is used to analyze the functions of the corporation including identifying moral and philosophical guidelines for corporations functioning and management. It emphasizes how things should be done and sees stakeholders as more of an “end” than a “means” as emphasized in the instrumental view.

Primarily, it explained how business operates particularly in the light of moral principles [132]. In their analysis of the Normative View of Stakeholder theory, Mainardes et al [132], explained that the view actually verifies the thinking behind Stakeholder theory and then attempts to organize its principles to the application of the theory as a proposed relation

among the company and the stakeholders within an ethical and moral framework wherein interests were not solely economic [132]. This in their view takes a long way for the justification of management actions and the results.

2.4 CARROLL'S FOUR-PART PYRAMID OF CSR

Archie B. Carroll's [7], Pyramid of CSR is highly cited in the discourse of CSR worldwide. In this model, Carroll stated that for a business to totally address responsibilities that society has of business, it must encompass the four responsibilities - economic, legal, ethical and philanthropic. He explained that the corporation will fulfill its responsibilities in totality only when it adheres to its economic, legal, ethical, and philanthropic responsibilities as presented in the pyramid in Figure 2.3.



Source: Adapted from Carroll (1991)

Figure 2.3: Pyramid of CSR

Economic Responsibilities of Businesses: Carroll says that the first and the foremost responsibility of the business lies at the base in his pyramid and that is economic

responsibility. It is the responsibility of the firm to produce and sell goods according to wants of the customers and in this process, generate profits for its shareholders [7].

Legal Responsibilities of Businesses: The legal responsibilities in his model lies above the economic responsibilities which states that corporations are legal entities which are incorporated by the government and the society for engagement in enterprise activities which are allowed by the state. The legal responsibility of the business is to abide by the rules and legal regulations of the state and society as corporations functions in a legal environment. He viewed that for the partial fulfillment of the social contract between business and society firms must undertake economic activities in accordance to legal framework [7].

Ethical Responsibilities of Businesses: Carroll [7], explained that the ethical responsibilities constitute those responsibilities that society expects from the businesses over and above legal requirements. These are the activities which are expected or prohibited by society even though they are not mentioned in legal frameworks. These responsibilities do not exist in law but refers to generally accepted behaviour present in the form of convention which ultimately forms the basis for codifying them into laws.

Philanthropic Responsibilities of Businesses: These are the corporate actions that are in accordance to the needs and expectations of the society. These include business activities like donations, philanthropic contribution and other non-profit generating acts. This includes contributions in supporting the cause of education, community developments and improving the quality of lives. These responsibilities are also referred to as discretionary responsibilities of businesses. A corporation that does not honor this responsibility is considered unethical.

2.4.1 Extension of Carroll's Pyramid of CSR- Three-Domain Model

By analyzing the Carroll's CSR pyramid structure, one will not be wrong in interpreting the component as independent but Carroll was quick to add that [7]. Even though they are considered separate and independent for discussion purposes they are not mutually exclusive (1991). He argues that there has not been any attempt to place any of the components as more important than the others. Carroll improved his model of CSR in 1991, when he emphasized that firm cannot pursue the philanthropic (discretionary) responsibilities unless the others three elements of responsibilities are not fulfilled [7]. Carroll said that firms require holistic understandings of CSR which encourage them in devising strategies to improve overall

performance of businesses, with philanthropic responsibilities to be considered only when other three are fulfilled.

Schwartz and Carroll [133], proposed a three-domain model in an attempt to make up for the inherent inadequacies in Carroll's Pyramid of CSR, to be an improvement and amendment of the four-part pyramid. In this proposition, they identified three basic issues regarding Carroll's model, which are related to:

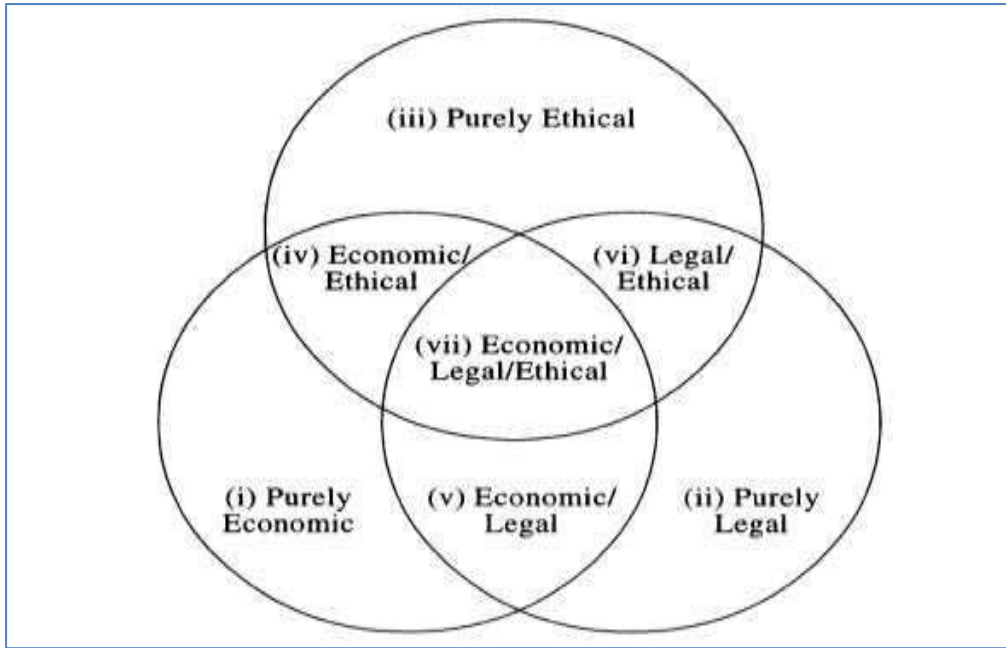
1. Using CSR model to depict relationships within four components.
2. Philanthropy as a separate element of the model.
3. The incomplete theoretical development of the economic, legal, and ethical elements of the model.

In their view, using CSR pyramid in depicting CSR domains may either be confusing or inappropriate in some cases. It presents the elements in hierarchical fashion, pitching one above the other. For instance, one may conclude that the discretionary responsibilities of businesses are highly valued than economic responsibilities. Since philanthropic responsibilities are at top of the pyramid, while economic responsibilities are at the bottom. Conclusively, corporations must strive at all cost to achieve the philanthropic responsibilities over economic responsibilities [133]. In addition, a pyramid structure used in Carroll's model cannot appropriately capture the overlapping CSR nature.

Moreover, philanthropic responsibilities as a separate component in the pyramid may be considered a misnomer, inaccurate and therefore, inappropriate [133]. This is because, according to them, philanthropy is voluntary in nature. Therefore, philanthropic responsibilities should not be considered a duty or social responsibility of business.

Finally, they identify CSR pyramid model as an incomplete criterion for assessing the various corporate activities that will constitute the various domains, particularly the economic, legal and ethical. To Schwartz and Carroll [133], such a narrow discussion limits the theoretical foundation for empirical studies and for teaching purposes.

Based on the aforementioned flaws, they proposed a three-domain CSR model, which captured the three overlapping responsibilities presented in the Venn diagram in Figure 2.4:



Source: Schwartz and Carroll (2003)

Figure 2.4: The Three-Domain Model of CSR

This model depicts three overlapping domains of economic, legal and ethical considerations with a resultant seven conceptualizations of CSR. These seven conceptualizations of CSR are summarized in Table 2.2:

Table 2.2: Summary of the Seven Conceptualizations of CSR

S. No.	Category	Activities	Acceptability
1.	Purely Economic	Direct or indirect economic business benefits, illegal or passively in compliance to law.	Considered unethical
2.	Purely Legal	No direct or indirect economic benefit and takes place because of the legal system.	Considered ethical
3.	Purely Ethical	No direct or indirect economic or legal implications are considered ethical based on at least one moral principle.	Considered moral and ethical

4.	Economic/ Ethical	Have no legal basis, but are considerably ethical and economic simultaneously, motivated by god ethics.	Considered ethical and accepted
5.	Economic/Legal	Have legal and economic consideration, could be opportunistic, especially when comply with the law but for economic benefits may exploit legislative and administrative loopholes.	Considered ethical but in some cases unethical
6.	Legal/Ethical	Have no economic benefit/basis, but are legal requirements and ethical in nature, may provide indirect economic benefits in the long run.	Considered legal and ethical
7.	Economic /Legal /Ethical	Motivated by economic considerations, the legal system, and ethical principles simultaneously, corporations should seek to operate whenever possible.	Highly recommended and ideal type

Source: Adapted from Schwartz and Carroll (2003).

Even though, Schwartz and Carroll's new model sought to deal with the inadequacies of the four-part pyramid of CSR, its proponents themselves admit that it is not foolproof [133]. They by themselves have identified some limitations in the use of the three-domain model. According to them, the new model is characterized by several major assumptions, which renders it typically conflicting to use. These assumptions include:

- a) The CSR three element model is somewhat different. To them, the attempt to depict the domain as distinct brings to fray a question of which action could, for instance, be classified as "purely economic," "purely legal," or "purely ethical". This is because economic, legal, and ethical systems cannot be separated, so in an attempt to distinguish them, as seemingly done by Schwartz and Carroll (2003), renders their model inadequate [133].

- b) The three domains of CSR are all encompassing. They also admit that there is no clarity as to which corporate activities can take place without recourse to at least their economic impact, the legal system, or ethical principles. To them, if, for instance, philanthropic activities exist as captured in the Four-Part Pyramid, it would have been subsumed into ethical and/or economic categories in the three-domain model, otherwise the model would have to be adjusted to account for such activities placed without recourse to at least their economic impact, the legal system, or ethical principles [133].

2.5 MOTIVATIONS FOR CORPORATE SOCIAL RESPONSIBILITY

The factors that motivate the corporations to undertake Corporate Social Responsibility activities which are stakeholder specific are present in literature. There is always a good reason why individuals or corporate bodies will act in number of ways. Firstly, the actions specific to corporate social responsibility have the potential of bringing positive consequences to the corporation. In this section, the study takes a look at what motivates corporations to undertake CSR activities. These motivating factors are triggered by the motives or what corporations stand to gain from an intended action or behaviour.

For instance, Moon [134], argued that the motivation for CSR engagement is always derived by self-interest of some kind regardless of whether the action or behaviour is derived strategically for commercial purpose or other. In their article titled “Motives of Socially Responsible Business Conduct”, Graafland et al [135], identified two motives for corporations engaging in CSR. These are Extrinsic (financial) and Intrinsic (moral and altruism) motives.

Extrinsic Motive: Graafland et al [135], argued that the executives who attach high value to financial successes are more likely going to be actively involved with CSR, especially if they expect more financial benefits. In this research, hypothesis is being tested on a perceived positive effect on income and financial successes as a result of corporation’s engagement in CSR. So, for businesses the financial benefit forms the basis for CSR engagement activities.

Intrinsic Motive: Graafland et al [135], differentiates among two kinds of motives which are intrinsic in nature – CSR in the form moral of duty and CSR in the form of altruism. CSR when seen as moral duty is undertaken on the basis of religious and ethical principles of moral

philosophy. Thus, a corporation is unlikely to undertake a given CSR activity unless these acts are prescribed morally or as a way of fulfilling an ethical, civic or religious responsibility.

On the other hand, they explained that CSR can also be undertaken in altruist form. Therefore, in light of above ethics and morality, corporations that are not egoistic are to contribute to the common wellbeing of communities just because they are involved in welfare activities towards others without any selfish motives.

Van Marrewijk [136] identified five motives, which he referred to as “ambition levels of corporate sustainability”. Given that corporate sustainability is synonymous with corporate social responsibility, and both are used interchangeably, one can conveniently address Van Marrewijk’s [136] model as ambition levels of CSR.

According to him, these ambition levels are a product of how corporation’s management responds to the responsibilities for social, economic, and environmental. He intimates that a corporation’s motives for engaging in CSR must have been profit-driven, compliance-driven, care-driven and synergistic or holistic (2003).

Compliance-Driven CSR: This motive of CSR is motivated by a perceived sense of responsibility and obligation towards society. According to Van Marrewijk (2003), it covers provision of society welfare within regulation limits from the appropriate authorities [136].

Care-Driven CSR: This motive of CSR is driven by care for human potential and planet that goes beyond legal and profit making inducement to balance all other aspects such as economic, social and environment concerns.

Synergistic CSR: The basic motivating factor is that sustainability is important in itself. This motive makes a synergistic attempt at creating value which is a mixture of economic, social and ecological concern and areas of corporate performance.

Holistic CSR: This is driven by the motivation of sustainable development. This motive is grounded on the fact that all beings and phenomenon are interdependent on mutual basis. This contributes to meeting the demands of generations in such a sustainable manner that the demands of the future generations are not compromised.

Conclusively, Van Marrewijk [136], admonished that corporations choose to adapt any of these ambitions but with recourse to the corporation's awareness of its own abilities and the challenges thereof posed by its environment.

As part of their contribution to the discourse of CSR, Munilla and Milles [137] attempt to adapt and extend the Carroll [7] and Van Marrewijk [136] CSR frameworks to indicate the manner in which different commitment levels to CSR will be related to motives and outcomes by linking Van Marrewijk's CSR framework with Carroll's [7] CSR pyramid as indicated in table 2.3:

Table 2.3: Van Marrewijk's (2003) CSR Framework and Carroll's (1991) Pyramid of CSR - The Interrelationship

S. No.	CSR Ambition Level	Motives (Van Marrewijk, 2003)	CSR Categories (Carroll, 1991)
1.	Compliance - Driven CSR	<ul style="list-style-type: none"> • CSR is seen as social obligation; the perception of CSR's expenditure is that of simply a cost; • Economic responsibility is paramount. 	Legal
2.	Profit-Driven CSR	<ul style="list-style-type: none"> • CSR is seen as strategic initiative- using CSR to create competitive advantage and superior financial performance; • CSR's expenditure is perceived as an investment in the creation and renewal of competitive advantage- resulting in an enhanced stream of 3future profits; • Economic responsibility is paramount. 	Economic
3.	Care- Driven CSR	<ul style="list-style-type: none"> • CSR is used to balance the triple bottom line of: Profits, People, Planets; • Explicitly stating that the corporation will manage for social welfare, not simply to create wealth for shareholders; 	Ethical and Philanthropic

		<ul style="list-style-type: none"> • Social and/or environmental responsibility trumps economic responsibility. 	
4.	Synergistic CSR	<ul style="list-style-type: none"> • Use of CSR to attempt to create a “sustainable corporation” – that will be able to be an ongoing concern over the long run; • Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities. 	Economic, Legal, Ethical, and Philanthropic
5.	Holistic CSR	<ul style="list-style-type: none"> • CSR is seen as a corporate culture- similar to when firm adopts a marketing, entrepreneurial, or quality orientation • Social and /or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities. 	Economic, Legal, Ethical, and Philanthropic

Source: Adapted from Munilla & Milles (2005)

2.6 CODES AND STANDARDS ON CSR- GLOBAL GUIDELINES AND PRINCIPLES

The landscape of international activities presents an increasingly and perhaps confusingly overcrowded landscape that promotes socially responsible business practice [138]. A diversity in voluntary instruments as several corporate codes of conduct, certification schemes, models, codes, and sectorial initiatives, have been mainly designed to help private and civil society organizations to identify and accordingly respond to issues like sustainable development, poverty alleviation, climate change policies and other such wide range of issues.

Hohnen [138], admitted that no single method is there for undertaking corporate social responsibility. Different corporations undertake different kind of CSR practices that reflect

and resonate well with their organization specific characteristics and circumstances. Therefore, while selecting a CSR activity, corporations consider an alignment of that activity with their mission, values, culture risk profile and operating conditions in general. The practice has been that MNEs choose amongst various CSR activities which are in accordance with governmental and partnership developed activities which have emerged to furnish guidance related to expectations that governmental and society has of business [138]. Prominent among these governmental and partnership developed initiatives are presented and discussed below:

1. The United Nation Global Compact.
2. Organization of Economic Co-operation and Development Guidelines for Multinational Enterprises.
3. The Millennium Development Goals.
4. International Labour Organization's MNE Declaration.
5. The Global Reporting Initiative.

2.6.1 The United Nation Global Compact

The UN Global compact is a framework and strategic initiative to businesses which are committed to align their operations and strategies in accordance to ten principles that are universally accepted principles in the areas of human rights, labour, anti-corruption and the environment. This initiative is open and voluntary which engages a wide spectrum of participants throughout the globe. The criteria for participation in this initiative is willingness of the participants and ability to advance the goals of compact. The participants have to adhere to principles which are laid down on the basis of international agreements and principles. However, a compact is not a legal binding on the participants who fail to comply in accordance to its principles. It does not measure the participating company's action. It depends upon the company's commitment and visibility to comply with the principles contained in it. Even though, this compact is not based on compliance, it is expected from the participants to follow the applicable laws and to work consistently for implementing principles which are laid down under it.

To safeguard the integrity of global compact, it has strengthened its measures. In case, the participating companies do not communicate their progress report for consecutive two

years, such companies are regarded as non-performing and inactive and their identification is disclosed on the website publically. In the year 2003, communication on progress on annual basis was introduced that described the initiatives undertaken by the participating companies in support of principles contained in UN Global Compact. These initiatives are available on global compact website and are meant for information to various stakeholders which provide complete information to them regarding progress made with respect to the ten principles.

The Global compact also encourages in creating local networks at regional and national level. The local networks are the clusters of participating units who come together for the advancement of principles of global compact and in context to specific geographic areas.

Ruggie [139], assures that the UN Global Compact involves the private sector to associate with the United Nations in partnership with global NGOs and academia in identifying and undertaking corporate practices in the field of human rights, environmental protection and anti-corruption. It encourages the private sector to enact and support a core value set in the field of labour standards, human rights, environmental protection and anti-corruption and that too within their area of influence [138]. This compact provides ten principles which are segmented on the basis of four core values identified above.

Global Compact Network in India: In the year 2000, the global compact initiative was launched in India in a meeting of business leaders held at Mumbai. In this meeting, over around 100 leading organizations have participated and joined this initiative. In Nov 2003, The Global Compact Society was established in Delhi providing forum to the participating organizations in this compact. The prime objective is to provide forum to companies to work together and exchange experiences related to CSR issues and the Global Compact. The society members have the privilege of networking internationally. It provides orientation and commitment in directing CSR efforts of executives at different levels. This society maintains the database of information related to CSR activities undertaken by participating organizations and communicates it with members.

These ten principles were taken from the Universal Declaration of Human Rights, the declaration on Fundamental Principles and Rights at Work by ILO, the United Nations Convention in combating Corruption, and the Rio Declaration on Environment and Development. These principles include:

Principles on Human Right

1. Support in protecting internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

Principles on Labour Standard

1. Freedom of association and recognize the right to collective bargaining effectively.
2. Elimination of all forms of forced and compulsory labour.
3. Abolition of child labour.
4. Elimination of employment and occupation related discrimination.

Principles on Environment

1. Supporting a precautionary approach to environmental challenges.
2. Undertaking initiatives to promote greater environmental responsibility.
3. Encouraging the development and diffusion of environmental friendly technologies.

Anti-Corruption

1. Working against all forms of corruption.

Source: Adapted from UN Global Compact (2000)

Rasche [140], by analyzing the importance of the Global Compact Initiative, explained that the Compact provides a stable framework that operates at institutional level, required for undertaking business activities in the global world. It is necessary for the corporations to have a moral purpose, to be viewed as legitimate part of national societies. This is in accordance to basic CSR principles, as present in CSR literature. Therefore, to formulate CSR focus areas of multinational enterprises, the Compact is considered.

2.6.2 The OECD Guidelines for Multinational Enterprises

The (OECD) Organization for Economic Co-operation and Development guidelines for Multinational Enterprises are the recommendations to multinational enterprises by the governments of OECD member countries. These guidelines were adopted in the year 1976 by the governments of OECD, as an element within its declaration on Multinational enterprises

and International Investment. To ensure better governance among its member countries, these were revised in June 2000. These guidelines cover the principles and standards which are voluntary in nature to conduct business in accordance to applicable laws. The guidelines ensure that the operations of the business are in harmony with policies of the government and the societies, within which they operate, improving the foreign investment and contributing to sustainable development. The guidelines are multilateral and comprehensive code of business conduct for multinational enterprises. These responsible businesses conduct cover areas as employment and industrial relations, human rights, environment protection, disclosure of information, competition, science and technology.

The basic assumption about these guidelines is that the internationally agreed principles can assist in preventing misconceptions and create an environment of confidence and predictability among business, government, employees and society at large. Depending on the company specific initiatives the guidelines are implemented in businesses. In order to promote the efforts, the countries complying to the declaration on international investments and MNE's are required to form National Contact Points (NCPs), promoting the guidelines and addressing queries about them and discussing related matters with parties who are interested. The NCPs meet annually for experience sharing and reporting to Committee of OECD (CIME) on international investments and multinational enterprises. In order to consult business advisors and to discuss diverse guidelines, CIME hold meetings after regular intervals.

Hohnen [138], has admitted that among the diverse CSR initiatives, the OECD Guidelines for Multinational Enterprises (MNEs) attains a special position across the globe. He explained that the Guidelines are the earliest examples of comprehensive guidance to ensure that businesses are operating in harmony with policies of the government. It constitutes thirty OECD member governments and eleven non-OECD countries in close association with business representatives and organizations along with the support of NGOs. The Guidelines are now used as standards for social responsibility. This guideline covers 10 themes and corresponding guidelines respective to each theme.

2.6.3 The Millennium Development Goals

These Millennium Development goals are declared in the year 2000, with gathering of world leaders for the adoption of the UN Millennium Declaration, with a commitment towards respective nations into a partnership to reduce poverty, and time bound series of targets, which had a deadline in year 2015. As indicated by [141], the focus of these eight Millennium Development Goals is on:

1. Eradication of extreme hunger and poverty.
2. Achieving universal primary education.
3. Promotion of gender equality and Women empowerment.
4. Minimizing child mortality rate.
5. Improving maternal health.
6. Combating HIV AIDS, malarial and other Diseases.
7. Promoting environmental sustainability.
8. Developing global partnership.

Nelson and Prescott [141], said that to achieve these goals, some specific targets have been set, some having direct implications on business, and others related to the current framework and policy environment in which businesses operate. Since its inception, reports on the progress of its achievements paint a gloomy picture. For instance, [142], reports that the attainment of the MDGs target is faced with the reality of a limited capacity of funding by the governments at the central and the regional levels. Public funding alone cannot help to achieve these targets, unless there is a supplementary funding and stakeholder's involvement particularly the private sector. Therefore, this advocacy has been a synergistic effort from the government bodies, private sector and communities in support of targets attainment. Cahyandito [142] suggested that one of such synergy with government, coming from the private sector, targeted at the MDGs is CSR. There is no doubt that corporations can play a vital role in achieving these goals, with the promotion of universally agreed values, transparency, accountability for economic, social and environment specific impacts around their operations [141].

2.6.4 International Labour Organization's MNE Declaration

The Declaration offers guidelines for multinational enterprises, governments, and employers' and workers' organizations in the fields of employment, training, working conditions, and industrial relations. The guidance is based on the principles covered in International Labour Conventions and Recommendations. According to the International Organization of Employers (2004:6), the MNE Declaration intends to "encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise". In view of the Organizations, multinational enterprises contribute to improve and raise the quality and quantity employment levels in the global economy. Their activities make them a crucial and a potential economic force and thus, they form an integral part of economic life. It must rather be seen as a checklist or reference point for corporations when they are developing their CSR activities [143]. Among the array of characteristics, the Declaration is touted as the most comprehensive instrument on the labour dimension of CSR. This declaration provides five thematic areas and the respective recommendations for each area:

1. The General Policies

- Respecting sovereign rights of States, obeying national laws and regulations, providing due consideration to local practices and respecting relevant international standards.
- Contributing towards realization of ILO Declaration on Fundamental Principles and Rights at Work.
- The principles present in MNE Declaration are meant for governments, employers and workers organizations of home and host countries and to multinational enterprises themselves.
- Considering general policy objectives of the countries in which they operate. Their activities should be in accordance to national law and must prioritize development activities, social aims and country structure of their operations.
- Host country governments should undertake good social practices according to the declaration within multinational enterprises which operates in their territories.

2. Employment

- Declaration of the active policies by the governments which are designed to promote productive and freely chosen employment, providing decent work to promote sustainable economic growth and development, meeting employment requirements, reducing unemployment levels, underemployment levels, and upgrading standards of living.
- Prioritizing employment, occupation related development, promoting and advancing nationals of the host country.
- Multinational enterprises while investing in developing countries, use technologies which create employment, directly or indirectly. Adapting to the needs of host countries, depending on the extent allowed by the nature of the process, the prevailing working conditions, building linkages with local, promoting processing of the raw materials locally and manufacturing equipment locally.
- Assuming a leading role in employment security, providing justified notice of needed changes in operations and avoiding dismissal.

3. Training

- Conducting training programs for employees at all levels in order to meet the needs of enterprise and developmental policies of the country.
- Providing opportunities to local management within MNEs to gain experience.
- Conducting Skill development programs.

4. Conditions of Work and Life

- Providing benefits, wages, and working conditions comparable to similar employers in the concerned country.
- Providing benefits, wages, and working conditions in accordance with government policy framework, to fulfill primary needs of the employees and their families at large.
- Maintaining safety and health standards at work place.
- Examining the reasons behind industrial safety and health hazards, communicating information about good practices observed among other countries, and undergoing important improvements and changes.

2.6.5 Global Reporting Initiative

The Global Reporting Initiative (GRI) is an institution which is governed by multiple stakeholders. Here the stakeholders are associated to provide the international standards while reporting sustainability globally. In the year 1997, the partnership of environmentally responsible economies with UNEP, started a series of dialogues among stakeholders and working groups to form GRI. In 2000, the first version of Guidelines on GRI was published. Thereafter, at the World Summit on Sustainable Development, the second version of GRI Guidelines was released after two years in 2002 [144]. In 2006, the third version (G3) of GRI Guidelines was published. The GRI based sustainability reports can be used as yardsticks to measure performance with respect to standard of performance, laws, codes, norms and initiatives which are voluntary in nature. This report provides commitment to sustainable development. This report is used to measure and to make performance comparisons among organizations.

The participating companies of global compact are required to produce a Communication on Progress (COP) on annual basis to share corporate practices, promote accountability, transparency and protecting the integrity of initiatives and other related issues. The purpose of COP is to ensure the commitment level of participating companies in global compact while safeguarding the integrity of global compact initiative. This report provides information to stakeholders regarding the progress of companies in implementing the ten principles of global compact.

2.7 PLANNING AND IMPLEMENTATION OF CSR

CSR demands that corporations do proper planning prior to their engagement in CSR activities. Hohnen and Potts [138], have outlined an implementation framework which according to them, will help to analyze a firm's impact on society, identifying opportunities and challenges, opportunities related to impacts and how these can be inculcated into decision making and business activities. Hohnen and Potts [138], said that this framework also attempts to assist corporations in exploring methods to assure that their activities at individual and collective levels go a long way to advance the progress of the society thereby creating an environment where business is sustainable in itself. To them, a properly designed CSR framework incorporates decision making on economic, social and environmental related

aspects within a firm. As indicated in their four-part CSR implementation framework, suggested that an ideal type of CSR implementation process must necessarily include four stages (based on the Plan – Do – Check – Improve management model). This model comprises six tasks including Conducting CSR assessments, Developing CSR strategies, Developing CSR commitments, Implementing CSR commitments, Assuring and Reporting on progress, Evaluating and Improving performance. These activities and tasks involved in their framework have been summarized figure 2.5 and the discussed in the text that follows.



Source: Adopted from Hohnen and Potts (2007)

Figure: 2.5: CSR Framework

Plan: Planning is critical since a well-planned process is a successful process effectively undertaken. At this stage, conducting CSR assessment and developing result based CSR strategy is expected from corporations. According to [138], these two activities comprise different sets of tasks.

In conducting a CSR assessment, corporations are expected to: Assemble a team on CSR leadership, developing workable definition of CSR, Identifying requirements by law, Reviewing corporate documents, processes, activities and internal capacities and Identifying and Engaging stakeholders. This step provides the opportunity for management of corporations to better understand the dimensions of problem areas, opportunities and

challenges and their importance in businesses. It also helps in finding gaps in CSR and opportunities to improve decision making [138].

On the other hand, undertaking the task above culminates into the development of a CSR strategy which includes CEO support, management and the employees, finding and researching what others are doing, and evaluating CSR instruments, developing alternative CSR actions; developing ways to proceedings, and finalizing directions, approaches, and various focus areas related to CSR. In their view, the strategy provides a roadmap for corporations to proceed on CSR issues and set a long-term direction and scope for the corporations on issues relating to CSR [138].

Do: It is the stage where actual implementation of the plan and execution of the process begins. Hohnen and Potts [138], identified two major activities – Development of CSR commitments and Implementation of CSR commitments which are to be undertaken at this stage. CSR commitments are the policies or instruments that a corporate agrees on and signs up to highlight the intent of the corporation to address social and environmental impacts of the corporations. The activities which constitute the development of CSR commitments include scanning CSR commitments, discussions with stakeholders, forming a group for developing commitments, making preliminary draft, consulting affected stakeholders and revising and publishing the commitments. This will help the corporation to easily disseminate the information about the nature and direction of the social and environment related activities of the corporation [138].

After the development of CSR commitments, the next step is to implement the CSR commitments. This includes the everyday decisions, activities and processes that affirm that the firm is working for the attainment of set standards. According to [138], the implementation process includes:

1. Development of CSR decision making structure.
2. Preparation and implementation of CSR business plans.
3. Setting achievable and measurable targets and identification of performance measures.
4. Employees and other stakeholder engagement in CSR strategies.
5. Organizing and conducting various CSR training programs.
6. Developing mechanisms for addressing problematic behaviour.

7. Creating internal and external communication plans.
8. Making the commitments public.

Check: This stage provides the opportunity for measuring the targets and recognition of progress in CSR implementation. This step includes activities such as assuring and reporting progress on the implementation of CSR commitments. CSR progress reports and measurements provide an opportunity to the stakeholders about the impact that the CSR commitment is having on stakeholders. This also covers on-site inspections and reviewing management systems for identifying conformity levels to specific criteria set out in standards for which corporations may agree to comply [138].

Improve: The final stage includes a combination of evaluation and improving the results of the evaluation. Following the information provided from the assurance and reporting evaluation tracks the overall progress of a corporation's CSR approach and, based on that, makes it necessary for improvement and adjustment. After the completion of this cycle, corporations can now begin a new cycle of CSR implementation or take advantage of the improvements, if necessary.

The four-part CSR implementation framework has similarities with other existing frameworks, especially those that discuss stakeholder engagements [138].

2.8 CHALLENGES FACED BY CSR IN THE GLOBALIZED WORLD

The CSR challenges faced by developing countries is formulated with a vision which was modified in year 2000 into millennium development goals- 'a world with equal opportunities for women, more survival potential for mothers and their infants, educated children, less poverty, hunger and disease.' In developed countries like the US and UK are able to manage free market economy to ensure fair distribution of wealth in an economy. Creating a balance between government control and freedom to pursue a market economy is the biggest challenge. These challenges include:

Current Challenges: The New Approach faced by managers and program planners are challenged at each level of the fundamental decision making that are related to choosing a social issue, selecting initiatives in support of this issue, developing program plans, implementing plans, and evaluating their outcomes.

Choosing Social Issues: The first step is choosing a social issue and this decision has the greatest impact on rest of the programs and outcomes because some social issues are best fitted than others. Choosing a Social issue involves answering questions such as:

- How this issue is going to support business specific goals?
- How complex social problem is in hand?
- Is not the government or other party handling this?
- How will stockholders perceive the company's involvement in this issue?
- Are the competitors involved in the same issue?
- Is this something our employees get excited about?

Addressing issue by selecting an initiative: Managers at this step are challenged to provide recommendations to select initiative while addressing issues and are required to answer several tough questions such as:

- How can this initiative provide visibility to the company?
- How it can be undertaken while adhering to core business?

Developing and implementing program plans: Philip Morris, the largest tobacco company in the U.S., started initiative based on social marketing in 1999 having a slogan "Talk to your kids about no smoking. They'll listen." For few, this particular initiative apparently turned hollow, with people asking for the justification of a claim that a tobacco industry is not involved in a market that represents one billion packs of cigarettes approximately per year. The major decisions include whether or not to partner others and, if so, then whom to partner; finding strategies, inculcating distribution channels; assigning roles and responsibilities; determining budget allocations; finding sources; and developing workable plans and strategies. This step involves answering questions that revolves around time and money issues.

Evaluation: The measurements of market led activities and financial investments have a long record for corporations, with sophisticated tracking systems and databases that analyze the returns on investment and by benchmarking the present activities. Marketing and academic experts confirm this challenge. Sinha, Dev and Salas [145], reported that the CSR related benefits cannot be measured directly and finds it difficult to directly access the return on CSR

investments. McDonald's, which is a fast food restaurant and is the world's largest chain, serving almost 68 million customers on daily basis in 119 countries with 35,000 outlets (2002), reported that to compile CSR initiatives they don't have the proper system along with evaluation of independent 5,5000 independent operators. Bloom, Hoeffler, Keller, and Basurto [146] concluded that among other promotional tools, this program was a more financially productive as a promotional tool.

Responsibility as a requirement for future sustainability: There has been sustained effort to promote social responsibility among business organizations since 1995. In the US, business scams centering on accounting frauds like Enron, World Com, Tyco, and environment and human disasters like Bhopal gas tragedy encourages the American companies to review responsibility as a requirement.

Consumer's identification to companies promoting ethical business practices: American companies are promoting ethical business practices because American consumers like to identify with companies that practice ethical behaviour beyond legal requirements. The consumers feel satisfied when they believe that they are connecting with a brand due to its moral and ethical make-up and buying quality products. This encourages the American companies to reveal and publicize a general strategy of CSR practices, including equal employment opportunities, supply chain sustainability, environment friendly technologies, and customer safety. The buying behaviour of consumer in the globalized world, influenced by social behaviour of companies provides them opportunity to gain visibility in the eyes of the consumers.

Integrating local and global practices: The trend of combining global and local elements of business is globalization which is related to international business activities and practices with the ability to focus and target the local consumers or markets. Multinational Companies use multiple strategies while influencing local people in identifying their culture or nation related background by the global products or services offered by a company. Therefore, the challenge here is to secure goodwill and reputation among community locally, because often multinational companies are suspected because of their overwhelming ability to push and influence the economic, social and political arena of a country.

Building local capacities: There is disinterest and lesser participation by the local communities while contributing towards company's CSR activities. This is because their low level of awareness about CSR among local communities because no efforts have been undertaken to spread awareness and community involvement in CSR initiatives and their impact. Furthermore, the condition has worsened due to lack of communication among the community and the company at the grass root level. Therefore, there is an urgent need to spread awareness about CSR among the local communities.

Non-availability of organized Non-Government Organizations: In order to identify the actual needs of the community and to work in harmony with companies and to ensure successful implementation of CSR practices, well organized NGOs are needed in rural and remote areas. This provides opportunity to the companies to invest in local communities by building their capacities for undertaking various developmental projects. Moreover, narrow perception of the NGOs and governmental agencies for CSR initiatives undertaken by companies, often defined CSR approach more donor-driven than local.

Non-availability of CSR guidelines: There are no clear statutory guidelines or directives which are specific to business operations to provide direction related to CSR initiatives. The scale of CSR activities largely depends on the business profile and spans of operation. It is found that, larger the span of operation, and greater are the CSR activities of the companies.

Visibility factors: Media's role in sensitizing the local population about ongoing CSR activities and highlighting successful cases of CSR initiatives is always welcomed. This apparent influence of branding exercise and gaining visibility at times leads NGOs in indulging them in programs based on events and in this process, they miss out meaningful grass root intervention. This awareness generation by media in highlighting good work done by companies also motivate in nurturing businessmen throughout the world as to how and why to take up the cause of CSR and thus becoming the cause of economic strength.

Issues of transparency: The issues of transparency in corporates are mainly the lack of transparency. As the businesses do not take required efforts to disclose information on CSR reports, audit issues and funds utilization. This affects the trust forming process among companies negatively, which is the key to successful implementation of CSR programs. For instance, Coca-Cola Company was censured for depletion of ground water, leaving

communities with no access to water for irrigation and drinking, resulting in non-sharing of resources by the communities. This forced the company to make adequate efforts to disclose CSR reports and their impacts and assessment.

Lack of consensus among local agencies: The lack of consensus among local agencies while implementing CSR issues resulted in duplication of activities by the corporates in their intervening areas and spirit of competition between local implementing agencies rather than collaborative approaches on CSR issues. This further limits the capacity of companies in assessing the of CSR initiatives.

Retaining employees: To attract right kind of employee is one issue, but retaining employee is the key to any successful business. Ensuring employee's fair treatment, participation in decision-making, handsome salary packages and perks, asking their suggestions about the implementation of CSR activities must be ensured to retain them. The enlightened awakened employees are searching for employers whose philosophies and practices matches with their own principles and whose company's goals are well aligned to the CSR motto.

2.9 OPPORTUNITIES FACED BY CSR IN THE GLOBALIZED WORLD

The opportunities of the corporate towards social responsibility are wider and can be seen in terms of different viewpoints. These opportunities are listed below:

Philanthropic act: Some consider social responsibility as act of philanthropy. J.R.D. Tata in his keynote address at the Tata Foundation emphasized that combining high standards with quality production along with the concern for ethical values and industrial philanthropy as important aspects of CSR.

For instance, the way the industrialists rescued earthquake devastated people in Gujarat. Care India, Bharti-BT and CISCO, provided free phone facility to provide immediate relief to people who are anxious to know the news about their families along with access to medical help. Industrialists with the assistance of Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII) were committed to enabling several NGO's adopting severely hit villages. When the killer waves of Tsunami caused death and destruction in Tamil Nadu, Andamans, Kerala and Andhra Pradesh, corporates came to the immediate succor of the affected with all necessities and funds for

Prime Minister's and Chief Minister's relief funds for rehabilitation. Similarly, when disaster struck in New York and Washington after the terrorist attack in 2001, American MNCs made generous gestures by donating substantial amount towards the disaster relief fund. The US food giant McDonalds also offered food to the rescue workers and donated \$2 million at different places across the country. The General Motors, Ford Motor General, Electric, and Unocal also played their roles as responsible corporates.

Sponsoring for social and charitable causes: Tata's contributions in the areas of education, upliftment of the underprivileged sections of society, research related to population, growth of The Indian Airlines industry, etc. have been exemplary. Late D.C. Kothari, chairman and managing director of Kothari Industrial Corporation Ltd. had contributed to various charitable trusts and higher learning institutes and earned a distinction of becoming the ISO president from the third world country.

Protecting and promoting stakeholder interest: A stakeholder is any individual or group who can affect or is affected by the purpose or activities of the organization and can be both insider and outsider to organization. The insiders include employees and the shareholders. The outsiders include customers, suppliers, dealers, community, environment and society at large. These all stakeholders have a set of expectations from the companies. Business organizations integrate social responsibility into their business activities in such a way that the business operates according to the value set of the stakeholders.

Promoting common welfare programmes and promoting social concerns: The promotion of welfare programs for public and promotion of social concerns can be viewed as another opportunity of social responsibility. Companies have generated public awareness through hoardings and other means on social issues such as pointing out the ill effects of drug addiction and smoking. The social responsibility of businesses can also be considered with respect to their own activities. Corporates like dental care or eye care products producers organize awareness campaigns in villages wherein surgeons attend the poor and needy according to their medical needs. This further relieves the burden on the financially strapped states in developing countries within which people are solely dependent on government for delivering each type of services.

Good corporate governance: In the view of some of the social thinkers, good corporate governance is an ingredient of corporate social responsibility in itself. Earlier, the attributes of good corporate governance such as managing businesses professionally and maximizing shareholder value in long term were lacking in the country. Due to increasing foreign investments flow and changing profile of corporate ownership, the corporate governance has gained a new urgency in India.

Corporate in the forefront of rendering social service: Indian corporates like TATA and BIRLA have undertaken activities which supplements and supports the public authority efforts in the areas of human development. With the establishment of institutes of higher learning, Tata's have marked tremendous contributions in the field of social and fundamental sciences. The Birla's had constructed and maintained monumental places of worship and constructed planetariums to popularize sciences in many cities. TISCO has made contributions in the fields of developing tribal areas and industrialization in rural areas. SAIL has made contributions in the field of agriculture, dairy, poultry farming, water conservation and health care. ITC Ltd is engaged in sports, agricultural activities and pollution control measures. The leading beverage companies, Coca-Cola and PepsiCo, were awarded the prestigious Golden Peacock Award, in the years 2008 and 2006 respectively for corporate social responsibility recognizing their commitment towards employees, communities, sustainable business and society.

In the U.S., there is wide awareness about CSR. An example of business contributing to society is Carnegie (the steel tycoon), in U.K., U.S. and other countries have contributed largely for constructing schools, libraries and universities. American companies today are trying to position themselves as promoters of honest and reliable business practices because consumers like to identify with companies those practice ethical behaviour beyond legal requirements.

Corporations should supplement state efforts: Corporates can supplement state with needed resources in effective implementation of the ever-growing activities that the state is expected to carry out. Corporate can support for the cause of education by establishing schools and supporting schools in their vicinity or by adopting villages, providing quality in primary and elementary education. In this respect, the Asian Tigers like Thailand, Philippines, South Korea, Indonesia, Malaysia and Singapore have attained higher growth rates because

they have undertaken various activities in support of primary education since 1950s. Corporate resources can also be allocated to almost every activity listed in Company's Act 2013, depending upon the economic state of the society. Corporate concern for social welfare can also be shown in the areas of public health system thereby supporting for the cause of combating many diseases.

Social responsibility of corporate also lies in abiding by rules and regulations: This view is widely accepted to facilitate a smooth functioning of the corporations. This requires the businesses to act in accordance to norms, and legal regulations dealing with businesses.

Ensuring ecological balance: Several corporations such as such as Tata Steel, ITC, Srinivasan Service Trust of the TVS Group have been helping people to harmonize with nature by reducing pollution. By focusing on the human elements, social responsibility lies in improving quality of work life; equal employment opportunities and wages; reducing health hazards in the workplace; assisting employees to adjust themselves ease to new environments; job security and retirement security of a reasonable nature.

Supply chain sustainability: Transferring knowledge about Company's CSR intentions to the suppliers and by collaborating with suppliers, who are willing to work for the company with positive CSR intentions, proves to be the opportunity for successful implementation of CSR program.

2.10 CONCLUSION

This chapter has generally discussed how the concept of CSR has evolved up till now. It sought to document the evolution of CSR through three different periods – before the 20th century, during the 20th century and the 21st century. It has been revealed through this discussion that the concept of CSR is as old as business, though it is still evolving, the CSR concept is practiced in different places and at different times in the history. Following from here, the chapter tried to examine the different definitions that writers have given to the concept. The discussion on this has actually, revealed the attempt in the literature to describe the concept with related concepts such as Philanthropy, strategic and corporate sustainability, Corporate Citizenship, Social Performance, Social Marketing and many more.

The study puts forward the theoretical framework as its theoretical basis. Among the theories discussed, the study is inclined to the groupings indicated by [63], as depicted in instrumental, political, integrative and ethical theories of CSR. This study dwells much on the Integrative and Ethical theories, which are conflated into the Stakeholder theory.

Moreover, while exploring the motives for CSR engagement, the study identifies two theories. First is the Carroll's Pyramid of CSR [14] and Van Marrewijk's [136] Model of Ambition Levels of CSR as the fundamental explanations to achieving these objectives. Conclusively, based on these theoretical underpinnings the study presents the issues regarding the nature of CSR, the perceptions about CSR, how CSR is conceptualized, and motivations for its engagement and provides theoretical framework for the study.

The concept of corporate social responsibility has become the byword of the socially conscious corporate world. Only an infinitesimally small number of companies remain untouched by the ever-increasing importance of CSR. Even those corporations that are overwhelming guided by the profit motive have now realized that it is necessary for businesses to return to the society what they have gained from it in terms of trained man power and material and physical resources, otherwise they cannot justify their existence and future growth. This is a strong enough reason and justification as to why an ever-increasing number of corporations are investing both in human and material resources in various CSR activities. Moreover, the appreciation has also prompted many of them to integrate their CSR activities with their business goals and business practices.

MNCs should always take in to considerations the expectations of the norms and values of their home and host country in the context of globalization. Thus, the prerequisite for any organization that operates in global context is to identify and respond to the new and upcoming CSR practices, so that it responds according to the diverse culture, norms, and communication related practices. The global flavor captured by the practices of multinational corporations and at different socio-economic levels provides a clear indication of the need to push CSR concept and practice with commitment. Though each country faces its own opportunities and challenges, there has to be a global consensus to help each other to promote wellbeing and not to take advantage of the weaknesses of some countries. The immediate answer has to offer both global and local viewpoint to CSR processes and practices. New CSR is no more a stand-alone philanthropy but part and parcel of the business strategy.

Therefore, it can be concluded that the challenges that need to be attended to achieve global sustainability, which analyses the issues of corruption and poverty that create a gap between the privileged and the under-privileged sections of the society. Major strengths of these initiatives are sustained reputation and goodwill of the corporate; locating and retaining a motivated workforce; gaining positive impact on social issues mainly in local communities; and undertaking current corporate social initiatives to gain maximum advantage. The corporations have been challenged to look at the capacity for philanthropic initiatives that will improve productivity, expand markets, and ensure committed future workforce. The strongest recommendations while addressing these downsides covers, choosing social issues which is connected to the mission of the corporation, including the other departments while selecting causes, developing programs, engaging employees, securing support of leader and developing a plan of communication. There is an urgent need to promote thought leadership among business managers, so that a holistic growth is encouraged, more than just earning profits for shareholders. Thus, because of the widespread impact of businesses, they have to realize that they can no longer avoid issues related to morality and good governance. A broad understanding of the risks involved in the business world, whether related to technological innovation or human rights have to be weighed with much consideration, so that the least harm is caused.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

A clear conception of the methodology is a need for successful completion of a research project. Several factors influence the selection of the appropriate methodology to be considered or used for the study. The nature and scope of one's enquiry, the objectives, among others are very important when selecting a methodology for a research study. This chapter outlines a discussion on the philosophical domain within which the research is grounded. It examines various factors that helped in selecting the methodology that is adopted in the present study. This chapter covers the problem statement, purpose of the study, objectives of the research, significance of the study, and the sample and sampling procedure. It also discusses data sources and the methods and instruments used in data collection and analysis.

A systematic research methodology is the foundation of every research work, and it provides a framework for the study in the form of its systematic research design. It develops a clear-cut picture or provides a layout to the researcher for the study. When the researcher is planning and developing the research work, the quality of the supporting research is very essential. It is thus necessary to design and follow an appropriate research methodology. A different methodology can be adopted for conducting researches on problems of different nature, but the primary approach is normally the same in all the researches [147]. Impact and effectiveness of the research depend upon the selection of right methodology [148]. Research has always been an important activity to enrich students in the field of academics and is applied in technical terms. Research involves a systematic stepwise process starting from the definition of the problem, formulating some hypothesis related to it, collecting relevant data from various sources, organizing data as per the requirement, and evaluating data with the help of statistical tools, giving away findings and reaching to a relevant conclusion. All this is done by keeping in mind the objectives of the study. Social Sciences have related research for increasing general knowledge through manipulations and for developing theoretical concepts and practical tools or methods.

Research, thus contributes to the existing knowledge bank of researchers and leads to advancement. It puts forth the hidden truth in front of everybody through a systematic study consisting of experimentations, observations, etc. It consists of identification of the research problem, formulation of a suitable hypothesis for the study and collection of facts or data, analyzing them and concluding. This conclusion is the solution to the problem and opens ways opportunities to formulate important theoretical concepts [149].

3.2 STATEMENT OF THE PROBLEM

Corporate Social Responsibility and its impact on the Community: An Exploratory Study.

3.3 PURPOSE OF THE STUDY

This study analyzes the CSR practices adopted by selected companies in relation to local community. For this purpose, the perceptions and expectations of the community about companies' corporate social responsibility practices were considered and analyzed.

3.4 SIGNIFICANCE OF THE STUDY

- Interdependence between business and society- The local community and the society is the resource pool from which any organization gets its workforce and the license to operate. As a consequence, corporate management should take into consideration social demands, and integrate them in such a manner that the business operates in accordance with social values.
- Increasing demand from stakeholders- In spite of contentious history and contested nature of what constitutes CSR, there is an increasing demand from stakeholders for corporations to be socially responsible especially in the backdrop of ongoing recession and recurring corporate scandals (Enron, Worldcom, Satyam case), raising questions about regulatory oversight in India and the role of company's auditors (Price Water House Coopers in Satyam's case).
- Human Impact- It is also instructive to remember that corporate (ir)responsibility has majors impacts on humans. The 1984 union carbide tragedy in Bhopal is a fateful illustration of lasting human suffering at the hands of corporations.

- Corporate failure- The effects of massive corporate failure, globally, have serious implications for CSR scholarship and practice, and demand a re-examination of business and society relationship in the current millennium.
- Sustainable development and the social front- In spite of having economic growth, India is lacking behind on the social front, and faces a lot of major social problems such as corruption, poverty, illiteracy and gender inequality. Research shows that “The long term sustainability and stability of India might be threatened if the social and environmental problems are not solved” [150].
- Growing prosperity of Indian industry - The inability of government to fulfill the basic needs have heightened the expectations from the businesses to fulfill these institutional voids.
- National voluntary guidelines and The Company’s Act 2013- The national voluntary guidelines specify Economic, Social and Environmental responsibilities of businesses towards sustainable development of the community and society at large. Moreover, two critical interventions by the government further strengthened the agenda. First was to mandate disclosure by top 100 listed companies and another was to bring a part of the NVGs from the voluntary to mandatory space by the introduction of Section 135 of the Companies Act, 2013.

3.5 RESEARCH OBJECTIVES

1. To analyze the CSR practices adopted by companies in relation to community.
2. To examine the factors those motivate the selected companies to engage in CSR practices.
3. To identify the processes that the organizations follow to deliver CSR practices.
4. To identify the challenges faced by the companies while implementing CSR practices within the community.
5. To explore the perceptions and expectations that the community holds about Corporate social responsibility.

3.6 SAMPLE

Depending upon the purposes and objectives of the present study, a purposive sampling technique is used. The study purposefully selected three companies Ambuja Cement Ltd

(Darlaghat plant), Satluj Jal Vidyut Nigam Ltd (SJVNL) (Nathpa Jhakri) and ACC Ltd (Gagal) from the Shimla, Bilaspur and Solan districts of Himachal Pradesh and their host communities in Himachal Pradesh were selected to conduct the study. The sample includes 120 individuals for Ambuja (Darlaghat plant), 110 individuals for ACC (Gagal plant) and 141 individuals for SJVNL (Nathpa Jhakri). The most educated member of the household was preferred to mark the responses. The samples include responses from both the genders of the age between 18 to 65 years and above, and belong to the immediate community surrounding the company.

3.7 INSTRUMENTATION

The selection of research instruments for the study was done based on the method of data collection used. The study used interview guide for semi-structured interviews. Questionnaires were used to collect the responses from the CSR managers and the community respondents. These instruments covered a range of questions related to CSR practices followed by the companies selected for case the study, factors that motivated the selected companies to undertake CSR practices, processes followed by selected companies for CSR planning and implementation, involvement of community members while CSR planning, and implementation and the challenges faced by managers while implementing CSR practices in the respective communities. The questionnaire consisted of a mixture of questions with answers measured on a five-point Likert scale [151] that allowed respondents to explain various processes involved in planning and implementing CSR activities. This allowed the study to collect both qualitative and quantitative data for the purpose of triangulation. The instrument for the interview (Appendix-A,B) consisted of various sections including the company's characteristics; CSR conceptualization by the company; CSR practices followed by selected companies; factors that motivated the companies for CSR engagement; processes while planning and implementing CSR practices; involvement of community while CSR planning and implementation and challenges faced by the managers during CSR implementation.

The questionnaire contains open and close-ended types of questions which are to be measured on a 5-point Likert which indicates the extent of agreement or disagreement on the CSR issues. The scale of the Likert scale includes 1 = Strongly disagree/Not at all prioritized,

2 = Disagree/Not prioritized, 3 = Not sure, 4 = Agree/Some extent and 5 = Strongly/Highly prioritized.

3.8 PILOT STUDY

The research tool was administered on a sample of 20 community respondents each from respective companies of the same population from which final sample was to be collected. This was done to find out the appropriateness of the questionnaire or any difficulty faced by the respondents while responding to the items of the questionnaire regarding the comprehension of the statement and the adequacy of language of the items present in the questionnaire. This was followed by translating the questionnaire into the Hindi language to ensure the adequacy of the language of items in the questionnaire followed by administering the questionnaire to the community again. Simple instructions were given for filling up the questionnaire. The results of the pilot study ensured the adequacy of the questionnaire to achieve the objectives of the study.

3.9 DATA COLLECTION

In the present study, the researcher used both the primary as well as secondary sources of data collection. The primary sources included original data collected from the CSR managers or representatives of the selected companies and their respective communities. Whereas, the secondary sources of data collection included CSR annual sustainability reports, CSR related documents, In-house journals and other CSR related progress reports of the selected companies.

Three sets of interviews were conducted in the present study. The first set of cognitive interviews was conducted to ensure the adequacy of the research instruments and the dimensions. This exercise helped the researcher in correcting questions that are ambiguous in nature, restructuring of the sets of instruments, and reshaping the variables that are not appropriate for the data collection. The interview took one hour or so for all the three interviews of the respective three selected companies.

Based on the insight from the cognitive interview, the interview instrument was refined to be used in the other set of interviews. The researcher scheduled a semi-structured interview to gather detailed information from CSR managers or representatives in charge of

CSR in the selected companies. This was deemed appropriate because these managers or their representatives were deemed to have firsthand experience and knowledge in the practice of CSR.

The interviews were conducted during the case study period which essentially focused on group interviews. The interview was conducted as a part of the case study, based on the findings of the earlier interviews with the managers of the selected companies. This exercise enabled the researcher to collect more detailed information on the practice of CSR to validate the findings reported by the interview with the managers and the survey with the community members. Further, the annual sustainability reports of the selected companies were analyzed using content analysis to identify the extent of CSR reportage.

After the companies were approached to seek their permission for participation in the case study, the initial positive response from the selected companies indicated their willingness to take part in the survey. Recommendation letters were secured from the Head of the Department and my Supervisor, Dr Anil Sehrawat, Jaypee University of Information Technology, Wagnaghat, and were submitted to each of the selected companies. Upon receiving approval from the management boards of the selected companies, an interview date was scheduled.

In particular, the data is collected from Darlaghat plant of Ambuja Cement Limited in Himachal Pradesh. The data collection for the study was conducted in January 2015, May 2016, July 2016 for Ambuja, SJVNL, & ACC respectively.

3.10 DATA ANALYSIS PROCEDURE

In this study, to achieve the first four qualitative objectives, the managers and the CSR representatives of the companies selected for case study were interviewed, which generated qualitative data. They were also asked to fill semi-structured questionnaire to generate deeper insights about CSR area of companies under the case study. The sustainability reports of the selected companies are also analysed in detail. In-house Journals, other CSR related documents have also been considered in detail. Community-related CSR project sites have also been visited personally to validate the results generated through interviews.

While exploring the perceptions and expectations that the community holds about the corporate social responsibility, Qualitative data is generated. SPSS 23.0 version was used to analyze quantitative data. The quantitative data is analysed using descriptive statistics (Percentages) and one sample statistics (Mean and Standard Deviation). The reliability and the validity tests were also considered. Where, the Cronbach's Alpha value is (.927) and Split half coefficient is (.927), whereas Critical Value of R = <0.114 at .01 level of significance for Two Tailed Test.

The procedure for the analysis of qualitative data included processing of the interview responses and content analysis from annual sustainability reports and other CSR related documents.

3.11 CONCLUSION

This chapter clearly explains the research methodology, approach, and the justification for the choice of the methods used for the study. Furthermore, the researcher indicated the relevance of a mixed-method approach for achieving the objectives of the research. The methodology for the case study has been identified and is considered most relevant for the present study. The chapter has also justified the reasons for choosing the companies for the case study and community as the main stakeholder for the study. The choice of the structure for interviews and content or archival analysis as methods of data collection in this study has also been justified.

CHAPTER 4

CSR INITIATIVES BY AMBUJA CEMENT LIMITED (DARLAGHAT PLANT)

The first four objectives of the study were related to the CSR activities of selected company:

1. To analyze the CSR practices adopted by companies in relation to community.
2. To examine the factors those motivate the selected companies to engage in CSR practices.
3. To identify the processes that the organizations follow to deliver CSR practices.
4. To identify the challenges faced by the companies while implementing CSR practices within the community.

The responses from the managers responsible for CSR activities related to these objectives were taken on questionnaire as given in Appendix A. The concerned managers were interviewed on the similar dimensions as present in questionnaire to generate deeper insights. In addition to this, CSR sustainability reports of the companies were analyzed in detail to achieve these objectives. The analysis of the data is presented below.

4.1 COMPANY PROFILE AND CHARACTERISTICS

Ambuja Cement Ltd. is a part of global conglomerate Lafarge Holcim. With the unique sustainable development projects and environment practices, Ambuja cement is providing home building solutions since the inception of the company. Currently, Ambuja Cement has a cement capacity of 29.65 million tons with its five integrated cement plants and eight cement grinding units across the country. Ambuja Cement is the industry leader, in terms of responsible use of both natural and man-made resources. The company has been certified, water positive because it is involved in various projects to minimize the scarcity of water both for cultivation and irrigation purposes and in making the region around it water positive. [152]

Sustainable growth is embedded in the company's DNA. Ambuja Cement followed a multi-level strategy including triple bottom line method of accounting, corporate governance

practices, environmental policy directed towards company's sustainable growth and development.

The company has a separate department in the name of Ambuja Cement Foundation, to carry out CSR activities. The company has undertaken projects for the local community around its different locations. The company is having its plants in 21 locations across 11 states of India. ACF adopted need based and participatory programs in the areas of community development with special focus on education, health, women empowerment, supporting and training farmers, skill development, awareness campaigns, environment management, and waste management. It also provides support to various projects in relation to the local community.

4.2 CONCEPTUALIZATION OF CSR

Ambuja Cement Foundation (ACF) aims to 'Energise, Involve and Enable Communities to Realise their Potential' through its various projects in relation to community development. The foundation has taken various projects that lead to socio-economic development of the communities around the company. The foundation has undertaken these projects and initiatives in association with community, governmental and various non-governmental organizations. The sustainability reports of Ambuja Cement foundation reflects that the management considers the societal expectations in the form of Corporate Social Initiatives, and integrates them into business practices, in such a way that the business operates in accordance with societal values.

4.3 CSR PRACTICES AND CSR FOCUS AREAS OF THE COMPANY

Supporting Education & Providing Scholarships: In support of education, the ACF's CSR representative responded that their foundation provides scholarship to primary classes, technical courses and diploma holders (in ITI). The foundation is also sponsoring and donating money by providing amenities to the primary schools. By considering the child centric focus; ACF has also trained "Balmitras" or a child's friend who helps the child with studies through various teaching and learning methods. The foundation also organizes various cultural programs, especially sports day and youth care programs, AIDS awareness campaigns etc. The foundation provides support to youth clubs for various cultural and sports programs.

The foundation also organizes blood donation campaigns under which the employees as well as people from local community also participate.

Women Empowerment: ACF provides support to various women (pickles making, sewing and embroidery) groups by providing funds to them. ACF Darlaghat has a sustainable method of ensuring health services in the village by training women in preventive, promotive and clinical care. These women are called 'sakhis' who work tirelessly for this cause. Under Pashu Swasthya Sewika (PSS), women workers were trained to provide information at village level that provide complete information for animal artificial insemination with a success rate of more than 80%.

Communities: Building water positive communities: To overcome the challenges that centered on water conservation and management, ACF Darlaghat embarked a mission to minimize the scarcity of water for both drinking and cultivation and to make the region water positive. This intervention started with watershed projects in partnership with NABARD and also by creating awareness in the community on harvesting methods and rain water management. ACF also promoted Roof Top Rain water harvesting system and micro-irrigation system (Drip Irrigation in villages), construction and renovation of new ponds, building of check dams, irrigation channels and water conservation trenches.

Skill Training: ACF has established the Skill and Entrepreneurship Development Institute (SEDI) across 10 states including Himachal Pradesh. At Darlaghat, PNB is associated as the partner and the institute is managed by Institute of Skill and Entrepreneurship Development (ISED). The most popular courses in Darlaghat (H.P) is the hosiery course which is empowering women to contribute in family income.

Supporting Farmers: The foundation organizes and conducts various camps related to Horticulture and Agriculture. In order to conduct these camps, they call field specialists to guide farmers on various horticulture and agriculture related issues.

The ACF also conducts waste management practices, especially by providing garbage bins at various places. The foundation has undertaken environment management practices specifically tree plantations in collaboration with schools and forest department.

CSR activities in relation to environment: The ACF representatives undertake CSR activities in relation to environment specifically tree plantations in collaboration with forest department and schools. The foundation has also installed garbage bins at several places in the community.

4.4 FACTORS THAT MOTIVATE THE SELECTED COMPANY TO ENGAGE IN CSR ACTIVITIES

Among the listed factors; ethical and moral reasons, to comply with legal requirements, to improve community relations, a commitment to reduce the impact on the environment, and to return back to the community are the motivating factors that are significant from the perspective of CSR manager. Whereas, to improve customer loyalty, to improve employee motivation, to improve relationship with business partners, to improve economic performance, pressure from third parties, to avail public incentives and to improve or preserve the reputation of the company are insignificant motivating factors from the CSR manager perspective.

4.5 PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES

In this regard, the CSR manager responded that the company carries out its CSR activities through Ambuja Cement Foundation (ACF), a separate department with a manager devoted to CSR engagement with a commitment to engage rural communities in and around ACLs manufacturing locations. They further provided that the company evaluates and improves the planning and implementation of CSR through social engagement scorecard and 3rd party evaluators. The foundation report on the progress of CSR initiatives is achieved through CSR sustainability reports.

The community is found to be the major stakeholder for the company among other stakeholders which include employees, government, environment, trade unions (specially truck operator's union in Darlaghat). The ACF representatives involve the community members in various stages of CSR planning and implementation. The representatives undertake need based assessment which is being done at the community level depending upon which CSR activities are prioritized. The foundation has also undertaken watershed

development projects in collaboration with NABARD. Stakeholders are engaged through quarterly meetings.

The ACF manger responded that they involve the community members in CSR related processes. The community members are engaged mainly through monthly visits, household visits and one to one discussions.

4.6 CHALLENGES INVOLVED IN CSR IMPLEMENTATION

The CSR manager provided the list of the regional challenges; first the terrain is a major challenge while implementing CSR, which directly affects the project costs. Secondly, scarce population of the area is another challenge that the managers are confronted with while implementing CSR. The CSR manager reported that the challenges themselves act as a barrier for CSR implementation. The manager also responded that amendment in the Company's Act in relation to CSR has not affected their CSR strategy as the company is into CSR since the year 1993.

CHAPTER 5

CSR INITIATIVES BY ACC LIMITED (GAGAL PLANT)

The first four objectives of the study were related to the CSR activities of selected company:

1. To analyze the CSR practices adopted by companies in relation to community.
2. To examine the factors those motivate the selected companies to engage in CSR practices.
3. To identify the processes that the organizations follow to deliver CSR practices.
4. To identify the challenges faced by the companies while implementing CSR practices within the community.

The responses from the managers responsible for CSR activities related to these objectives were taken on questionnaire as given in Appendix A. The concerned managers were interviewed on the similar dimensions as present in questionnaire to generate deeper insights. In addition to this, CSR sustainability reports of the companies were analyzed in detail to achieve these objectives. The analysis of the data is presented below.

5.1 COMPANY PROFILE AND COMPANY CHARACTERISTICS

ACC limited is one of the foremost companies in the Indian cement and concrete industry which provide products and solutions and create the new economic, social and institutional infrastructure in one of the fastest growing economies of the world. ACC Ltd is having 17 modern cement factories, more than 50 ready mixed concrete plants with a vast distribution network of over 10,000 dealers and a countrywide spread. ACC was among the first Indian companies to incorporate environment protection in its corporate objectives. [153]

In the year 2005, ACC and Ambuja Cements Ltd become a part of Holcim Group of Switzerland. In 2015 Holcim Ltd. and Lafarge SA merged together to form Lafarge Holcim which is considered to be the new world leader in building materials industry.

In 1976, ACC won many prestigious awards and was the first recipient of India's CSR award instituted by ASSOCHAM which was the ASSOCHAM National Award for

outstanding performance in promoting agricultural and rural development practices. ACC has started undertaking CSR activities since the inception of the company. In 1952, the company launched Village Welfare Scheme with a team of teachers, social scientists, medical professionals, civil engineers, agricultural specialists, sanitation workers and craftsmen. This scheme started functioning at the corporate office and also at the rest of the cement plants.

5.2 CONCEPTUALIZATION OF THE TERM CSR

ACC's vision is to be one of the most respected companies in India. The vision serves the purpose of delivering sustainable value to all the stakeholders including employees, customers, suppliers, shareholders, community and society. The company has integrated the community development goals into the business goals by considering impact of their CSR practices on environment and the stakeholders of the company. ACC Gagal plant carries out its CSR through a manager devoted to CSR to serve the neighbouring community to provide them access to basic amenities, health, education and livelihoods for generations.

5.3 CSR PRACTICES AND FOCUS AREAS OF THE COMPANY

Education: ACC Ltd. is supporting for the cause of education. It has established school at the Gagal plant that serves to provide quality education to children of the employees and local communities. The company also provides support to government schools in the adjoining areas. It has also initiated technology based initiatives as smart classes to enhance the quality and learning levels.

The biggest impediment in government schools is teaching in English medium. Gagal Cement Works has launched a project in association with a NGO named SEEDS to improve quality standards in four government schools in the local community. ACC has created very good infrastructure in these schools, in terms of classrooms, laboratories, toilets, play grounds and school boundary walls. As a result, many private schools are mushrooming in the area where the increasing fees are putting a huge pressure on low-income groups in society. The project implemented by Gagal aims at:

1. Improving the performance of students in subjects like, Maths, Science and English.
2. Providing innovative Teaching and Learning Resources to schools.
3. Build capacity of government teachers to use innovative TLMs and teach effectively.

4. Integration of technology in classroom for achieving the desired curriculum.
5. Implementation of a set of procedures to achieve these objectives.

Supplementary teachers have been provided under this project to enable the school management to impart teaching in English and Hindi medium. In the view of this, a small increase in the enrolment of students is visible.

Women Empowerment: The ACC Gagaj plant, CSR manager and representatives encourage local women to come together to form self-help groups. Once the self-help groups are formed, members are trained on various marketing skills, capacity building skills, craft work and other team work related aspects. ACC Gagaj also organizes various vocational training wherein employees and their families as well as community members are actively involved.

Gagaj Project Swabalamban: This project is also known as 'On One's Own Feet'. This project was started with an aim to empower women to discover their potential and live with dignity. Under this project, CSR coordinators of ACC organized an 8-day training program in 2016 for a Self-Help Group named "Om Namah Shivaya" for groups of women from the village, on making jam, chutney and pickles. They were also taught to how to sell the products. Here, the SHG members are encouraged to use the locally available raw material for making items, which decreases the input cost and increases their profits.

Livelihoods: ACC Gagaj also promotes skill development with an aim to generate livelihoods among rural youth. The large numbers of rural youth are unemployed and require skill based trainings to meet the skill based requirements of the industries. The skill based CSR programs and practices of the plant connect the youth to high level skill training institutions. The company also provides support to the youth by providing partial funds to them and assists them during enrolments and during placements. Some of the youth from the communities have been trained on technical skills regarding constructions and are also placed in suitable positions.

Swabalamban Brings Progress: This project was launched in August 2014 for the local community in the vicinity of Gagaj plant. The aim of the project is to improve skills especially for youth, women and farmers who are the key stakeholders from the community. This project is in partnership with the NGO, 'We the people' and has made significant contributions in 2015.

1. 50 farmer clubs were formed out of which 38 were linked to savings.
2. A cumulative saving of Rs. 1,10,500/- has been deposited by Women Self-Help Groups with an average amount per WSHG of Rs. 2,210/-.
3. 76 Lead Resource Persons (LRPs) were identified from amongst the FCs who were trained to promote Agri-business development in their respective groups.
4. Agricultural activities including potato production, seed treatment and soil testing is also being carried out. 112 samples were collected from WSHG and FC members and then sent to soil testing laboratories at the District level. This is followed by the sharing of reports with the farmers along with agri-extension activities to improve soil deficiency and production.

Awareness Campaigns: Gagal unit of ACC organizes awareness campaigns to spread awareness on road safety particularly about the safety of small children. One such program was also organized at D.A.V. Barmana in which various competitions like slogan writing, poster competitions etc., here safety pledges were also taken. Another such event was organized at Govt. Sen. Sec. School Barmana where more than 300 schools participated. A resource person from the safety circle, Chandigarh gave presentation on the event. ACC is also involved in organizing AIDS awareness campaigns to create awareness among the employees and the respective communities.

CSR activities in relation to environment: In response to environment related CSR activities, the CSR manager responded that the company undertake tree plantations every year in the community. The company has also installed garbage treatment plant.

5.4 FACTORS THAT MOTIVATE SELECTED COMPANIES TO ENGAGE IN CSR ACTIVITIES

From the CSR manager perspective, ethical and moral reasons, to comply with legal requirements, to improve relations with the community, to improve customer loyalty, to improve relationship with business partners, to improve economic performance, a commitment to reduce the company's impact on the environment and to return back to the community came out to be the significant factors. Whereas, to improve employee motivation, pressure from third parties, to avail public incentives and to improve or preserve reputation of the company are found to be insignificant motivating factors.

5.5 PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES

In this regard, the CSR manager responded that the company carries out its CSR activities with a manager devoted to CSR engagement. The concerned CSR manager has not reported anything regarding CSR impacts and assessments. The company develops CSR commitments through CSR plans and their implementation. ACC provides information about its CSR Progress and achievements to stakeholders through newsletter “Together for Communities” which they publish quarterly.

Stakeholders are involved in various levels (planning, implementation and assessment stages) of CSR programs through monthly meetings. The community members were engaged in CSR processes mainly through monthly meetings with community members.

5.6 CHALLENGES INVOLVED IN CSR IMPLEMENTATION

Expectations from the public: In this regard, the manager responded that it is difficult to satisfy the community expectations which turn out to be the major challenge for CSR implementation.

CHAPTER 6

CSR INITIATIVES BY SJVNL (NATHPA JHAKRI HYDRO POWER STATION)

The first four objectives of the study were related to the CSR activities of selected company:

1. To analyze the CSR practices adopted by companies in relation to community.
2. To examine the factors those motivate the selected companies to engage in CSR practices.
3. To identify the processes that the organizations follow to deliver CSR practices.
4. To identify the challenges faced by the companies while implementing CSR practices within the community.

The responses from the managers responsible for CSR activities related to these objectives were taken on questionnaire as given in Appendix A. The concerned managers were interviewed on the similar dimensions as present in questionnaire to generate deeper insights. In addition to this, CSR sustainability reports of the companies were analyzed in detail to achieve these objectives. The analysis of the data is presented below.

6.1 COMPANY PROFILE AND COMPANY CHARACTERISTICS

SJVNL was established in 1999 as a joint venture of Government of Himachal Pradesh and Government of India. SJVN Limited is a Mini Ratna, Category-I and Schedule 'A' CPSE under administrative control of Ministry of Power, Govt. of India. The SJVNL Nathpa Jhakri Hydro Power Station was the first Project of the company which is India's largest in terms of power generation. The company has started and commissioned projects namely Rampur Hydro Power Station in Shimla District of Himachal Pradesh, Solar power project in Gujarat and Wind power project in Maharashtra. SJVN is presently implementing Power Projects in Himachal Pradesh, Uttarakhand, Gujarat and Bihar in India. Besides India, the company is also implementing projects in Nepal and Bhutan. The SJVNL CSR policy stands to provide support towards social and economic development of the communities [154].

6.2 COMPANY'S CONCEPTUALIZATION OF THE TERM CSR

In NJHPS, Corporate social responsibility has always been an integral part of corporate business since the inception of the company. Corporate Social responsibility has been an integral part of corporate business since the very inception of the company. SJVN foundation has been engaged in addressing a whole gamut of emerging issues by designing and implementing intervention programs. The company has a separate department named SJVN Foundation with a manager devoted to plan and implement CSR activities in the community and society. The company is highly involved in various CSR practices with a focus on education, women empowerment, health and hygiene and other related issues. The company is also implementing various projects in line with the Government of India.

6.3 CSR PRACTICES AND CSR FOCUS AREAS OF THE COMPANY

Supporting education & providing scholarships: SJVN Foundations' education and skill development program is based on the principle of empowering the younger generation with skill sets that would enable them to earn a livelihood and live with dignity and honour. Under the SJVN's Silver Jubilee Merit Scholarship scheme, which aims at inculcating competitive spirit among students was launched in the FY 2012-13. The scheme is open for meritorious students of 12th standard for pursuing higher studies in different streams. Selected students are paid a scholarship for INR 2,000/- per month till the time they complete the course. Out of 170 students selected for the scheme in the FY 2015-2016, 100 students were selected from Himachal Pradesh and were awarded the school scholarship by the governor of Himachal Pradesh, Acharya Devvrat at a function held at Raj Bhawan, Shimla on 14th January, 2016. SJVN Foundation contributed Rs. 10 Lacs towards Centre for Social Responsibility and Leadership, New Delhi for providing 11 months free residential coaching to 4 underprivileged but talented students from Himachal Pradesh to compete for admissions in IIT, NIT or other reputed institutes. During the financial year 2015-16, wards of six members of the NJHPS community were given merit scholarships of Rs. 1,48,500/-.

Women Empowerment: SJVN is also engaged in empowering the Women who belong to weaker sections of the community. SJVN has started a Woman and Child Development scheme in 2012-2013, under which all (BPL) women residing in the community governed by the project were given a financial benefit of Rs. 10,000/- in two instalments each during ante

natal and post-natal periods to the mother for providing healthy nourishment to the new-born child. Besides this a pack of nutritional food items, soaps, and other hygiene related items for the care of the new-born are also given to these BPL women. In NJHPS during FY-2015-16, extended benefits were provided to all the women who applied under this scheme.

Health and Hygiene: SJVN Foundation has also conducted many health and hygiene camps which provided free check-up and treatment facilities at the project governed hospitals constructed at Jhakri. This initiative has enabled the local people to avail free medical care facilities and is providing a greater degree of relief. Under this initiative, people with disabilities get special attention. Free Health consultancy services are being provided to the community residing around NJHP through ‘Satluj Sanjeevani Sewa’ scheme. It has been able to provide basic healthcare services at doorsteps of many rural households. Other than free consultancy, free medicines are also being provided by these clinics. This project is implemented by Help Age India, a well-known NGO, on behalf of SJVN Foundation for which Memorandum of Understanding was signed on 17th April 2013. A huge number of patients (around 41891), benefitted in 2015-16. They were mostly the community people, project affected families and other areas. In addition to this, NJHPA conducted 8 health camps in FY-2015-16 benefitting 2237 people.

Infrastructure and community development: Under Sustainability program, a “sewerage Treatment plant” of one million litres per day (MDL) capacity has been constructed in the village of Jhakri in Distt Shimla under NJHPS in association with I & PH Department of GoHP at the cost of Rs.9.99 Cr. The scheme was inaugurated at Jhakri on 15th Nov 2015, benefitting 615 households of entire Jhakri area. The scheme is being monitored jointly by a committee consisting of HPIPH and NJHPS officials.

Swachh Vidyalaya Abhiyan-Sanitation: On 15th August Hon’ble, Prime minister made an historic announcement that all schools in the country should have toilets with separate toilets for girls. He called upon corporate sector to participate, something that could be undertaken by the expenditure incurred under mandatory CSR funds. He said that the targets listed out should be completed in one year. To support this mission, NJHPS, constructed toilets in the adjoining community schools, adhering to the guidelines issued by MOP in terms of quality and other parameters.

Rehabilitation of water bodies: In relation to rehabilitation of water bodies, NJHPS has constructed 2 water bodies.

Awareness Programs: SJVNL (NJHPS) organized one awareness program on environmental protection during FY-2015-16. The foundation is also engaged in creating awareness about energy conservation through various national awareness campaigns. A state level painting competition with the theme of energy saving and environment was initiated by Ministry of Power at Raj Bhawan Shimla (HP) on 6th Nov 2015. The foundation also provides support to promote national and rural festivals.

CSR activities in relation to environment: The CSR representatives and managers undertake tree plantations every year in the community. In addition to this, they have also installed garbage bins at various locations in the community and society.

6.4 FACTORS THAT MOTIVATE SELECTED COMPANIES TO ENGAGE IN CSR ACTIVITIES

Among the listed factors ethical and moral reasons, to comply with legal requirements, to improve relations with the community, to improve customer loyalty, to improve relationship with business partners, to improve economic performance, a commitment to reduce company's impact on the environment and to return back to the community turned out to be the highly prioritized factors according to the foundation's CSR manager. Whereas, to improve employee motivation, pressure from third parties, to avail public incentives and to improve or preserve the reputation of the company were considered insignificant for the concerned CSR manager.

6.5 PROCESSES USED IN PLANNING AND IMPLEMENTING CSR ACTIVITIES

In this regard, the CSR manager responded that the company carries out its CSR activities with a manager devoted to CSR engagement along with a separate department for CSR since the inception of the company. The company conducts the CSR assessments through impact assessment studies and through independent external agencies which further help the company to improve the plans and their implementation. The company publishes reports on the

progress of CSR initiatives through in-house journals and through periodic progress reports to higher authorities.

The CSR manager provided that all their CSR activities are oriented towards community and society. Stakeholders are involved in various levels (planning, implementation and assessment stages) of CSR programs through village area development communities. The community members are engaged in CSR processes mainly through focus group meetings with community members in addition to community darbars and one to one discussions.

6.6 CHALLENGES INVOLVED IN CSR IMPLEMENTATION

The manager responsible for CSR activities of the company responded that while implementing CSR activities the biggest challenge is the execution of the projects in rural areas and interior places and ultimately it increases the project cost. Second challenge is difficulty in finding authentic NGO partners while implementing CSR.

CHAPTER 7

COMMUNITY'S PERCEPTION AND EXPECTATIONS ON CORPORATE SOCIAL RESPONSIBILITY

7.1 INTRODUCTION

In this chapter, community perceptions and expectations were analysed which were through Part B of the questionnaire. The responses were measured on a 5-point Likert scale, consisting of dimensions covering the perceptions and expectations of the community on company's corporate social responsibility. The following are the dimensions that are included to cover community perceptions and expectations:

1. Motivation for CSR engagement for the company.
2. CSR focus areas for the company.
3. CSR activities towards the environment.
4. CSR activities towards the community.
5. Involvement of community in processes used in CSR planning and implementation.
6. Medium of engagements.
7. Impact of CSR on the community.
8. Community expectations.

7.2 DATA ANALYSIS AND RESULTS

To find out pertinent answers to the objectives of the study it becomes important to analyse the raw data with the help of suitable techniques. The analysis of the data is presented in the following sections.

7.2.1 Demographic Profile of Community Respondents

The demographic profile of the respondents from the immediate communities of the selected companies is given in table 7.1

Table 7.1: Demographic Profile

	Ambuja (%)	ACC (%)	SJVNL (%)
Gender			
Male	50.0	68.2	61.0
Female	50.0	31.8	39.0
Age			
18-25 Yrs.	62.5	15.5	16.3
26-35 Yrs.	20.8	33.6	9.9
36-45 Yrs.	12.5	31.8	39.7
46-55 Yrs.	2.5	12.7	24.1
Over 56 Yrs.	1.7	6.4	9.9
Education			
Under Sec.	5.8	10.0	51.8
Secondary	15.8	16.4	29.8
Graduate	36.7	27.3	12.8
Post Graduate	14.7	46.4	5.7
Occupation			
Student	40.0	27.3	26.2
Farmer	25.8	13.6	47.5
Small Businesses	17.5	33.6	12.1
Others	8.3	25.5	14.2

The table 7.1 shows that, the total sample size for Ambuja Cement Ltd. for the present study is 120, and out of this sample, 50% were male and 50% were female. 62.5% respondents fall in the age range of 18-25 years, 20.8% were between 26-35 years, 12.5% were between 36-45 years, 2.5% were between 46-55 years, and only 1.7% was above 56 years. 41.7% respondents were educated up to graduate level or more, 36.7% respondents were undergraduates, 15.8% respondents were educated up to secondary level, and 5.8% were under secondary level; 40.0% were students, 25.8% were farmers, 17.5% were small businessman, and 8.3% belonged to professions other than these.

The total sample size of the respondents for ACC Ltd. is 120, and 56.66% respondents were males and 43.33% were females. It is clear from the table that 15.5% respondents were between the age ranges of 18-25 years, about 33.6% were between 26-35 years, about 31.8% were between 36-45 years, 12.7% were between 46-55 years, and only 6.4% of the community members were above 56 years of age. 67.5% respondents were educated up to graduate level or more, 22.5% were undergraduates, 10% were educated up to secondary, and 10.0% of the respondents were under secondary level; 14.16% respondents were students, 34.16% respondents were farmers, 27.5% respondents were small businessman, and 24.16% respondents belonged to occupations other than these.

The total sample size of the respondents of SJVNL is 140, and 61% of the respondents were males and 39% were females. The table shows that, 16.3% of the responding community members were between the ages of 18-25 years, about 9.9% were between 26-35 years, about 39.7% were between 36-45 years, 24.1% were between 46-55 years, and only 9.9% of the community members were above 56 years of age. 5.7% respondents were educated up to graduate level or more, 12.8% were undergraduates, 29.8% were educated up to secondary level, and 51.8% of the respondents were under secondary level; 26.2% respondents were students, 47.5% respondents were farmers, 12.1% respondents were small businessman, and 14.2% respondents belonged to occupations other than these.

7.2.2 Community perception on company's CSR

One of the objectives of the study was to capture the level of awareness about CSR and CSR initiatives of the respective company among the community members. The results are presented in the table 7.2.

Table 7.2: Community awareness and perceptions on Company's CSR

S. No.	Community awareness and perceptions on company's CSR	Ambuja (%)	ACC (%)	SJVNL (%)
1.	Do you know what CSR is?	75.0	86.4	92.9
2.	Does a company involve itself in CSR?	95.0	98.2	98.6

3.	Do you perceive the company to be socially responsible?	95.0	47.3	85.1
4.	Do you think the company has a CSR policy?	75.0	62.7	87.2
5.	Are you aware about CSR mandate as per company's act 2013?	54.2	68.2	24.1
6.	Is the company spending on Community development programs?	95.5	47.3	78.0
7.	Are you aware of the different projects being funded by the company?	85.8	72.7	77.3

In the community of Ambuja Cement Ltd., 75% of the respondents know about corporate social responsibility but nearly half of the respondents (54.2%) were aware about CSR mandate as per Company's Act, 2013. Majority of the respondents (95%) agreed that the company involved itself in CSR activities and did spend on community development programs. They also agreed that the company has a CSR policy, 85.8% respondents were aware about different projects being funded by the company.

In the community of ACC Ltd., 86.4% of the respondents know about the corporate social responsibility out of which 68.2% respondents are aware about the CSR mandate as per the Company's Act, 2013. Majority of the respondents (98.2%) agreed that the company involved itself in CSR activities. Only 47.3% respondents agreed that the company is spending on community development programs and 62.7% respondents perceive that the company has a CSR policy; 72.7% respondents were aware about different projects being funded by the company.

In the community of SJVNL, 92.9% of the respondents know about corporate social responsibility out of which 21.4% respondents are aware about CSR mandate as per the Company's Act, 2013. Majority of the respondents (85.1%) agreed that the company involved itself in CSR activities. Only 78.0% respondents agreed that the company is spending on community development programs and 87.2% respondents perceive that the company has a

CSR policy, 77.3% respondents were aware about different projects being funded by the company.

Community perception

The communities' perception about companies' responsibilities towards society and environment was captured through three questions. The results are presented in the table 7.3.

Table 7.3: Community Perception

S. No.	Community Perception	Mean			Standard Deviation		
		AMB	ACC	SJVN	AMB	ACC	SJVNL
1.	Company should pay significant attention to social and environmental responsibilities	4.87	4.85	4.99	.341	.354	.084
2.	Profit generation is equally important for the socially, ethically and environmentally responsible behaviour	4.48	4.86	4.84	1.250	.345	.371
3.	CSR creates value for the company	4.28	4.83	4.58	.611	.380	.748

From the table 7.3, we can conclude that the respondents rated all the statements with mean ≥ 4 which means that the respondents of all the three selected companies strongly believed that companies must pay significant attention to social and environmental responsibilities. The community members also perceived that profit generation is of equally important as social, ethical and environmentally responsible behaviour. The respondents of all the three companies perceived that CSR creates value for the company.

7.2.3 Motivation for CSR engagement

The community respondents were asked to rate the company with respect to the motivating factors for CSR engagement. The respondents were asked to give their responses on 13 statements about motivation for CSR engagement. The results are presented in the table 7.4.

Table 7.4: Motivations for CSR Engagement

S. No.	Motivation for CSR engagement for the company	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	Ethical and moral reasons	3.30	1.44	2.44	2.42	1.728	.862	1.203	1.505
2.	To comply with legal requirements	4.63	4.42	3.83	4.26	.869	.952	.377	.829
3.	To improve relations with the community	4.58	1.60	4.04	3.49	.656	1.20	.421	1.482
4.	To attract new customers	3.42	1.64	1.13	2.02	.668	.936	.343	1.192
5.	To improve customer loyalty	2.32	1.44	1.25	1.65	.879	.830	.634	.907
6.	To improve employee motivation	2.00	2.07	1.16	1.70	1.138	1.00	.511	.997
7.	To improve relation with business partners	3.35	2.33	1.16	2.22	.774	.949	.472	1.177

8.	To improve economic performance	2.82	1.56	1.64	2.00	1.436	.904	.482	1.148
9.	Pressure from third parties (competitors or clients)	1.50	3.00	1.10	1.79	.745	.899	.384	1.057
10.	To avail public incentives	1.18	1.46	1.09	1.23	.479	1.09	.280	.696
11.	To improve or preserve the reputation of the company	4.75	2.45	4.84	4.10	.435	1.51	.371	1.393
12.	A commitment to reduce the company's impact on the environment	4.32	2.50	3.96	3.64	.673	1.47	.608	1.225
13.	To return back to the community	3.97	2.49	3.16	3.23	.628	.965	1.067	1.084

The community members of Ambuja rated either high or above average on 8 out of 13 motivating factors for CSR engagement. These factors included (in the order of merit) to improve or preserve the reputation of the company (M=4.75, SD= .435); to comply with legal requirements (M=4.63, SD=.869); to improve relations with the community (M=4.58, SD=.656); a commitment to reduce company's impact on the environment (M=4.32, SD=.673); to return back to the community (M=4.58, SD= .656); to attract new customers (M=4.58, SD=.656); to improve relations with business partners (M=4.58, SD= .656); ethical and moral reasons (M=3.30, SD=1.728). However, the rating was low for the remaining motivators for CSR engagement for the company which included: to improve economic

performance (M=2.82, SD= 1.436); to improve customer loyalty (M=2.82, SD=1.436); to improve employee motivation (M=2.82, SD=1.436); pressure from third parties (M=1.50, SD=.745); and to avail public incentives (M=1.18, SD=.476).

The community members of ACC Ltd. rated only 4 out of 13 motivating factors high, which includes, to comply with legal requirement and is found to be the most prominent motivating factor for ACC, with M=4.42, SD=.952; pressure from third parties with M=3.00, SD=.899; a commitment to reduce company's impact on the environment (M=2.50, SD=.608); to improve or preserve reputation of the company (M=2.45). However, the remaining motivators were found to be insignificant with respect to ACC as per ratings provided by the respondents.

The community members of SJVNL rated 5 out of 13 motivating factors for CSR engagement high. The five factors that were found to be rated high or above average included (in the order of merit): to improve or preserve the reputation of the company (M=4.84, SD=.371); to improve relations with community (M=4.04, SD=.421); a commitment to minimise company's impact on the environment (M=3.96, SD=.608); to comply with legal requirements (M=3.83, SD=.377). Whereas the remaining motivators for CSR engagement received low ratings by the SJVN community respondents as the mean value is below average.

7.2.4 The CSR Practice (CSR Focus Areas)

To identify the CSR focus areas of the selected companies, the community members were asked to provide ratings on selected parameters covered under CSR Practice (CSR focus areas). The results are given in table 7.5.

Table 7.5: CSR Focus Areas

S. No.	CSR Focus Areas	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	The company is supporting for education such as building school and library	3.300	2.200	4.348	3.372	1.338	1.038	.5475	1.334
2.	The company provides scholarships to students incommunity	2.76	1.00	4.53	2.91	1.372	.000	.650	1.691
3.	The company is donating money and other necessary things to community	3.18	1.00	2.03	2.10	1.296	.000	.978	1.282
4.	The company organizes cultural programs (“Sport Day”, “Anti-Drug”)	3.37	2.47	4.45	3.52	1.450	1.029	.741	1.364
5.	The company organizes blood donation campaigns	3.40	3.62	4.79	3.99	1.569	.690	.411	1.180

6.	The company is working on women empowerment and other related issues	3.22	3.25	4.06	3.55	1.350	.826	.496	1.021
7.	The company is helping and supporting farmers	3.05	1.42	3.11	2.59	1.308	.817	1.026	1.313
8.	The company organizes youth-care programs	3.03	1.35	4.58	3.12	1.449	.698	.871	1.688
9.	The company conduct waste management practices	2.78	2.44	3.72	3.04	1.265	.830	.452	1.048
10.	The company undertakes environment management practices	3.06	3.55	4.67	3.81	1.225	.820	.473	1.118

It is evident from the table 7.5 that community members of Ambuja significantly rated all the 10 parameters covered under CSR focus areas of the company. The focus areas included (in the order of merit) are: organizing cultural programs (M=3.37, SD=1.450); blood donation campaigns (M=3.40, SD=1.57); supporting education (M=3.30, SD=1.34); women empowerment related issues (M=3.22, SD=1.350); donating money and other necessary things to the community (M=3.18, SD= 1.29); environment management practices (M=3.18, SD=1.29); helping and supporting farmers (M=3.05, SD=1.308); youth care programs (M=3.03, SD=1.45); waste management practices (M=2.78, SD=1.27); scholarships to students (M=2.76, SD=1.38).

The community respondents rated only three parameters out of 10 parameters which are listed under the CSR focus areas of the company for ACC Ltd.. These significantly rated focus areas included blood donation camps (M=3.62, SD=.690); environment management practices (tree plantations) (M=3.55, SD=.820); women empowerment issues (M=3.25, SD=.826). The remaining CSR focus areas for ACC received low rating from the community members with mean value >2.5.

In case of SJVNL, the community respondents rated nine parameters out of 10 listed under the CSR focus areas of the company. The focus areas included (in the order of merit) blood donation campaigns (M=4.79, SD=.411); environment management practices (M=4.67, SD=.473); youth care programs (M=4.58, SD=.871) ; cultural programs (4.45, SD=.74); scholarships to students (M=4.53, SD=.650); supporting education (M=4.35, SD=1.038) ; women empowerment related issues (M=4.06, SD=.496); waste management practices (M=3.72, SD=.452); helping and supporting farmers (M=3.11, SD=.817); donating money and other necessary things to community (M=2.03, SD=.978).

7.2.5 CSR activities towards the Environment

The physical environment is a significant and crucial part of business operations specially for the cement firms because of their negative impact on the physical environment. The community respondents were given nine dimensions related to the environment and were asked to rate the company depending upon their level of involvement in various environment related CSR activities. The results are presented in table. 7.6.

Table 7.6: Environment related CSR activities

S. No.	CSR activities towards the Environment	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	Waste management/ reduction practices	3.63	2.62	3.72	3.36	1.216	.928	.452	1.021
2.	Tree Plantations	4.02	3.49	4.65	4.10	.907	.875	.478	.898

3.	Provide regular voluntary information about environment management to community	1.61	1.00	3.78	2.25	1.063	.000	.432	1.387
4.	Disclosure of environmental and social performance	1.74	1.21	3.57	2.28	.440	.409	.786	1.191
5.	Reduction of water consumption	2.45	1.00	2.35	1.98	.532	.000	.727	.836
6.	Reduction of all forms of pollution (air, water, land, noise)	1.27	1.42	2.13	1.64	.444	.952	.343	.727
7.	Energy conservation	1.42	1.76	1.48	1.54	.495	.976	.501	.690
8.	Environmental audits	3.25	3.07	3.21	3.18	.435	.896	.460	.618
9.	Environment policy	3.24	3.64	4.52	3.84	.430	.936	.850	.946

For Ambuja, five out of nine environment related CSR activities were rated high or above average. These activities include (in order of merit): waste management/reduction practices (M= 3.36, SD=1.216); tree plantations (M= 4.02, SD=.907); environmental audits (M=3.25, SD=.435); environment policy (M=3.24, SD=.430). However, the situation was different for the remaining environment related CSR activities. The table 7.4 indicates that the remaining activities received low ratings by the community respondents which included: providing regular and voluntary information about environment management to the community (M= 1.61, SD=1.063); disclosure of environment and social performance (M= 1.74, SD=.440); reduction of water consumption (M=2.45, SD=.532); reduction of all forms of pollution (M=1.27, SD=.444); and energy conservation (M= 1.42, SD=.495).

In case of ACC, only three activities out of nine environment related activities were above average which included tree plantations (M= 3.49, SD=.896); environmental audits (M= 3.07, SD=.896) and environment policy (M=3.64, SD=.936). However, the remaining activities were all engaged in low extent which included waste management (M=2.62, SD=.928); provide regular and voluntary information about environment management to the community (M=1.00, SD=.000); disclosure of environment and social performance (M=1.21, SD=.409); reduction of water consumption (M=1.00, SD=.000); reduction of all forms of pollution (M=1.42, SD=.976).

In case of SJVNL, seven out of nine environment related CSR activities were rated above average which included tree plantations (M=4.65, SD=.478); environment policy (M=4.52, SD=.936); provide regular and voluntary information about environment management to the community (M=3.78, SD=.432); waste management (M=3.72, SD=.928); disclosure of environment and social performance (M=3.57, SD=.786); environmental audits (M=3.21, SD=.460). The table 7.6 further indicated that the remaining environment related CSR activities receive low rating by the community respondents which includes energy conservation (M=1.48, SD=.501); reduction of all forms of pollution (M=2.13, SD= .343); reduction of water consumption (M=2.35, SD= .727).

7.2.6 CSR activities towards the community

The community respondents were given eleven dimensions related to the environment and were asked to rate the company depending upon their level of involvement in community related CSR activities. The results are presented in table. 7.7.

Table 7.7: CSR activities towards the community

S. No.	CSR activities towards the community	Mean			Standard Deviation				
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	Charity and volunteer work	3.91	1.87	3.77	3.25	.898	.665	.553	1.146
2.	Elimination of all forms of forced and compulsory labour and child labour	4.09	4.80	4.50	4.46	.467	.402	.713	.624

3.	Achieving universal primary education	2.21	1.00	4.67	2.79	.660	.000	.471	1.624
4.	Eradication of extreme poverty and illiteracy	3.76	1.38	3.44	2.93	1.004	1.004	.831	1.385
5.	Promoting gender equality and women empowerment	4.16	3.63	4.18	4.01	.534	.486	.389	.530
6.	Reducing child mortality and improving maternal health	1.88	1.00	4.83	2.74	.980	.000	.377	1.779
7.	Combating HIV AIDS, malaria and other diseases	4.53	4.50	4.08	4.35	.579	.878	.415	.667
8.	Involved in projects with the local community	4.12	1.13	2.28	2.53	.573	.386	.449	1.289
9.	Recruitment policies that favoured local communities	3.75	1.77	3.50	3.07	1.079	.421	.891	1.203
10.	Organizes community development activities/programs	3.45	2.13	4.01	3.27	1.371	.560	.084	1.143
11.	Company's representatives monitor CSR projects	3.43	1.34	3.78	2.94	1.301	.733	.416	1.370

Table 7.7 indicates that engagement in most of these community related CSR activities by Ambuja were rated significantly above average or high ($M > 2.50$), except for the following activities: Achieving universal primary education ($M=2.21$, $SD=.660$), Reducing child mortality and improving maternal health ($M= 1.88$, $SD=.980$).

In ACC, engagement in community related activities is rated significantly above average or high which included: eliminating of all forms of forced or compulsory labour ($M=4.80$, $SD=.402$); gender equality and women empowerment ($M=3.36$, $SD=.486$); spreading awareness to combat HIV AIDS, malaria and other diseases ($M= 4.50$, $SD= .878$). While the remaining community related CSR activities were rated significantly below average or low ($M < 2.50$).

SJVN is found to be engaged in almost every community related CSR activities. All the community related CSR activities were rated significantly as the mean is found to be (M=3.5), except the involvement of SJVN in project with local community where (M=2.28).

7.2.7 Involvement of community in CSR planning and implementation processes

Another aspect of good CSR is the involvement of community in the processes of planning and implementation of CSR activities. The respondents were asked to rate the respective companies on this dimension. The results are given in table 7.8.

Table 7.8: Community involvement in CSR

S. No.	Involvement of community in the processes used in CSR planning and implementation	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVNL	Total
1.	When conducting a CSR assessment	4.00	1.53	1.00	2.13	.778	.854	.000	1.462
2.	When developing a CSR strategy	3.52	1.00	1.26	1.91	1.223	.000	.670	1.377
3.	When developing a CSR commitment	3.68	1.00	1.24	1.96	.996	.000	.654	1.384

From the table 7.8, it is clear that out of the three selected companies, Ambuja Cement is found to have a greater involvement of community in the CSR planning and implementation processes at all the stages. The community respondents responded that ACF's CSR representatives involve the community members mainly while conducting CSR strategy. The CSR representatives also engage the community members while developing CSR strategies and developing CSR commitments.

ACC and SJVNL are found to have low involvement of the community members in planning and implementing stages of CSR with (M>2) in all the stages of CSR involvement.

7.2.8 Medium of engagements

The respondents were asked to rate the respective companies on the medium of engagement of the community in CSR process. The results are given in table 7.9.

Table 7.9: Medium of Engagement

S. No.	Medium of Engagement	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	Community Darbars	1.07	1.00	1.84	1.34	.250	.000	.497	.519
2.	Household visits	3.49	1.00	1.23	1.89	1.734	.000	.637	1.535
3.	One to one discussion	1.12	1.00	1.25	1.13	.434	.000	.645	.478
4.	Focus Group meetings	4.79	2.01	2.15	2.96	.564	1.424	1.419	1.752

From the table 7.9, it is clear that, out of the three companies, the engagement of Ambuja Cement with the community members is found to be the highest. The table further indicates that Ambuja CSR representatives engage the community members mainly through focus group meetings followed by household visits.

Whereas, as per community respondents, CSR representatives of ACC and SJVNL, rarely engage with the community, which is done only through focus group meetings. Rest of the community engagement mediums received very low rating by the community members.

7.2.9 Impact of CSR activity of the company on the community

The respondents of the companies were asked to rate the impact of CSR activities of the company on the community in terms of improvement in socio economic areas of the company, relationship of the company with the community members and the overall CSR impact on the community. The results are presented in table 7.10.

Table 7.10: Impact of CSR on the community

S. No.	Impact of CSR activity of the company on the community	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	There is improvement in community socio-economic areas	3.20	1.97	3.58	2.98	1.281	.582	.972	1.200
2.	Company maintains a good relationship with community and people in this area	3.23	2.27	3.66	3.11	1.314	.447	.735	1.071
3.	The impact of Company's CSR on the community	2.91	2.63	3.79	3.16	1.250	.486	.909	1.067

The results presented in table 7.10 reflect that there is improvement in community socio economic areas by the activities of SJVN (M=3.58), followed by Ambuja Cement and then ACC Ltd.. It is also clear that the community members believe that SJVN and Ambuja Cement maintain a good relationship with the community (M ≥3.66). Whereas in case of ACC, nearly half of the total respondents rated that the company maintains good relationship with the community members. From the table 7.10, it is also clear that as per community respondents, SJVNL is found to have a good impact on the community (M=3.79) followed by Ambuja (M=2.91), and lastly ACC (M=2.63).

7.2.10 Community Expectations

To analyse the expectations of the community from the selected companies, the community members were provided a set of expectations and were asked to rate them. The results are presented in table 7.11.

Table 7.11: Community Expectations

S. No.	Community Expectations	Mean				Standard Deviation			
		AMB	ACC	SJVN	Total	AMB	ACC	SJVN	Total
1.	Focus on poverty reduction in communities	3.18	3.79	3.89	3.63	1.188	1.166	.714	1.071
2.	Assist to train community members	4.88	5.00	4.87	4.91	.322	.000	.335	.281
3.	Meet regularly with community members	3.65	4.78	4.79	4.42	.885	.565	.406	.832
4.	Provide funds to support community activities and projects	4.77	4.81	4.30	4.60	.419	.417	.459	.495
5.	Provide basic infrastructures	4.20	1.75	4.24	3.49	.402	1.474	.429	1.430

It is quite evident from the table 7.11, that expectations of the community members from Ambuja as well as SJVNL were significantly high with mean ($M > 2.50$) for all listed expectations including providing assistance to train community members, provide funds to support community projects and activities, meet the community members regularly, focus on poverty reduction in communities, followed by providing basic infrastructure.

Whereas the expectations of the community members from ACC were significantly high for all the activities except for providing basic infrastructure ($M = 1.75$, $SD = .402$). It can also be inferred from the table that all the respondents expect the company to assist to train community members ($M = 5.00$), majority of community respondents expect the company to provide funds to community members ($M = 4.81$), and expect the company to meet regularly with the community members ($M = 4.78$).

7.3 RESULTS

The major results of community's perception about CSR activities of the selected companies are as follows:

1. The community is aware about corporate social responsibility but the awareness about the CSR mandate as per Company's Act, 2013 is low.
2. The community members strongly believe that companies must pay attention to social and environmental responsibilities and also accept that profit generation is of equally important as social, ethical and environmentally responsible behaviour.
3. The community members perceive that CSR creates value for the company.
4. The community members of Ambuja Cement Ltd. feel that major motivating factors for CSR engagement for the company are: to improve or preserve the reputation of the company; to comply with legal requirements; to improve relations with the community; a commitment to reduce company's impact on the environment; to return back to the community; to attract new customers; to improve relations with business partners; and ethical and moral reasons.
5. The community members of ACC Ltd. feel that major motivating factors for CSR engagement for the company are: to comply with legal requirement; pressure from third parties; a commitment to reduce company's impact on the environment; and to improve or preserve reputation of the company.
6. The community members of SJVNL feel that major motivating factors for CSR engagement for the company are: to improve or preserve the reputation of the company; to improve relations with community; a commitment to minimise company's impact on the environment; to comply with legal requirements.
7. Ambuja Cement Ltd. focuses on: organizing cultural programs; blood donation campaigns; supporting education; women empowerment related issues; donating money and other necessary things to the community; environment management practices; helping and supporting farmers; youth care programs; waste management practices; scholarships to students to carry out their CSR activities.
8. The major CSR focus areas of ACC Ltd. are: blood donation camps; environment management practices (tree plantations); and women empowerment issues.

9. The major CSR focus areas of SJVNL are: blood donation campaigns; environment management practices; youth care programs; cultural programs; scholarships to students; supporting education; women empowerment related issues; waste management practices; helping and supporting farmers; donating money and other necessary things to community.
10. Ambuja Cement Ltd.'s environment related CSR activities include waste management/reduction practices, tree plantations, environmental audits and environment policy.
11. ACC Ltd.'s environment related CSR activities include tree plantations, environmental audits and environment policy.
12. SJVNL's environment related CSR activities include tree plantations, environment policy, provide regular and voluntary information about environment management to the community, waste management, disclosure of environment and social performance, and environmental audits.
13. People feel that Ambuja Cement Ltd. should engage in achieving universal primary education, reducing child mortality and improving maternal health.
14. ACC Ltd. has high engagement in community related activities which included: eliminating of all forms of forced or compulsory labour; gender equality and women empowerment; spreading awareness to combat HIV AIDS, malaria and other diseases.
15. The community of SJVN feel that the involvement of SJVN in projects with local community is low.
16. Ambuja Cement Ltd. involves community in the CSR planning and implementation processes at all the stages.
17. ACC and SJVNL are found to have low involvement of the community members in planning and implementing.
18. The communities feel that there is improvement in community socio economic areas by the activities of SJVN followed by Ambuja Cement and then ACC Ltd..
19. The community members believe that SJVN and Ambuja Cement maintain a good relationship with the community.
20. The community members' expectations from Ambuja, SJVNL and ACC include: providing assistance to train community members, provide funds to support community projects and activities, meet the community members regularly, focus on poverty reduction in communities, followed by providing basic infrastructure.

CHAPTER 8

FINDINGS AND CONCLUSION

8.1 FINDINGS

The purpose of the present study was to explore the status of CSR activities conducted by the three companies Ambuja Cement Ltd., ACC Ltd. and SJVNL in Himachal Pradesh and the level of satisfaction of the respective communities. The major objectives framed were: to examine the factors those motivate the selected companies to engage in CSR practices; to analyze the CSR practices adopted by companies in relation to community; to identify the processes that the organizations follow to deliver CSR practices; to identify the challenges faced by the companies while implementing CSR practices within the community and to explore the perceptions and expectations that the community holds about Corporate social responsibility.

The demographic profile of the respondents is an indication that the community respondents were mature enough to provide responses that reflected the company's corporate social responsibility. Moreover, while taking community responses, most educated member of the household is preferred for marking the responses which is further an attempt to get proper responses. The objective wise findings are discussed below:

Motivating Factors for CSR engagement

Ambuja: The community members perceive that the foundation is highly motivated with respect to most selected motivating factors including ethical and moral reasons; to comply with legal requirements; to improve relations with the community; to improve relations with business partners; to improve reputation of the company; a commitment to reduce company's impact on the environment; to return to the community. The remaining motivating factors were insignificant as per community respondents which include: to improve economic performance; to improve customer loyalty, to improve employee motivation; pressure from third parties, and to avail public incentives.

ACC: The four factors out of the listed motivating factors were found significant which includes: to comply with legal requirement; pressure from the third parties; a commitment to reduce company's impact on the environment and to improve or preserve the reputation of the company. Whereas, according to community respondents, the remaining motivating factors for performing CSR activities are insignificant for the foundation.

SJVNL: The community perceives that five motivating factors are significant for CSR engagement which includes (in the order of merit), to improve or preserve the reputation of the company; to improve relations with the community; a commitment to reduce company's impact on the environment and to comply with legal requirements. The rest of the motivating factors were less significant according to the community respondents.

Focus areas of Corporate Social Responsibility

Ambuja: The community members of Ambuja significantly rated all the 10 parameters which are covered under CSR focus areas of the company. These focus areas include (in the order of merit) organizing cultural programs, blood donation campaigns, supporting education, women empowerment related issues, donating money and other necessary things to the community, environment management practices, helping and supporting farmers, youth care programs, waste management practices, scholarships to the students.

ACC: The community respondents rated only three parameters significantly among the listed CSR focus areas of the company. These significantly rated focus areas included blood donation camps, environment management practices particularly tree plantations, and women empowerment issues. While, according to the perceptions of the community respondents, the company is hardly involved in the remaining CSR focus areas.

SJVNL: The community respondents of SJVNL significantly rated nine parameters out of the ten listed CSR focus areas of the company. The community rated only one focus area insignificantly which included: the company is donating money and other necessary things to the community.

Environment related CSR

Ambuja: Regarding environment related Corporate Social Responsibility activities, Ambuja cement Foundation has undertaken CSR activities which include (in order of merit) waste management practices, tree plantations, and environmental audits. The remaining activities were rated insignificantly by community respondent which included providing regular and voluntary information about environment management to the community, disclosure of environment and social performance, reduction of water consumption, reduction of all forms of pollution, and energy conservation.

ACC: The community respondents perceived that, ACC has undertaken activities in relation to environment which includes tree plantations, environmental audits and environment policy. However, the remaining activities were engaged in a low extent which includes waste management; providing regular and voluntary information about environment management to the community, disclosure of environment and social performance, reduction of water consumption, reduction of all forms of pollution.

SJVNL: Community respondents rated seven out of nine environment related CSR activities significantly which includes tree plantations, environment policy and management, providing regular and voluntary information about environment management to the community, waste management, disclosure of environment and social performance, environmental audits. The remaining environment related CSR activities were insignificant for the company according to community respondents.

Community related CSR

Ambuja: In response to community related CSR activities, the respondents provided that Ambuja is focusing primarily on combating HIV AIDS, malaria and other diseases, is involved in projects with local community, and in eliminating all forms of compulsory, forced labour and child labour. In addition to this other community related activities such as charity and volunteer services, eradication of hunger and poverty, recruitment policies favouring local communities, community development activities, project monitoring by CSR representatives are also given fair consideration except for achieving primary education and reducing child mortality and improving maternal health.

ACC: The engagement in community related activities by ACC included elimination of all forms of forced or compulsory labour, promoting gender equality and women empowerment, and combating HIV AIDS, malaria and other diseases through awareness campaigns. ACC is providing little support to women by setting up of sewing training centers. While the remaining community related CSR activities were not given fair consideration.

SJVNL: The community respondents perceived that the company is highly engaged in every listed community related CSR activities except for the involvement of SJVN in projects with the local community.

Community's involvement in the processes used in CSR Planning and Implementation

Ambuja: The CSR representatives and the manager involved the community in the processes used in CSR planning and implementation. ACF representatives involved the community members mainly while conducting a CSR assessment. This is further supported by the ACF manager that they undergo need based assessment before developing a CSR strategy. The community respondents further supported this by responding that the CSR representatives involved the community members when they developed CSR strategies and also while developing CSR based commitments.

ACC: The CSR representatives and the manager of ACC does not involve the community members in the processes used in CSR planning and implementation. The community respondents responded that the company's CSR representatives do not involve them during the stages of CSR planning and implementation: when conducting CSR assessment, when developing CSR strategy and when developing CSR commitments.

SJVNL: The community respondents around SJVN responded that the concerned CSR representatives does not involve the community in stages of CSR planning and implementation. The community members are not involved during any of the CSR planning and implementation stages: when conducting CSR assessment, when developing CSR strategy and when developing CSR commitments.

Medium of Engagement of Community in CSR planning and Execution

Ambuja: The CSR representatives of ACF involved the community members in CSR planning and activities mainly through focus group meetings and household visits. These focus group meetings are a part of monthly meetings which are held twice in a month and involve the participation of the community. With respect to medium of engagements, it is also found that community darbars and one to one discussions are not preferred by the company as a medium to engage the community members.

ACC: The company CSR representatives engage the community only through Focus group meetings. The respondents responded that such focus group meetings are held once in two or three months. The community participation is also very low in these meetings. The community darbars, household visits and one to one discussion as a medium to engage community members are not preferred by the company.

SJVNL: The SJVNL CSR representatives engage the community members through focus group meetings. These focus group meetings are held once in a month. Additionally, the community respondents responded that there was very low participation from the community in such meetings. The rest of the medium of engagements including community darbars, one to one discussions with the community members and household visits were not preferred by the company as a medium to engage community members.

Impact of CSR activities on the Community

Ambuja: As per community respondents, there is improvement in community socio-economic areas of the community around ACF. The respondents also provided that after the establishment of the company, employment opportunities have also increased in the form of truck operators and the company also generated employment in the company itself to local people depending upon their educational background and skills. This further provides the advantage to the community in terms of improvement in social and economic development. It is also found that the company maintains a good relationship with the people and the community. This is further verified by the company CSR representative that they involve the community in CSR planning and implementation stages through meetings which are held at regular intervals with greater community participation. Moreover, nearly more than half of the

community respondents perceived that overall the company is having a positive impact on the community.

ACC: The community respondents perceived that there is low improvement in the socio-economic areas of the community with respect to CSR activities undertaken by the company. The respondents provided that no growth and development can be seen in the community with respect to CSR activities undertaken by the company in terms of social and economic development. It is found that the company does not maintain good relationship with the people and the community. This is further verified by the fact that the company does not involve the community in CSR planning and implementation stages. Moreover, only half of the community respondents perceived that overall the company is having a positive impact on the community.

SJVNL: According to community respondents of SJVNL, there is improvement in the community socio-economic areas of the community. The respondents also provided that the CSR activities undertaken by the company specially with respect to community related practices had benefitted their community in terms of social and economic growth. It is also found that the company maintains a good relationship with the people and the community by way of CSR activities that they have undertaken for the community and the environment. Moreover, majority of the community respondents perceived that overall the company is having a positive impact on the community.

Community's Expectations from Companies about CSR

Ambuja: The community respondents around Ambuja primarily expects the company to assist to train the community members, mainly through providing skill based trainings which further could help them to get employment opportunities in the competitive world. The community respondents also expect the company to provide funds and basic infrastructures to support the community in various projects and activities. They want that the company should meet regularly with the community members to discuss various matters related to CSR and community development. Moreover, the community expects that the company should focus on poverty reduction in the communities which will ultimately improve the social and economic standards of the community members.

ACC: It is found that the community around ACC want that company should assist them in providing training through various skill based training programs which focus on developing and enhancing skills of the local youth. This will further help them in getting employment opportunities. The community expects support from the company in the form of funds for various community activities and projects. They expect that the company's CSR representatives should meet regularly with the community members and assist them in identifying their need based CSR related activities. Moreover, the community expects that the company should focus on poverty reduction in communities which will ultimately improve the social and economic standards of the community members. A notable finding is that the community members do not expect the company to focus on basic infrastructures because they perceive that their community has the basic infrastructures since the inception of the company and have maintained them as well.

SJVNL: Most the respondents around SJVNL expect that the company must assist them in training through various skills based training programs. They want that the company must undertake training programs which are centered on youth. The community expects that the company should provide support to the community by providing funds for community related activities and projects. They expect that the company's CSR representatives should meet and interact with them on a regular basis. Additionally, majority of the community respondents expect that the company should focus on poverty reduction in communities which will help improve the social and economic status of the community members.

The findings provide a clear picture about what is superficial and what is the ground reality i.e. the gap between what the companies have shown on the CSR sustainability reports and what has taken place.

The findings reveal that there is a discrepancy in the results with respect to CSR focus areas and practices particularly in the case of ACC. The respondents are not found to be satisfied with the CSR based initiatives undertaken by ACC.

8.2 CONCLUSION

The conceptual understandings and the evolutionary shift in the concept of CSR clarified that it is not a discovery of modern times and cannot be credited only to developed countries. The

basic question is: Is economic development a prerequisite for CSR or does economic development follow CSR? The answer to this question is not simple, as CSR is concerned with different stakeholders with their own set of needs and expectations. The uniqueness of the needs and expectation emerge from the fact that each stakeholder in the socio-economic scenario is an outcome of the scenario and, they reshape the scenario. That's why; CSR requires to be ingrained in the DNA of the organization so that organizations can institutionalize the concept and understand the dilemma presented by the CSR concept.

The main purpose of the study is to explore the CSR concept and practices adopted by the companies selected for the case study and the respective communities in Himachal Pradesh. This purpose was achieved by investigating how the companies and the corresponding communities conceptualize the concept and identify the CSR practices adopted by companies in relation to the community. Moreover, the study explored the objectives by identifying the factors that motivate the companies to engage in the process of CSR and by identifying the processes that organizations are following to deliver the CSR practices.

The findings indicate that the companies and the community members have high familiarity with the CSR, which indicates high level of awareness and increase in popularity of the concept of CSR. The companies and the respective community members strongly perceive that the company must pay significant attention to social and economic responsibilities of the business. It is important to conclude that the companies and the communities have realized that CSR creates value for the company. It is also clear that among listed factors, few factors act as motivators for the selected company's engagement in CSR activities and is confirmed by similar studies [155]. Specifically, in this study these factors are basically described outside the low domain or any other system. They can be traced from the Carroll's economic and ethical factors and as extended by [7] and [133].

The findings of the study reflected that the community members of the respective case study companies were aware about the CSR concept in terms of the responsibility of the corporate sector towards the society. But community members were not aware about CSR in relation to Company's Act, 2013.

The study has also reported the major challenges faced by the managers while implementing CSR practices. Some of them are the regional challenges: specially the terrain

of the region, scarce population, expectations from the public, execution of the projects in rural and interior places and difficulty in finding authentic NGO partners.

It can be concluded from the findings, that from the community perspective ACC and Ambuja do not provide regular and voluntary information about environment related CSR activities to the community members. A clear CSR policy guideline is a valuable factor that will ultimately enhance activities and initiatives related to CSR [155]. This policy must cover strategies for CSR and, clarify various issues such as guidelines for engagement with stakeholders, funding of CSR activities, information on what and how to provide information and reporting to stakeholders and a clear process for CSR planning and implementation.

It can also be concluded from the findings that ACF and SJVNL are having low rating towards environment related CSR activities whereas ACC is involved less in environment and community related CSR activities. Therefore, the companies need to put more focus on environment related CSR activities. Moreover, it is also concluded from the findings that ACF and SJVNL have maintained a good relationship with the community members through meetings and involvement of the community in CSR based decisions.

One of the findings reflects that the selected companies for the study are maintaining sustainability reports annually. This finding is supported by the results of [156], [157], [158] because organizations are now required to produce annual sustainability reports covering issues related to CSR and sustainable development.

Another finding reflects that Ambuja Cement Foundation and SJVNL have been actively engaged in fulfilling their responsibility towards community related CSR activities leading to socio-economic development and creation of self-sustainable society. Their participation above the traditional philanthropic levels has provided the benefits of brand building and creation of goodwill among the community [159].

CSR has added a long-term benefit of brand building and goodwill among ACFs and SJVNL communities as community members were satisfied with their CSR. The CSR activities of the companies have positively impacted the community in terms of socio-economic development. The wider aim of CSR is to create higher standards of living while preserving the profitability of the corporations or the integrity of the institution both within and outside these entities [158], [157]. Therefore, in a nutshell, it can be concluded that CSR

practices must be embedded in the strategies of the business for economic viability and social responsiveness.

8.3 RECOMMENDATIONS

Based on these findings, the study further provides recommendation to these companies related to communication policies, diversification of CSR related activities, formulation of CSR policy guidelines and action strategies and community participation and involvement.

The results of the study reflect that the community members of the respective companies were not aware about CSR in relation to Company's Act, 2013. So, it is recommended that the companies should formulate communication policies to spread awareness about Company's Act with special reference to CSR activities related to the community, environment and society at large.

The present study recommends that ACF and ACC are required to formulate communication policies and strategies which can incorporate media to report and communicate regular and voluntary information about environment related CSR activities to the community members. This strategy can be a part of their public relation activities that can utilize media and through various awareness campaigns. This will help the companies to report and communicate CSR related information with their stakeholders in addition to maximizing the CSR value to their businesses.

Particularly, in relation to physical environment related CSR activities, ACF and SJVNL are required to put more effort on environment related CSR activities. Whereas, ACC needs to devise CSR strategies to include environment related CSR activities and provide the basis for CSR engagement. Therefore, the companies are recommended to include sustainability plans and strategies concerned with environment in their credit.

ACC also needs to develop plans and action strategies to include and work on community related CSR activities. ACC should maintain good relationships with the community members for long term sustainability of business and goodwill through regular visits, one to one interactions and meetings. Therefore, it is recommended that the companies must develop and implement more strategies to spread awareness about CSR. To formulate CSR plans, companies are required to undertake need based assessments. The active

participation of community members in CSR planning is required for the successful implementation of CSR programs. For the effective implementation and impact assessment of CSR activities, it is also recommended that ACC must devote a separate department to undertake CSR activities and must device CSR evaluation strategies for CSR impact assessment.

8.4 LIMITATIONS OF THE STUDY & SCOPE FOR FURTHER RESEARCH

The present study acknowledges a number of limitations, which in real sense forms the basis for further studies which corresponds to the methodology used and the resource challenges.

To achieve the objectives of the study, semi-structured interviews, descriptive survey method and content analysis methods have been adopted. These methods of collecting data have their own limitations which are reported in some studies. The present study agreed to the fact that these methods are complementary and support each other when applied together. Even then, there are some inadequacies in their usage. Several studies reported that the usage of interviews denies the study of evidence longitudinally on indicating how the companies have undertaken CSR practices over time to maximize competitive advantage.

In the present study, data is collected at a single moment at a particular time which may limit the accuracy of the research. The study is limited in scope not only to firms but also limited to CSR initiatives that are directed only to community as a stakeholder. Therefore, future research should include other dimensions like customer, employee, suppliers and other stakeholder issues.

This study admits that the research in the field of CSR has a very broad scope in terms of dimensions and stakeholders. The present study covers three case study companies and their corresponding communities. Hence, it is also suggested to expand the focus of the research to include smaller and medium-sized firms and CSR in the context of globalization. Moreover, the CSR field needs a broader perspective that needs examining, not only the social responsibilities of the organisations and the companies but also requires responsibility from the community in the form of community participation and involvement for the accountability of the corporations. By using the same methodology that was applied in this study, the results

can be tested in different industries to reproduce and generalise the results. Furthermore, the research could be extended to make a cross comparative or a cross-industry study.

In this study, the CSR practices undertaken by the selected companies were analysed from community perceptions and expectations. Therefore, the perception of other stakeholders like customers, suppliers, employees, shareholders, government, non-government organisations and others towards CSR initiatives and practices undertaken by the companies should also be examined and assessed.

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APPENDIX A

Interview Guide for Management: Part A

Section A: Company Characteristics

1. Name of the company.....
2. Years of Operation.....
3. Number of Branches.....
4. Employee Base.....
5. Customer Base.....

Section B: The Company's conceptualization of term CSR

6. How do you understand the concept of CSR?
7. Does your company have a CSR policy?
8. How does your company conceptualize the term CSR?
9. What percentage of your company's profit after tax goes in to CSR?
10. How would you like to prioritize (rank) the following options for your company in terms of what Constitute CSR?

	Statements	Less prioritized - to highly prioritized				
		1	2	3	4	5
I.	Committing themselves to social initiatives					
II.	Creating a sustainable environment					
III.	Philanthropic and charitable activities					
IV.	Undertaking public service works/ tasks					
V.	Specify your own option					

Section C. CSR practices existing in company.

11. What is your Company's opinion on the following about CSR?

	Statements	Strongly Disagree - Strongly Agree				
		1	2	3	4	5
I.	Company should pay significant attention to their social and environmental responsibilities					
II.	Our company refers to CSR in its mission and vision statement					
III.	Our company is a socially responsible company					
IV.	The CSR activities of our company are conducted on a continuous basis					
V.	Our CSR activities are closely related to our business strategy					
VI.	Our company believe that profit is equally important to socially, ethically and environmentally responsible behaviour					
VII.	CSR creates value for the company					

12. How would you like to prioritize (rank) the CSR focus areas for your company?

	Statements	Description of Activities	Less prioritized - to highly prioritized				
			1	2	3	4	5
I	The company is supporting for education such as building school and library						
II	The company provides scholarships to students in community						
III	The company is donating money and other necessary things to community						
IV	The company organizes cultural programs (“Sport Day”, “Anti-Drug”)						
V	The company organizes blood donation campaigns						
VI	The company is working on women empowerment and other related issues						
VII	The company is helping and supporting farmers						
VIII	The company organizes youth-care programs						
IX	The company conduct waste management practices						
X	The company undertakes environment management practices (Tree Plantations)						

Section D. Factors that motivate selected company to engage in CSR activities.

13. What motivates your company to engage in CSR activity?
14. How would your company like to prioritize (rank) the following motivations for engaging in CSR?

	Statements	Less prioritized - to highly prioritized				
		1	2	3	4	5
I.	Ethical and moral reasons					
II.	To comply with legal requirements					
III.	To improve community relations					
IV.	To improve customer loyalty					
V.	To improve employee motivation					
VI.	To improve relation with business partners					
VII.	To improve economic performance					
VIII.	Pressure from third parties (competitors or clients)					
IX.	To avail public incentives					
X.	To improve or preserve the reputation of the company					
XI.	A commitment to reducing the company's impact on the environment					
XII.	To give something back to the community					
XIII.	Other, please specify					

Section E. Processes used in planning and implementing CSR activities

15. Is there a manager or department devoted to CSR management?
16. How long has the CSR department been in place?
17. How does your company conduct CSR assessment?
18. How does your company develop and implement CSR commitments?
19. How does your company report on progress of CSR activities?
20. How does your company evaluate and improve the planning and implementation of CSR?

Section F. Stakeholder involvement in CSR planning and implementation

21. Who are the stakeholders in your organization?
22. Do you involve your stakeholders in CSR decision making?
23. How your stakeholders are involved in planning, implementation and assessment of CSR programs?
24. How would you prioritize your company relationship with these stakeholders for CSR engagement?

	Statements	Less prioritized - to highly prioritized				
		1	2	3	4	5
I.	Shareholders					
II.	Customers					
III.	Communities					
IV.	Employees					
V.	Government					
VI.	Environment					
VII.	Trade unions					
VIII.	Others (specify)					

25. To what extent is your company involved in CSR activities related to community development?

	Statements	Not at all-to a greater extent				
		1	2	3	4	5
I.	Charity and volunteer work					
II.	Elimination of all forms of forced and compulsory labour and child labour					
III.	Achieving universal primary education					
IV.	Eradication of extreme poverty and education					
V.	Promoting gender equality and women empowerment					
VI.	Reducing child mortality and improving maternal health					
VII.	Combating HIV AIDS, malaria and other diseases					
VIII.	Involved in projects with the local community					
IX.	Recruitment policies that favoured local communities					
X.	Invests in the communities					
XI.	Organizes community development activities/programs					
XII.	Company's representatives monitor CSR projects					
XIII.	Company maintains a good relationship with community and people in this area					

Please specify any other CSR activities carried out by the company that are oriented towards community, or any other comments on the question

.....

26. To what extent your company is involved in CSR activities in relation to environment?

	Statements	Not at all-to a greater extent				
		1	2	3	4	5
I.	Waste management/reduction practices					
II.	Tree Plantations					
III.	Provide regular voluntary information about environment management to community					
IV.	Disclosure of environmental and social performance					
V.	Reduction of water consumption					
VI.	Reduction of all forms of pollution (air, water, land, noise)					
VII.	Energy conservation					
VIII.	Environmental audits					
IX.	Environment policy					
X.	Others, please specify					

27. To what extent you Involve the community in the processes used in CSR planning and implementation?

	Statements	Not at all-to a greater extent				
		1	2	3	4	5
I.	When conducting a CSR assessment					
II.	When developing a CSR strategy					
III.	When developing a CSR commitment					

28. To what extent does the company use the following medium to engage community members in the CSR process?

	Statements	Not at all-to a greater extent				
		1	2	3	4	5
I.	Community Darbars					
II.	Household visits					
III.	One to one discussion					
IV.	Focus Group meetings					
V.	Other, please specify					

Section G: Challenges involved in CSR implementation

29. What are the challenges you are confronted with while implementing CSR programs?.....

30. Are there some major turning points in organizations CSR strategy? (Company’s Act 2013).....

31. Please indicate the extent to which any of the following act as barrier to CSR implementation

	Barriers/Challenges to CSR implementation	Not at all-to a greater extent				
		1	2	3	4	5
I.	Lack of time					
II.	Lack of finances					
III.	Lack of commitment from top management					
IV.	Lack of human resources					
V.	Lack of trust in CSR benefits					
VI.	Unclear CSR guidelines/regulations					
VII.	Issues of corporate disclosure					
VIII.	Difference in CSR activities and firm activities					
IX.	Our company cannot afford the expenditure of CSR					
X.	Other, please Specify					

Recommendations to overcome these challenges

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NB: It will be highly appreciated if officials would like to submit in addition to above, any annual reports, corporate plans and policy on CSR

APPENDIX B

Questionnaire for Community: Part B

A. Demographic Profile (Please tick the appropriate)

Gender

.....Male

.....Female

Age

.....18-25 years

.....26-35 years

.....36-45 years

.....46-55 years

.....Over 56 years

Education:

..... None

.....Metric

.....Secondary School

.....Graduate

.....Post Graduate

Occupation

.....Student

.....Factory Worker

.....Farmer

.....Business owner

.....Other, please specify _____

B: Community perception on Company’s Corporate Social Responsibility

- 1 Do you know what Corporate Social Responsibility (CSR) is? Yes No
- 2 In your opinion, does a company involve itself in Corporate Social responsibility? Yes No
- 3 Do you perceive the company in your community to be socially responsible? Yes No
- 4 Do you think the company has a CSR policy? Yes No
- 5 Are you aware that it is mandatory for the company under law to spend 2% of their profit towards CSR? Yes No
- 6 Is the company spending on various community development programs? Yes No
- 7 Are you aware of the different projects being funded by the company? Yes No

	Statements	Strongly Disagree to Strongly agree				
		1	2	3	4	5
8.	Company should pay significant attention to social and environment responsibilities					
9.	Profit generation is equally important for the socially, ethically and environmentally responsible behaviour					
10.	CSR creates value for the company					

C. Motivation for CSR engagement for the Company

In your opinion, to what extent does factor motivate the company to undertake CSR?

	Motivators for CSR	Not at all-To a great extent				
		1	2	3	4	5
11.	Ethical and moral reasons					
12.	To comply with legal requirements					

13.	To improve relations with the community					
14.	To attract new customers					
15.	To improve customer loyalty					
16.	To improve employee motivation					
17.	To improve relation with business partners					
18.	To improve economic performance					
19.	Pressure from third parties (competitors or clients)					
20.	To avail public incentives					
21.	To improve or preserve the reputation of the company					
22.	A commitment to reduce the company's impact on the environment					
23.	To return back to the community					
24.	Other, please specify					

D. The CSR practice (CSR focus areas)

	Statements	Not at all- to a great extent				
		1	2	3	4	5
25.	The company is supporting for education such as building school and library					
26.	The company provides scholarships to students in community					
27.	The company is donating money and other necessary things to community					
28.	The company organizes cultural programs (“Sport Day”, “Anti-Drug “)					

29.	The company organizes blood donation campaigns					
30.	The company is working on women empowerment and other related issues					
31.	The company is helping and supporting farmers					
32.	The company organizes youth-care programs					
33.	The company conduct waste management practices					
34.	The company undertakes environment management practices (Tree Plantations)					

E. CSR activities towards the environment

	Statements	Not at all -to a great extent				
		1	2	3	4	5
35.	Waste management/reduction practices					
36.	Tree Plantations					
37.	Provide regular voluntary information about environment management to community					
38.	Disclosure of environmental and social performance					
39.	Reduction of water consumption					
40.	Reduction of all forms of pollution (air, water, land, noise)					
41.	Energy conservation					
42.	Environmental audits					
43.	Environment policy					
44.	Others, please specify					

F. CSR activities towards the community

	Statements	Not at all -to a great extent				
		1	2	3	4	5
45.	Charity and volunteer work					
46.	Elimination of all forms of forced and compulsory labour and child labour					
47.	Achieving universal primary education					
48.	Eradication of extreme poverty and illiteracy					
49.	Promoting gender equality and women empowerment					
50.	Reducing child mortality and improving maternal health					
51.	Combating HIV AIDS, malaria and other diseases					
52.	Involved in projects with the local community					
53.	Recruitment policies that favoured local communities					
54.	Organizes community development activities/programs					
55.	Company's representatives monitor CSR projects					

Please specify any other CSR activities carried out by the company that are oriented towards community, or any other comments on the question

.....

.....

.....

G. Involvement of community in the processes used in CSR Planning and implementation

1. To what extent the company involve the community in the following processes?

	CSR implementation process	Not at all -to a great extent				
		1	2	3	4	5
56.	When conducting a CSR assessment					
57.	When developing a CSR strategy					
58.	When developing a CSR commitments					

2. To what extent does your company use the following medium to engage you (community members) in the process?

	Medium of CSR engagements	Not at all -to a great extent				
		1	2	3	4	5
59.	Community Darbars					
60.	Household visits					
61.	One to one discussion					
62.	Focus Group meetings					
63.	Other, please specify					

I. Impact of CSR activity of the Company on the Community

	Impact of CSR activity	Strongly negative- strongly positive				
		1	2	3	4	5
64.	There is improvement in community socio-economic areas					
65.	Company maintains a good relationship with community and people in this area					
66.	The impact of Company's CSR on the community					

J. Community Expectations

What according to you should be the focus area of company with respect to CSR?

	Community Expectations	Not at all -to a great extent				
		1	2	3	4	5
67.	Focus on poverty reduction in communities					
68.	Assist to train community members					
69.	Meet regularly with community members					
70.	Provide funds to support community activities and projects					
71.	Provide basic infrastructures					

LIST OF PUBLICATIONS

Published Journal Papers

1. S. Kumari, T. Sharma, and A. Sehrawat “Community Perception and Expectations on Corporate Social Responsibility: A Comparative Case Study on Ambuja and ACC Limited”, *Prabandhan: Indian Journal of Management*, vol. 10, no.5, pp. 37-48, 2017.
2. S. Kumari, A. Sehrawat and T. Sharma, “Corporate Social Responsibility Practices and Their Impact on the Community: A Case Study of Ambuja Cement Ltd”, *Prabandhan: Indian Journal of Management*, vol. 10, no. 1, pp. 54-66, 2017.

Book Chapters

1. S. Kumari and A. Sehrawat, “Corporate Social responsibility & sustainable community development in India: A case of Ambuja Cement Ltd,” in *Innovative strategies in transitional economy*. Shroff publishers and distributors PVT LTD, 2017, pp. 28-38.
2. S. Kumari, T. Sharma and A. Sehrawat, "Corporate Social responsibility: A study of PepsiCo & Coca-Cola, " in *Dynamics of business practices*, Shroff publishers and distributors PVT LTD, 2015, pp. 14-18.
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1. S. Kumari, A. Sehrawat and T. Sharma, “Corporate Social responsibility and sustainable community development in India: A case of Ambuja Cement Ltd”, in *5th international conference on Paradigm shift in innovative Business*, organized by Vishisht School of Management, Indore (M.P.), 2016.
2. S. Kumari and T. Sharma, “Corporate Social responsibility: A study of PepsiCo India”, in *national conference on Corporate Social Responsibility*, organized by Bahra University, Wagnaghat, 2015.

3. S. Kumari, A. Sehrawat, “CSR: Challenges and opportunities in the globalised world” , in *International Conference on Emerging challenges for HR: VUCA*, organized by Indian Institute of Corporate Affairs, IIM Raipur, and National Law School of India University, Bangalore, 2015.
4. S. Kumari and A. Sehrawat “Corporate Governance, Business ethics and CSR”, in *national seminar on corporate governance and business ethics*, organized by department of Commerce, HPU, Shimla and Board of studies (ICAI), 2015.
5. S. Kumari, T. Sharma and A. Sehrawat, “Corporate Social responsibility: A study of PepsiCo & Coca-Cola” , in *international conference on Dynamism and contemporary practices of Business management*, organized by Vishisht School of Management, Indore (M.P.), 2015.
6. Attended ICSSR sponsored 10 days Research Methodology programme at Centre of Research in Rural and Industrial Development, Chandigarh, 2015.
7. Attended 7 days Research Competency Development Programme organized by Jaypee Business School, Noida from September 14-19, 2015.

Candidate Signature