

## **CHAPTER 2**

### **LITERATURE REVIEW**

This chapter is a review of relevant literature in the areas related to the concept of CSR and it is divided into nine sections for the sake of clarity and organization. The first section of the chapter explores ethical responsibility from managerial perspective in CSR based on the ethical theories. It establishes the conceptual framework for the study leading to the exploration of various other concepts related to CSR. The second section discusses the various attempts at defining the term ‘Corporate Social Responsibility’ (CSR). The third, fourth and fifth sections explore the emergence of the concept of CSR and briefly trace its growth and development in terms of academic research and policy initiatives, both at the global level and in the Indian context. The sixth section includes various studies related to the Public Sector Undertakings (PSU) and thus give an overview of the existing research in the area. Seventh section explores the scholarly attempts at studying managerial perception of CSR and then the eighth section, reviews literature related to the variables selected for the present study. This is followed up with the identified research gap and the hypotheses formed to be tested in subsequent chapter.

#### **2.1 Ethical Responsibility: A Conceptual Exploration**

Other than establishing a conceptual framework for the study, this section of the chapter also addresses the third objective i.e to explore the ethical responsibility as a significant aspect of Corporate Social Responsibility. The understanding and discussion of the concept is based on the ethical theories deemed important for CSR by various researchers and the existing research around it; mainly emphasizing its importance for the managers, whose sound moral and ethical foundations are very important for the effective implementation of CSR policies.

This objective basically studies how the general theories of ethics and ethical responsibility can be understood in the context of CSR. This can be situated in the context of the results of second objective, where according to the managerial perception ethical responsibility is the most significant factor, and thus this investigation can also be seen as the extension of the discussion of the second objective.

### ***Theoretical Background***

It becomes very important to study the ethical dimension of CSR and understand the close association of the concept of 'ethics' with business and what does it mean to be ethical for the organizations when they are expected to be socially responsible. This section explores the theoretical foundations of 'CSR and Ethics' and discusses the scholarly development through various approaches.

First and foremost, we need to calibrate what ethics is and what is its Locus Standi in corporate social responsibility. Is a code of moral principles adequate enough to govern good or bad conduct and decision making of an organisation? The question is of paramount importance here as social responsibility as ethics is linked to the internal and external environment of an organisation. Jamail & Mirshak (2007, p. 243) state: "While governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society's needs have exceeded the capabilities of governments to fulfil them. In this context, the spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in CSR".

Ethics is usually construed as 'relative conduct' specified either by codified laws or by free choice where codified law is the domain of judiciary and law making agencies and free choice is exercised when there is absence of law. In the domain of codified law, the legal system prescribes laws for submission or compliance. The domain of free choice has an individual submitting to oneself. The categorization of codified laws and free choice in contemporary corporate discourse inadequately represents the state of affairs in corporate governance. Such discourse undermines intended role of ethics in corporate governance. In this sense ethics itself is an influential force as it steers corporate world.

According to Mayer et. al (2012), there is a difference between legal compliance and moral excellence. There are many professional ethics and codes, primarily because people realize that law prescribes only a minimum of morality. Business ethicists have talked for years about the intersection of law and ethics. They further mention that companies need to be ethical. Legal compliance is not the same as acting ethically. The reputation, individually or corporately, depends on how others regard one's actions. Goodwill is hard to measure or quantify, but it is real nonetheless and can best be protected by acting ethically.

Since the very inception of capitalism, ethics has been a riddle to reckon with. It faces definitional as well as analytical problem since capitalism has been an uneven force in global scenario. Scholars have dealt with the question of ethics in their own ways. For some scholars, ethics is a nuanced category of legality as it's tied to societal values in a given nation state. To some, it's akin to utilitarian values. Many believe that ethics is unitary basis of the relationship between an organisation and the people. Hegel (1975, p.80) links ethics with liberty and freedom as he succinctly expresses his view in the *Introduction to the Lectures on the Philosophy of World History*:

He says that every individual has his station in society, and he is fully aware of what constitutes a right and honorable course of action. If someone declares that, in ordinary private existence, it is not at all easy to decide what is right and good, and if he considers that moral excellence consists in finding it extremely difficult to be moral and in having all kinds of scruples about being so, we can only attribute this to his evil or malevolent will which is looking for excuses to escape its duties; for it is by no means hard to recognize what his duties are.

Goel and Ramanathan (2014) state that there is growing research in all areas of ethics and CSR that govern the activities of a firm and the value systems that underlie their business activities. Business Ethics covers the areas of moral principles and decision making, governance issues and codes of conduct for a business.

Nunes and Simescu (2010) mention that “ethics is one of the main branches of philosophy and can be called the science of moral reality. It tries to elucidate moral problems through cognitive exercise. Ethics can also be understood as a philosophy on morality, good, evil and duty”. Etymologically, the word “ethics” comes from the Greek words Ethos (Homer) = primordial, country, home, reunion place, natal place, habits, character; Ethike (Aristotle) = the science of knowledge. From "Ethos" derived the word "Ethicos", used by Greeks when they were discussing about the principles of human behavior. Ethics can be considered as being the science of ethos (moral), of good and evil. As ethics consists of the tropes of moral principles for businesses and decision making, it's ever-evolving in the wake of new global business order which has new ways of resource mobilization and utilization. Thus, it becomes very important to understand the theoretical underpinnings related to ethical theories and their application to CSR and how it further helps the managers in ethical decision-making. Cavalieri (2007) states that “the ethics we find in companies contains the same elements as the ethics in the socio-economic context in which they operate”.

Muniapan and Dass (2008) say that business is viewed as legitimate and an integral part of society according to Vedic philosophy but essentially it should create wealth for the society through the right means of action. 'Sarvalokahitam' in the Vedic literature referred to 'well-being of stakeholders'. This means an ethical and social responsibility system must be fundamental and functional in business undertakings. The organisation would sustain long-term advantages and obtain profits if it conducts its businesses ethically and be socially responsible. They further explain that the characteristics of business excellence are intricately weaved around spiritual threads of Vedic and *Bhagavad-Gita* teachings and are in accordance with the Indian philosophy. Firstly, business excellence must be dedicated to spiritualism (of work). All other matter then falls into order, secondly, business excellence should evolve around right actions and right measures, thirdly, business wealth should be accumulated by applying the right actions that should be shared equitably with all stakeholders.

According to Singh and Singh (2013), it is widely acknowledged today that Gandhian philosophy, particularly Gandhi's Doctrine of Trusteeship played a pivotal role in the shaping of the contours of modern corporate ethics.

Archie Carroll (1979) while discussing the pyramid states that Ethical responsibilities refer to those activities and practices that are expected or prohibited by societal members even though they are not codified into law. It is further mentioned that ethical responsibilities comprise of a range of norms, standards, and expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, to protection moral rights. This can mean that the changes in ethics or values precede the establishment of laws because they become the driving forces behind the very creation of laws and regulations. For example, the civil rights, environmental, and consumer movements reflect basic alterations in societal values and thus may be seen as ethical bellwethers foreshadowing and leading to later legislation. Ethical responsibilities also reflect newly emerging values and norms that society expects business to meet, even though they may exhibit a higher standard of performance than that currently required by law.

Normative ethics uses several approaches to describe values for guiding ethical decision making. Four of these that are relevant to managers are the utilitarian approach, individualism approach, moral rights approach, and justice approach. Kong (2017) opines that "four major influences on the ethical context which reinforces CSR are egoism, utilitarianism, ethics of duty and the rights and justice."

Mayer et. al (2012, p. 78) say that “doing good business requires attention to ethics as well as law. Understanding the long- standing perspectives on ethics—utilitarianism, deontology, social contract, and virtue ethics—is helpful in sorting out the ethical issues that face us as individuals and businesses”.

Crane and Matten, (2007) when describing traditional moral theories, highlight four different moral theories: egoism, utilitarianism, ethics of duties, and theories of rights and justice. According to Nunes and Simescu (2010), it is important to know the main ethical theories to which appeal business ethics books and to suggest the solution to some ethical dilemmas, using this theories. These are the ethics of virtue, utilitarianism and the ethics of duty. Following section discusses the ethical theories and their relation with CSR, with a special focus on utilitarianism, Kantian ethics and virtue based ethics.

Referring to various other scholars, in his research Pasternak (2012) mentions that normative ethical theory provide us a range of moral theories, each prescribing a set of moral rules that individuals can apply in the process of deciding whether an action is morally right or wrong according to various situations. Research on the role of ethical theories in business usually focuses on the application of ethical guidelines in human resource practices, corporate social responsibility policies, and the assessment of managers’ ethical evaluations. Most studies aim to identify basic ethical rules that individuals can follow in business or to prescribe frameworks of moral principles to apply in decision making. These moral principles are derived from various traditional ethical theories. Some of the most important theoretical approaches are as follows:

### **Ethical Egoism**

Teleological or consequentiality theories measure morality based on the consequences of actions. Ethical egoism focuses exclusively on maximizing the good for the moral agent (Reidenbach & Robin, 1990). Moral egoists believe that the morally correct action is the one that maximises the good for the moral agent, i.e., a company ought to act in its own self- interest (Reidenbach and Robin, 1990; Crane and Matten, 2007). Thus, a company ought to do good or refrain from doing harm only if it is good for the company, normally meaning if it helps to maximise profit. CSR thus is not concerned with a moral obligation to benefit others; it is only concerned with benefiting the company, which means that the company must worry about its employees, the local community or needy strangers, like poor people, only if it is in the company’s self-interest.

## **Utilitarian Approach**

Utilitarianism is a prominent perspective on ethics, one that is well aligned with economics and the free-market outlook that has come to dominate much current thinking about business, management, and economics (Mayer et. al, 2012). This approach originates with the philosophy of Jeremy Bentham and John Stuart Mill in the nineteenth-century. According to utilitarian approach, ethics is understood to be moral behaviour that maximises the happiness of the majority. It looks at morality as a consequence of an action rather than its intention. This approach has exponentially impacted socio-economic realms of modernity and it equally pervades the discursive arena of post-modernity. In fact, this approach is treated like a 'Black Hole' which subsumes almost everything.

Although utilitarianism is usually thought to start with Jeremy Bentham, there were earlier writers who presented theories that were strikingly similar. In *An Enquiry Concerning the Principles of Morals*, David Hume (2002, p. 52) writes, "in all determinations of morality, this circumstance of public utility is ever principally in view; and wherever disputes arise, either in philosophy or common life, concerning the bounds of duty, the question cannot, by any means, be decided with greater certainty, than by ascertaining, on any side, the true interests of mankind. If any false opinion, embraced from appearances, has been found to prevail; as soon as farther experience and sounder reasoning have given us more just notions of human affairs, we retract our first sentiment, and adjust anew the boundaries of moral good and evil."

Some claim that John Gay developed the first systematic theory of utilitarian ethics. In *Concerning the Fundamental Principle of Virtue or Morality*, Gay (2002, p. 408) argues that: "Happiness, private happiness, is the proper or ultimate end of all our action."

Linked with capitalism, it offers a degree of relativism when it comes to economic growth. Influencing this philosophy, Bernard Mandeville in *Private Vices, Public Benefits* (1714) stated that private vices make public virtues. This suggests that elites create conditions for economic growth in the society which create job opportunities for the poor and the working class. Profit-making is the soul of this approach and economic value maximization is the consequence.

In the *Open Society and its Enemies*, Karl Popper (2002) argued that the principle "maximize pleasure" should be replaced by "minimize pain". He thought "it is not only impossible but very dangerous to attempt to maximize the pleasure or the happiness of

the people, since such an attempt must lead to totalitarianism." He claimed that, "there is, from the ethical point of view, no symmetry between suffering and happiness, or between pain and pleasure. In his opinion human suffering makes a direct moral appeal, namely, the appeal for help, while there is no similar call to increase the happiness of a man who is doing well anyway. A further criticism of the Utilitarian formula "Maximize pleasure" is that it assumes a continuous pleasure-pain scale which allows us to treat degrees of pain as negative degrees of pleasure. But, from the moral point of view, pain cannot be outweighed by pleasure, and especially not one man's pain by another man's pleasure. Instead of the greatest happiness for the greatest number, one should demand, more modestly, the least amount of avoidable suffering for all."

The utilitarian perspective has been critiqued by various scholars such as John Rawls and Amartya Sen. Their criticisms are mainly rooted in Rawls's Theory of Justice (1975). Rawls' ponders over various inequalities in the society via global distribution. According to Cecile Renouard (2011), "Rawls establishes a list of primary goods which every human being may desire and to which he is entitled to have access. The list entails political freedoms and many other goods. Maximizing the situation of the worse off implies trying to establish their access conditions to all these primary goods."

On the other hand, Amartya Sen (1990) critiques utilitarianism on the ground that doesn't give precedence to freedom and equity. Freedom as discussed by Sen is tied to better living conditions of working people and if institutions are devoid of it then that is because of inherent paternalistic behaviours in them. He argues that "utilitarianism leads to a social planning which may weaken or prevent individual freedoms. Indeed, it doesn't take into account a bias: poor people may underestimate their privations (their lack of pleasure or utility) because they adjust to their situation (even if their condition is objectively miserable)."

### **Kantian Ethics (Deontology) or the Ethics of Duty**

Based on a discussion in a seminar in Brown University in 2011, themed *Making Choices: Ethical Decisions at the Frontiers of Global Science*, the duty-based approach, also called deontological ethics, is commonly associated with the philosopher Immanuel Kant (1724-1804), although it had important precursors like Saint Augustine of Hippo (354-430), who emphasized the importance of the personal will and intention to ethical decision making. Kant argued that doing what is right is not about the consequences of our actions

but it is to have the proper intention in performing the action. The ethical action is one bound by the duty. It is done because it is one's obligation to perform the action. Ethical obligations are the same for all rational creatures (they are universal), and knowledge of what these obligations entail is arrived at by discovering rules of behavior that are not contradicted by reason.

Kant's famous formula for discovering ethical duty is known as the "categorical imperative." It has a number of different versions, but Kant believed they all amounted to the same imperative. The most basic form of the imperative is: "Act only according to that maxim by which you can at the same time will that it should become a universal law." So, for example, lying is unethical because we could not universalize a maxim that said "One should always lie." Such a maxim would render all speech meaningless. We can, however, universalize the maxim, "Always speak truthfully," without running into a logical contradiction. In acting according to a law that we have discovered to be rational according to our own universal reason, we are acting autonomously, and thus are bound by a duty we have given ourselves as rational creatures. We thus freely choose (we will) to bind ourselves to the moral law. For Kant, choosing to obey the universal moral law is the very nature of acting ethically.

He argued that the highest good was the good will, and morally right actions are those carried out with a sense of duty. Thus, it is the intention behind an action rather than its consequences that make that action good (Bowie, 2002). Kantian moral philosophy follows that people in business relationships should not be used, coerced, or deceived, and that business organizations and practices should be arranged so that they contribute to the development of human rational and moral capacities (Bowie, 2002). He also says that a person who adopts a Kantian point of view sees the organization as a moral community within which each member of the organization stands in a moral relationship with all others (Bowie, 1999). A manager who accepts Kantian morality would ask whether the principle on which any given decision is based passes the test of the categorical imperative? Is the principle based on good will? Does it treat people as ends in themselves? And can it be willed universally without contradictions? Unless the principle of your action can be universalized, it is immoral to make an exception for yourself (Bowie, 2002).

According to Numes and Simescu (2010), Kant expresses that morality means respecting your own rules which imposed by you, on the condition that they are validated by a reason



as general universal laws, because by applying them, the humanity in every person is respected. Aware by his innovative idea, Kant (as quoted by Nunes and Simescu (2010)) said: “it could be seen that the man was tied to the laws by his duty, but nobody knew he was only obedient to his own legislation and that this legislation is still universal, and that he must act by his own will, that due to its purpose is universal law- giving”. So, moral Kantian philosophy is one of the most important moral theories not only for its intrinsic qualities, but also due to its interdisciplinary. Mayer et.al (2012, p. 54) further suggest that “deontology requires that we put duty first, act rationally, and give moral weight to the inherent equality of all human beings”.

In the Duty framework, the focus is on the duties and obligations that are present in a given situation, and consider what ethical obligations we have and what things we should never do. Ethical conduct is defined by doing one’s duties and doing the right thing, and the goal is performing the correct action.

This framework provides with the advantage of creating a system of rules that has consistent expectations of all people; if an action is ethically correct or a duty is required, it would apply to every person in a given situation. This encourages treating everyone with equal dignity and respect. This framework also focuses on following moral rules or duty regardless of outcome, so it allows for the possibility that one might have acted ethically, even if there is a bad result. Therefore, this framework suits the situations where there is a sense of obligation or in those in which we need to consider why duty or obligation mandates or forbids certain courses of action.

### **Virtue based Ethics**

Virtue theory, or virtue ethics, has garnered increasing attention over the past twenty years, particularly as compared to utilitarian and deontological approaches to ethics. Virtue theory focuses on the value of virtuous qualities rather than emphasizing the formal rules or useful results. Aristotle is often recognized as the first philosopher to advocate the ethical value of certain qualities, or virtues, in a person’s character. As Larue Hosmer (1991) has noted, Aristotle saw the goal of human existence as the active, rational search for excellence, and excellence requires the personal virtues of honesty, truthfulness, courage, temperance, generosity, and high- mindedness. This pursuit is also termed “knowledge of the good” in Greek philosophy.

This approach is also prominent in non-Western contexts, especially in East Asia, where the tradition of the Chinese sage Confucius (551-479 BCE) emphasizes the importance of acting virtuously (in an appropriate manner) in a variety of situations. Since virtue ethics is concerned with the entirety of a person's life, it takes the process of education and training seriously, and emphasizes the importance of role models to our understanding of how to engage in ethical deliberation.

According to Walker and Lovat (2017), Virtue ethics is related to making moral decisions in the Aristotelian sense of according with virtue, rather than according to rules or consequences. Under a virtue ethics framework, the development of personal moral virtue allows for morally Good decisions to be made. It could be said that this is an emphasis on being morally Good rather than on the specifics of doing Good.

A virtuous person looks for intrinsic goodness (beneficence, generosity, honesty, courage) rather than instrumental goodness (fame, money, power). This is combined with sensitivity as to when and where a moral issue exists and an inherent motivation to act in a virtuous manner. While there can be erudite discussion about what is virtue, what are the virtues, and how we might aspire to be virtuous, we suggest that the essence is that 'good character guides right action: the ethical aim is to form oneself as a good person, and a well-formed person both knows how to act rightly and will habitually choose to do so' (Balousek 2014). Under a virtue ethics framework, moral decisions are made by well-informed, habitually good people who consider the individual situation, allow for their earlier experiences and knowledge, and make the morally best decision they can in that situation, learning from it for future situations, for intrinsically good reasons.

According to Fontrodona, Sison, Bruin (2013), virtue ethics provides managers and business leaders with an opportunity to ask themselves what kind of people they become through their actions and how their decisions impact the lives of others. It gives them a chance to consider what kind of business environments and cultures they should build, how business goals, policies and procedures foster positive or negative learning in their employees and what kind of societies they contribute to developing through their operations and the products and services they offer.

### **Theory of Justice**

Justice Approach is traced back to ancient Greece when philosophers like Plato and Aristotle were developing their treatises on the mode of governance. In CSR this becomes even

more important as governance and ethics function in tandem. This approach finds its reverberation in a famous axiom --"Treat people the same unless there are morally relevant differences between them."

This Approach treats equals equally and unequals unequally. In narrower sense, Justice Approach embarks upon the practices of favoritism and discrimination which are considered as two sides of the same coin. Favoritism benefits certain people by excluding majority. On the other hand, discrimination singles out the majority in order to be corresponding to the interests of few. Therefore, to run an institution judiciously, a consistency is needed where all are treated equally or unequally as per their potentials.

Justice approach is similar to statutory laws prescribed by the ruling dispensation of the time. It differs drastically from Utilitarian approach as laws are in centre of governance rather than individual entrepreneurship. Organisations make laws and enforce them for organisational efficient functioning.

According to most contemporary theories of justice, justice is overwhelmingly important: Rawls (1999) claims that "Justice is the first virtue of social institutions, as truth is of systems of thought." In classical approaches, evident from Plato through to Rawls, the concept of 'justice' is always perceived as logically or 'etymologically' opposite to the concept of injustice.

Many post-World War II approaches challenge that seemingly obvious dualism between those two concepts. Justice can be viewed as distinct from benevolence, charity, prudence, mercy, generosity, or compassion, although these dimensions are often interlinked. Also, justice is the concept of cardinal virtues, of which it is one.

Metaphysical justice has often been associated with concepts of fate, reincarnation or Divine Providence, i.e., with a life in accordance with a cosmic plan. The association of justice with fairness is thus historically and culturally inalienable (Daston, 2008).

Corporate Social Responsibility has often been equated with Organizational justice which refers to treatment of individuals internal to that organization while corporate social responsibility focuses on the fair treatment of entities external to the organization. Thus, CSR involves organizations going above and beyond what is moral or ethical and behaving in ways that benefit members of society in general. It has been proposed that an employee's perceptions of their organization's level of corporate social responsibility can impact that

individual's own attitudes and perceptions of justice even if they are not the victim of unfair acts (Rupp, Ganapathi, Aguilera & Williams, 2006).

In nutshell, the standards of equity, fairness, and impartiality are maintained for functional efficiency of the organisations. Also known as Fairness Approach, this is further categorised into three forms which are related to stakeholders of the organisations-- distributive justice, procedural justice, and compensatory justice.

In distributive justice, the mode of justice is subjective. Those who execute same kind of job or services are treated similarly. People get same salary if they do the same kind of work irrespective of their socio-cultural identity. Job skills and responsibilities are the main criterion for such subjective decisions. Rules and regulations in this respect are usually impartial.

Procedural justice requires that rules be administered fairly. Rules should be clearly stated and be consistently and impartially enforced. Compensatory justice argues that individuals should be compensated for the cost of their injuries by the responsible party. Moreover, individuals should not be held responsible for matters over which they have no control.

The justice approach is closest to the thinking underlying the domain of codified law because it is based on the assumption that justice is applied through rules and regulations. This theory does not require complex calculations such as those needed by a utilitarian approach, and it does not justify self-interest as the individualism approach does. Managers are expected to define attributes on which different treatment of employees is acceptable. Questions such as how minority workers should be compensated for past discrimination are difficult. However, this approach does justify as ethical behavior efforts to correct past wrongs, play fair under the rules, and insist on job-relevant differences as the basis for different levels of pay or promotion opportunities. Most of the laws guiding human resource management are based on the justice approach.

### **Theory of Rights**

The Rights approach to ethics is a non-consequentialist approach which derives much of its current force from Kantian duty-based ethics, although it also has a history that dates back to Ancient Greece and Rome, and has another influential current which flows from work of the British empiricist philosopher John Locke (1632-1704). This approach stipulates

that the best ethical action is that which protects the ethical rights of those who are affected by the action.

This approach identifies the legitimate rights of ourselves and others, in a given situation, as well as our duties and obligations. It considers how well the moral, legal, and contractual rights of everyone are respected and/or protected by the action, and assesses how well those affected are treated as fully informed, sentient beings with the right to free consent instead of just as a means to an end.

When confronted with conflicting or competing interests or rights, we need to decide which interest has greater merit and give priority to the right that best protects or ensures that interest.

The term “ethics of rights” covers a set of theories that revolve around some key notions, rights being one of the most prominent. A right can loosely be defined as a claim or against other claims which a person can “play” against the claims of other persons. In general, Ethics of Rights proposes that morality consists of much more than just promotion of the good. Many actions are morally wrong even though they might promote the overall good. Such actions are easily recognizable as something which at least in rough outline tracks “ordinary” or “common sense” morality, businesses are to respect these rights. Ethics of Rights has a long and complex pedigree. Still, a defining moment can be pinpointed to German philosopher Immanuel Kant. Probably most trenchant version of Kant’s (as quoted in O’Neill, 1993) various foundational formulations of basic ethical principles is: “Act in such a way that you treat humanity, whether in your own person or in the person of any other, always at the same time as an end and never merely as a means to an end”.

This proposition tracks many aspects of common sense morality and it is also encapsulated in various forms in some of the most important regulatory and legal frameworks relevant for businesses. For instance, all legal codes incorporate notions such as a negative right not to be killed, property rights against stealing etc. Especially relevant for CSR-purposes are the human rights charter and similar regulatory codes, such as the UN Global Compact.

The moral rights approach thus asserts that human beings have fundamental rights and liberties that cannot be taken away by an individual’s decision. Thus, an ethically correct decision is one that best maintains the rights of those people affected by it.

To make ethical decisions, managers need to avoid interfering with the fundamental rights of others. A manager making a decision based on this theory should avoid violating the rights of others who may be affected by the decision (Cavanagh et al., 1981). In general, a CSR-policy heavily informed by Ethics of Rights emphasizes the rights and moral dignity of all agents that are affected by the actions of the business. Respect is a key notion here for all involved agents, in virtue of their standing as proper rights-bearers. On the face of it, this makes Ethics of Rights especially relevant for global contexts where (equal) respect for persons adhering to different sets of beliefs and cultures is in demand.

### **Contractualism**

Contractualism, is a basic ethical theory that represents a full-blooded alternative to both utilitarianism and the ethics of rights, even though it is also fair to mention that it has clear affinities to the latter. The key idea of contractualism is that normative truths—normatively relevant propositions—are defined procedurally as the outcome of (in almost all cases) hypothetical “contracts” or agreements between the relevant agents. Hence, a normative proposition is true or justified just insofar all relevant and reasonable agents agree or should agree with it. Reciprocity and mutual acceptability are key terms.

Contractualism in various guises has played a major role in CSR and business ethics. There are several reasons for this, one being that influential and important moral and political philosophers like Rawls (1999) have proposed philosophical programmes that are implicitly or explicitly identifiable as contractualist. But perhaps even more important is the fact that the idea of a “contract” seems to fit the relation between businesses and society very nicely on an intuitive or allegorical level: there is a (to some degree but not wholly) explicit contract between the two: businesses are expected to deliver goods and services, to produce a surplus and provide jobs and opportunities etc., it is obliged to follow the Contractualism.

Whether organisations should focus solely on avoiding harmful actions, e.g. refraining from paying bribes and discriminating, or whether they should also focus on actively doing good, e.g. assisting needy stakeholders after an earthquake in the local community.

This question concerns the debate about positive and negative rights, i.e. whether companies should focus mainly on respecting negative rights, e.g., the right not to be discriminated against, or whether they also should respect positive rights, e.g., the right to health and education. Secondly, we discuss the scope of companies’ obligations, i.e. which stakeholders

(or other groups) they have an obligation towards and to what degree. Should companies, as suggested by utilitarianism, focus more on the needs of the poor and hungry, or should they stick to the current practice and focus mainly on their (close) stakeholders? And, if they should, are the interests of some stakeholder groups more important than the interests of other groups? We will begin by looking at the question regarding positive and negative rights in regards to CSR.

### ***Managers and Ethical Decision-making***

Kong (2017) states that decision making appears to be an important element in business. Every corporate decision made does not only affect the stakeholders but also both the community and environment. Corporate ethics, which are related to the broader field of corporate social responsibilities (CSR) have been the main discussion topic regarding the commonly publicized corporate scandals and demise.

According to Stawiski, Deal, and Gentry (2010), those at the highest levels in the organization have the most positive impressions of their companies' CSR initiatives. The top level managers are likely to have the strongest sense of ownership of CSR initiatives because they are responsible for making the most critical decisions (including CSR decisions) and therefore would be likely to have a positive view of the policies they helped create.

In *Managerial Ethics*, Daft and Marcic (2016, p. 141) it is clearly stated that in a study of ethics policy and practice in successful, ethical companies, no point emerged more clearly than the crucial role of leadership. Employees are acutely aware of their bosses' ethical lapses, and the company grapevine quickly communicates situations in which top managers choose an expedient action over an ethical one. The primary way in which leaders set the tone for an organization's ethics is through their own behavior. In addition, leaders make a commitment to ethical values and help others throughout the organization embody and reflect those values.

Managers at all levels are held to a high standard of ethical behavior. Every day, these individuals make key decisions that affect the companies for which they work, its shareholders, and all other stakeholders involved, including society as a whole. As a manager, it is essential to understand and adhere to the ethical and legal obligations of your position in order to meet the expectations of all stakeholders, and to set an example of such behavior for others (Universal Class, Webpage).

Making good ethical decisions requires a trained sensitivity to ethical issues and a practiced method for exploring the ethical aspects of a decision and weighing the considerations that should impact our choice of a course of action. Having a method for ethical decision making is essential. Most ethical dilemmas involve a conflict between the needs of the part and the whole: the individual versus the organization or the organization versus society as a whole. Managers faced with these kinds of tough ethical choices often benefit from a normative strategy—one based on norms and values—to guide their decision making (Brown University, 2011).

Managing any organisation, either as a board member or manager, will require making decisions that have ethical components, some of which can be extremely complex. Whilst laws set out the requirements for boards and organisations to operate correctly, ethical standards extend these legal requirements. It's not just about 'doing things right' but 'doing the right thing'. There is a strong relationship between legal obligations of Board members and managers and ethical considerations. The interplay between law and ethics is particularly relevant to governance, due diligence and responsibilities to stakeholders, such as service users or consumers (NASSCOM, 2015)

In a broad construction of the ethical role of the manager, managing and leading can be said to be inherently ethics-laden tasks because every managerial decision affects either people or the natural environment in some way—and those effects or impacts need to be taken into consideration as decisions are made.

According to Waddock (2012), the ethical role of managers is broadened beyond fiduciary responsibility when consideration is given to the multiple stakeholders who constitute the organization being managed and to nature, on which human civilization depends for its survival. Business decisions affect both stakeholders and nature; therefore, a logical conclusion is that those decisions have ethical content inherently and that managerial decisions, behaviors, and actions are therefore inherently ethical in nature. Whenever there are impacts due to a decision, behavior, or action that a leader or manager makes, there are ethical aspects to that decision or situation. While some skeptics claim that business ethics is an oxymoron, the reality is that decisions and actions have consequences, and that reality implies some degree of ethics, high or low. Thus, ethics and the managerial role cannot realistically be teased apart.



Kolb (2007, p. 786) state that managers in both large and small enterprises face difficult ethical situations daily as they attempt to do their jobs. Since management decisions inherently involve ethical considerations, however, it is important that managers recognize the ethical elements that are embedded in their day-to-day job functions. They need to be able to reason through ethical decisions, just as they would reason through any managerial problem facing them. Many times, ethics-laden situations involve issues that are clearly right or wrong when judged by the manager's or organization's values or code of conduct. Furthermore, most managerial decisions and actions are legal, although there are occasions when a certain decision would clearly go beyond legal boundaries and be illegal. Assuming that the law itself is just, these decisions are not really ethically problematic in that what to do to make an ethically sound decision is quite clear. In these cases, making a decision to break the law or to do something that disagrees with a code of conduct or set of values is clearly unethical. It is not difficult to know what the right thing to do is in such situations. Ethical decision-making problems arise for managers and leaders when decisions involve a moral conflict—that is, a moral situation in which a person must choose between at least two equally bad choices, or when there are multiple ethical considerations, some of which conflict with each other. In such circumstances, which are common in business, the manager has to be able to think through the consequences and ethical implications of the decision thoroughly and mindfully so that the best possible decision can be made given the constraints, implications, and ethical considerations. If the decision itself cannot be reframed as a situation in which all parties can benefit—that is, a win-win situation—then the manager needs a decision-making framework to help. (Waddock, 2012)

To help managers think through ethical moral conflicts, the business ethicists have given various frameworks and their approaches usually combine four methods of ethical reasoning—rights and duties, utilitarianism, and justice that helps managers and leaders step through a logical thinking process to sort out the ethical dimensions of a difficult and inherently conflictual situation.

When practiced regularly, the method becomes so familiar that we work through it automatically without consulting the specific steps. This is one reason why we can sometimes say that we have a “moral intuition” about a certain situation, even when we have not consciously thought through the issue. We are practiced at making ethical judgments, just as we can be practiced at playing the piano, and can sit and play well

“without thinking.” Nevertheless, it is not always advisable to follow our immediate intuitions, especially in particularly complicated or unfamiliar situations. Here our method for ethical decision making should enable us to recognize these new and unfamiliar situations and to act accordingly (Brown University, 2011).

Various theoretical frameworks have been discussed in this chapter to assess ethical dimension to CSR which is an ubiquitous condition. When we purport to align with specific features, these frameworks have their own limitations. Hence it is important to be familiar with all theories and frameworks to understand how they relate to each other—where they may overlap, and where they may differ. Making ethical decisions requires sensitivity to the ethical implications of problems and situations. It also requires practice. Having a framework for ethical decision making is essential.

According to Singh and Singh (2013) if we examine the current literature on ethics, the focus is on lines given by philosophers, academics and social critics. However, leaders, managers and engineers require more practical information about managing ethics. Ethical management in the workplace holds tremendous benefit to all including engineers, managers, organizations and society. This is particularly true today when it is critical to understand and manage highly diverse groups, with different values at the workplace and operating in globalize economic conditions of Socrates and Plato guidelines for ethical behavior (Moore, 2004; as quoted in Singh and Singh, 2013).

## **2.2 Defining Corporate Social Responsibility**

Corporate Social Responsibility covers not only the responsibility of an organization, public or private, towards the society but also includes the transparency of firms about their efforts as well as the involvement of various stakeholders in their plans and activities. So, one must walk through the historical research into the subject, first, to reveal how the meaning of CSR has evolved over the years and secondly, to discover how the entire process was mainstreamed.

Corporate Social Responsibility: Enderle and Tavis (1998) define corporate social responsibility as ‘the policy and practice of a corporation’s social involvement over and beyond its legal obligations for the benefit of the society at large’. According to the definition by Angelidis and Ibrahim (1993), corporate social responsibility is ‘corporate social actions whose purpose is to satisfy social needs’. Lerner and Fryxell (1988) suggest that CSR describes the extent to which organizational outcomes are consistent with

societal values and expectations. According to McIntosh, Leipziger, Jones, & Coleman (1998), at its grass roots, being socially responsible has been a concern very much related to the rationale that businesses are more likely to do well in a flourishing society than in one that is falling apart. Over the past decades, both the concept and the practice have evolved as a reflection of the challenges created from an ever-changing society and many different definitions of what CSR really means have been set out.

In both the corporate and the academic world there is uncertainty as to how CSR should be defined. Some go as far as saying ‘We have looked for a definition and basically there isn’t one’ (Jackson & Hawker, 2001). But according to Van Marrewijk (as quoted by Dahlsrud, 2008) “this is not quite true; the problem is rather that there is an abundance of definitions”.

A four-part definition of CSR by Carroll has been stated as follows: ‘The social responsibility of business encompasses the economic, legal, ethical, and discretionary [later referred to as philanthropic] expectations that society has of organizations at a given point in time’ (Carroll 1979, 1991). Because this definition has been used successfully for research purposes for many years now, it is somehow considered to be a positive and appropriate definition to use because of its enduring application in CSR research.

In a study by Dahlsrud (2008), it is found that definitions tended to identify various dimensions that characterized their meaning. Using content analysis, this study identified five dimensions of CSR and used frequency counts via a Google search to calculate the relative usage of each dimension. The study found the following to be the most frequent dimensions of CSR: stakeholder dimension, social dimension, economic dimension, voluntariness dimension and environmental dimension.

Since it seems unfeasible that the diversity of issues addressed under the CSR umbrella would yield to a singular universal definition. Okoye (2009) examines these criteria to discover if CSR is an “essentially contested concept (ECC)<sup>1</sup>” and in that case, to construe if such a change in perception will resolve the definitional crisis. The analysis suggests that CSR is an ECC and this explains the potential for several conceptions of CSR, however, it does not totally obviate the need for a definition of its core or common reference point, if only to ensure that the contestants are dealing with an identical subject matter.

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<sup>1</sup> Gallie, an eminent philosophical scholar, proposed the essentially contested concepts (ECC) theory in 1956 to address concepts that by their very nature engender perpetual disputes. He pointed out that there are certain concepts which by their very nature are inevitably contested.

The World Business Council for Sustainable Development (WBCSD) defines CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities” (WBCSD, 2000).

Over the last decade, Corporate Social Responsibility (CSR) has been defined first as a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment and, second, as a process by which companies manage their relationship with stakeholders (European Commission, 2001).

The European Commission (2001, p. 366) defined CSR as “the responsibility of enterprises for their impacts on society” and invited firms to implement a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations with the aim of maximizing the creation of shared value for their owners / shareholders and for their other stakeholders and society at large.

Business dictionary defines CSR as “A company’s sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship through their waste and Pollution reduction processes, by contributing educational and social programs and by earning adequate returns on the employed resources” (Ravichandran, 2016)

According to Votaw & Sethi (1973), corporate social responsibility means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others, the meaning transmitted is that of ‘responsible for’ in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large (Votaw& Sethi, 1973) and Garriga &Mele (2004) mention that till now the problem is more or less the same.

According to Matten & Moon (2008) defining CSR is difficult because it is an “essentially contested concept,” being “appraisive” (or considered as valued), “internally complex,” and having relatively open rules of application. Second, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations Third, it has clearly been a dynamic phenomenon. At the core of CSR is the idea that it

reflects the social imperatives and the social consequences of business success. Thus, CSR (and its synonyms) empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good. Yet the precise manifestation and direction of the responsibility lie at the discretion of the corporation.

Numerous definitions of CSR are offered by academics and commentators, and by business, civil society, governmental and consulting organizations. CSR is be difficult to pin down. “It is simultaneously an idea or set of societal expectations; and a set of business practices. Its underlying ideas and contemporary practices are contextual, particularly reflecting its company, sectoral, national, ethic and cultural location. It overlaps with a number of other concepts such as ethics, sustainability and citizenship. Its meanings, assumptions and implications for business and society have been dynamic. Hence, definitions of CSR are not only plentiful but also continually emerging” (Moon, 2014)

### **2.3 Evolution of Corporate Social Responsibility**

According to Gupta (2014), Corporate Social Responsibility is qualitatively different from the traditional concepts of corporate philanthropy. It acknowledges the corporation’s debt that the corporation owes to the community within which it operates. It regards the community as an equal stakeholder.” CSR also defines the business corporation’s partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities.

What distinguishes the current meaning of CSR from previous social initiatives is the explicit assumption of multiple responsibilities towards society and the attempt to manage it strategically. It implies that companies rethink their position and act in terms of the complex societal context which they are part of. CSR practices have been implicitly incorporated in the management of many organizations for decades, although as a concept it presents a certain newness and complexity. The socially responsible strategies, programs and practices actually developed by companies can assume many different forms, depending on the particular situation of each organization and the specific context in which it operates (Durate,

2011). A review of CSR literature shows that the academic debate and writing about the topic is mostly a product of the past fifty years although a boom in theorization and practice has been registered since the 1990s (Durate, 2011).

In an extensive review of literature on CSR, Carroll & Shabana (2010) mention that though the roots of CSR extend before World War but for all practical purposes it is largely considered a post- World War II phenomenon and actually did not surge in importance until the 1960s. Early writings on CSR, referred to it as social responsibility (SR) rather than CSR. The publication by Bowen (1953) of his landmark book *Social Responsibilities of the Businessman* is said to mark the beginnings of the modern period of literature on this subject (Carroll, 1999). William C. Frederick, who is a significant contributor to CSR literature states that there were three core ideas about CSR that stood out in the 1950s. These included the idea of the manager as public trustee, the balancing of competing claims to corporate resources, and corporate philanthropy – business support of good causes (Frederick 2008).

The decade of the 1960s marked a significant growth in the attempts to formalize or, state what CSR means. One of the first and most prominent writers in that period to define CSR was Keith Davis. He was the first to explicitly say that socially responsible decisions most probably bring long run economic gains to the firms. Later he published another important work with Robert Blomstorm entitled “Business and its environment” arguing that social responsibility is applied by the businessmen when they consider the needs and interests of others who may be affected by business actions (an idea that is in the core of stakeholders theory popularized by Edward Freeman in the 1980s). Two other major writer of this decade were William C. Frederick, who argued that business operations should fulfill the expectations of the public, and Joseph W. McGuire who introduced the idea that assuming social responsibilities implies going beyond economic and legal obligations, as latter stressed in Carroll’s (1979) much-cited four components model of CSR. Also Walton (1967) published another important book in this decade entitled “Corporate social responsibilities”, discussing the many facets of CSR and emphasizing that the essential ingredient of social responsibilities include a degree of voluntarism (as stressed in recent perspectives on the concept, such as the one adopted by the European Commission, 2001).

McGuire (1963) using Fortune magazine's ratings of corporate reputations analyzed the relationships between perceptions of firms' corporate social responsibility and measures of their financial performance. They found a firm's prior performance, assessed by both stock-market returns and accounting-based measures, was more closely related to corporate social responsibility than was subsequent performance. Measures of risk were more closely associated with social responsibility than previous studies had suggested.

In 1970's, the focus on developing new or refined definitions of CSR was further shifted towards research on CSR and a number of writings on alternative concepts and themes such as corporate social responsiveness, Corporate Social Performance, public policy, business ethics, and stakeholder theory/management, etc. It was in this decade that Carroll (1979) proposed the four components model of CSR, stating that “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (p. 500). Formal definitions of CSR began to proliferate in the 1970s, and the overall trajectory was towards an emphasis on CSP (Carroll 1999; Sethi 1975). The 1970s was the decade in which corporate social *responsibility*, *responsiveness* and *performance* became the center of discussions. Ackerman (1973) and Murray (1976) argued that what was really important was not that companies were ‘assuming a responsibility’, but that companies were responding to the social environment.

The decade of 1980's witnessed an increasing interest in research on CSR, as well as the emergence of alternative concepts and themes related with the role of business in society. Authors such as Thomas M. Jones and Peter Drucker gave an important contribution to the debate on CSR. Jones (1980) emphasized that CSR must be seen as a process and not just as a set of outcomes, because of the difficulty to reach consensus regarding what constitutes socially responsible behavior. Drucker (1984) reinforced the idea that business ought to convert its social responsibilities into business opportunities. Corporate social performance was proposed by Wartick & Cochran (1985) to be a more comprehensive framework under which CSR might be classified. These authors recast the three CSR aspects of Carroll's model of CSR (corporate social responsibilities, corporate social responsiveness and social issues) into a framework of principles, processes and policies, respectively. Frederick termed the 1980s as the beginning of the ‘corporate/business ethics’ stage, wherein the focus became fostering ethical corporate cultures (Frederick, 2008).

Wartick & Cochran (1985) traced the evolution of the corporate social performance model by focusing on three challenges to the concept of corporate social responsibility: economic responsibility, public responsibility, and social responsiveness. They also examined social issues management as a dimension of corporate social performance. Their research concluded that the corporate social performance model is valuable for business and society study and that it provides the beginnings of a paradigm for the field.

Carroll states that very few unique contributions to the definition of CSR occurred in the 1990s. The concept of CSR served as the base point, building block, or point-of-departure for other related concepts and themes, many of which embraced CSR- thinking and were quite compatible with it. CSP, stakeholder theory, business ethics theory, and corporate citizenship were the major themes that took center stage in the 1990s (Carroll, 1999)

Fombrun & Shanley (1990) link CSR to overall corporate performance to the reputation aspect. Empirical evidence in their study suggests that the greater a firm's contribution to social welfare, the better its reputation which closely related to brand awareness, aids in brand differentiation and ultimately helps a company gain (through a good reputation) or lose (through a damaged reputation) competitive advantage.

Brown & Forster (2013) analyze the works of Adam Smith's, including two lesser-known manuscripts, the *Theory of Moral Sentiments* and *Lectures in Jurisprudence*—to help answer the question as to how companies should morally prioritize corporate social responsibility (CSR) initiatives and stakeholder claims. Smith makes philosophical distinctions between justice and beneficence and perfect and imperfect rights, and those distinctions to speak of contemporary CSR and stakeholder management theories. They address the most often-neglected question as to how far a company should be expected to go in pursuit of CSR initiatives and they cleverly offer a fresh perspective as to the role of business in relation to stakeholders and to society as a whole. They states that Smith's moral insights help us to propose a practical framework of legitimacy in stakeholder claims that can help managers to select appropriate and responsible CSR activities.

In her concluding remarks on the future of CSR Carroll (1999) said that, in future it is expected that attention will be given increasingly to measurement initiatives as well as theoretical developments. For these concepts to develop further, empirical research is doubtless needed so that practice may be reconciled with theory. The CSR concept will remain as an essential part of business language and practice, because it is a vital underpinning to many of the other theories and is continually consistent with what the public expects of the business community today. The current trends in CSR research prove that her predictions hold true.

According to Acutt, Medina- Ross & O'Riordan (2004), the debate on corporate responsibility has shifted from a focus on environmental management towards a broader concept of corporate social responsibility (CSR). They examine the chemical



industry's approach to CSR from the perspective of two emerging economies: Mexico and South Africa. This article examines the extent to which the chemical industry has responded to the broader debate on CSR. They argue that the socio-political context influences the extent to which companies embrace CSR, especially in emerging economies, and highlights several challenges for the chemical industry in moving forward on CSR: credibility, stakeholder engagement, value-chain accountability, disclosure and transparency. Following the global financial and economic crisis of 2008, research on CSR has blossomed. Academics have examined the roots of the crisis and offered guidelines on how to avoid such phenomena and act as a good corporate citizen. According to Porter & Kramer (2006), the solution to the problem that capitalism is facing “lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges” (Dabic et. al., 2016)

With Hasnaoui & Freeman (2010) influential book, the focal point moved from legitimacy and morals towards a new theory of the firm. Social considerations are thus no longer outside an organization but are part of its purpose of being. CSR thus becomes a question of stakeholder identification, involvement, and communication. The purpose of stakeholder management is to devise a framework to manage strategically the myriad groups that influence, directly and indirectly, the ability of a firm to achieve its objectives.

Wang, Tong, Takeuchi, & George (2016), provide an overview of CSR research published in *AMJ* over nearly six decades. They identify a few major trends in CSR research, based on their content analysis of articles published between 1958 and 2015. According to them, CSR research can be broadly categorized into three types based on the content of these studies: antecedent, outcome, and process. The “antecedent” category includes articles examining factors that determines firm engagement in CSR. Articles grouped into “outcome” examine the consequences of CSR, and the last category contains studies that intend to understand the “process” of CSR decision making or implementation, and how stakeholders interpret and respond to corporate social activities. The major trends identified are as follows:

A resurgence of “process”-based research occurs in the 2000s and 2010s, reflecting the growing interest for in-depth understanding of corporate decision making and implementation of CSR.

The number of outcome studies were relatively high in the 2000s and 2010s. But a further classification of the articles suggests that in the in the “outcome” category there is a conceptual shift from financial outcomes to non-financial, social and organizational outcomes. This trend captures the interest in a broader construal of the role of businesses and corporations in society, as well as in untangling the mechanisms (likely mediating factors) through which CSR is linked to financial performance.

CSR studies have shifted focus from examining CSR as an aggregate of multiple social dimensions to focusing on a specific element of social activities such as employee relations, product quality, and environmental performance among others.

Before the 1990s and even in the 2010s, CSR research published in *AMJ* was dominated by studies using US data. The number of articles examining a non-US context or data has increased sharply in the 1990s and 2010s and now the number of CSR studies in the non-US contexts are comparable in scale with those in the US context.

Given below is an overview of research papers reviewed for the present study.

Bronn& Vrioni (2001) explores how companies use CSR in their marketing communication activities, a practice known as cause-related marketing (CRM). Corporate social responsibility requires investment and it yields measurable outcomes. It is commonly accepted that cause-related marketing is a communications tool for increasing customer loyalty and building reputation. The expected change in a company’s image because of CRM campaigns appears to depend a great deal upon how customers perceive the reasons for a company’s involvement in cause-related programmes and the amount of help given to the cause through a company’s involvement.

Mahoney & Thorne (2005) examined the association between long-term compensation and corporate social responsibility (CSR) for 90 publicly traded Canadian firms. They found a significant relationship between the long-term compensation and total CSR weakness as well as the product/environmental weakness dimension of CSR. In addition, they found a marginally significant relationship between long-term compensation and total corporate responsibility. In 2006 they also examined the association between executive compensation and corporate social responsibility (CSR) for 77 Canadian firms using three key components of executives’ compensation structure: salary, bonus, and stock options. They measured three different aspects of CSR, which include Total CSR as well as CSR Strengths and CSR Weaknesses. CSR Strengths and

CSR Weaknesses capture the positive and negative aspects of CSR, respectively. They found significant positive relationships between: (1) Salary and CSR Weaknesses, (2) Bonus and CSR Strengths, (3) Stock Options and Total CSR; and (4) Stock Options and CSR Strengths. They suggested the importance of the structure of executive compensation in encouraging socially responsible actions.

The Corporate Social Responsibility field presents not only a landscape of theories but also a proliferation of approaches, which are controversial, complex and unclear. The article by Garriga & Mele (2004) tries to clarify the situation, by classifying the main CSR theories and related approaches in four groups: instrumental theories, political theories, integrative theories, and ethical theories. In practice, each CSR theory presents four dimensions related to profits, political performance, social demands and ethical values. The findings suggest the necessity to develop a new theory on the business and society relationship, which should integrate these four dimensions.

Jamali & Mirshak (2007) critically examines the CSR approach and philosophy of eight companies that are considered active in CSR in the Lebanese context. The findings suggest the lack of a systematic, focused, and institutionalized approach to CSR and that the understanding and practice of CSR in Lebanon are still grounded in the context of philanthropic action.

Albareda, Lozano, & Ysa (2007) in their article analyze the CSR public policies in European advanced democracies, and more specifically the European Union (EU)-15 countries, and explain how governments have understood, designed and implemented their CSR public policies. Their work contributes significantly by proposing an analytical framework to analyze CSR public policies, which provide a perspective on the relationships between governments, businesses, and civil society stakeholders, and helps to incorporate the analysis of CSR public policies into a broader approach focused on social governance.

Newell & Frynas (2007) examine the extent to which CSR initiatives can help to address poverty, social exclusion and other development challenges. They explore the balance of responsibilities between state, market and civil society in addressing these problems and meeting the UN Millennium Development Goals (MDGs) and they also discuss what new tools, strategies and methodologies are required to harness the positive potential contribution of business to development and deter corporate irresponsibility.

Ketola's (2008) research is a synthetic, interdisciplinary exercise which integrates philosophical, psychological and managerial perspectives of corporate responsibility into a more holistic Corporate Responsibility (CR)-model for the benefit of academics, companies and their interest groups. CR usually comprises three areas: environmental, social and economic responsibilities. He builds a CR-model by integrating (1) utilitarian/egoistic, duty/rights/justice and virtue ethical corporate values with (2) increased consciousness of psychological defences in corporate discourses, in order to achieve (3) responsible environmental, social and economic corporate actions. The resulting CR-model can be tested in companies and executed through corporate strategic and operational management.

Lee (2008) traces the conceptual evolutionary path of theories on corporate social responsibility (CSR) and to reflect on the implications of the development. He suggests that the trend has been a progressive rationalization of the concept with a particular focus on tighter coupling with organizations' financial goals. Analysis show that researchers have moved from the discussion of the macro-social effects of CSR to organizational-level analysis of CSR's effect on profit and also the focus has shifted from explicitly normative and ethics-oriented arguments to implicitly normative and performance-oriented managerial studies. He further opines that the current state of CSR research places excessive emphasis on the business case for CSR and that future research needs to refocus on basic research in order to develop conceptual tools and theoretical mechanisms that explain changing organizational behavior from a broader societal perspective.

Matten & Moon (2008) address the question of how and why CSR differs among countries and how and why it changes. They conceptualize, the differences between CSR in the United States and Europe and, the recent rise of CSR in Europe. They also delineate the potential of their conceptual framework for application to other parts of the global economy.

Gjølborg (2009) explores the relative importance of global forces and national political economic institutions for companies' willingness and ability to engage in CSR. The globalist and intuitionist hypotheses are examined quantitatively by testing an index of national CSR performance against well-established political-economic indicators. The results reveal a causal heterogeneity and indicates two separate pathways leading to CSR success.

Fassin, Rossem & Buelens (2011) expressing their concern over recent academic articles which point to an increased vagueness and overlap in concepts related to business ethics and

corporate responsibility, opine that the perception of these notions can differ in the small business world from the original academic definitions. Adopting a cognitive perspective, they have identified how the small-business owner–manager makes sense of notions linked to corporate social responsibility (CSR) and business ethics. The findings of the study can contribute to a better understanding of how small-business owners think and integrate corporate responsibility and ethical issues into their decision-making.

Njoroge (2011) investigates factors influencing Corporate Social Responsibility programmes implementation in the commercial banks in Kenya. The study has explored the factors like: physical environmental effects like environmental conservation, stakeholder's values, company's policy guidelines and regulation, ethical practices and views of CSR in relation to profitability

Isaksson, Kiessling, & Harvey (2014) in their article *Corporate Social Responsibility: Why Bother?* express their concern that CSR is often misinterpreted as it is defined in so many ways. They give an overview of how it has taken so many years to evolve from a somewhat infant concept to a successful managerial tool to build a company's reputation in the global market arena. They opine that Corporate social responsibility has become corporate strategic responsibility — an imperative element of corporate global business strategies. Many leaders, entrepreneurs, investors, executives and politicians now recognize CSR's potential for differentiation and positioning in the global marketplace. CSR has matured from its infancy, becoming a corporate reputational adding-value strategy for firms.

In a very recent and extensive study by Dabic et.al (2016) around 302 (from 1995 to 2014) articles have been studied to analyze the literature on industry-specific CSR practices. The findings indicate that the CSR studies are very unevenly distributed and that the issues studied and the methods used vary widely across industries. The authors also map this field of study and propose suggestions on where research on industry-specific CSR should go in the future.

#### **2.4 CSR Policy Initiatives across Countries and in India**

Ever since the 50s, philanthropy has led the CSR strategy for almost all corporate firms seeking to establish their stronghold in the field. The Committee Encouraging Corporate Philanthropy (CECP) reported that the Fortune 100 companies donated a total of \$46.31 million in 2007, with 71% of the Fortune 100 companies surpassing the amounts compared

to 2006 (CECP 2009a). As early as 1999, corporate philanthropy accounted for around 1.3% of the total profits as per Seifert, Morris, & Bartkus (2003). The donors included Merck, which donated ‘over \$40 million in cash and over \$100 million in medicines’ and other donors like Wal-Mart, Kroger, Philip Morris and Procter & Gamble (Carroll & Shabana, 2010). Corporate philanthropy has recently evolved into a global phenomenon with a number of Fortune 500 companies making contributions to disaster relief in the US, Kashmir and South Asia (Muller &Whiteman 2009).

The Organization for Economic Co-operation and Development (OECD) established a set of guidelines for multinational enterprises in 1976, and was thus a pioneer in developing the concept of CSR. The purpose of these guidelines was to improve the investment climate and encourage the positive contribution multinational enterprises can make to economic and social progress (Global CSR Summit 2013).

However, most importantly, the soul of Corporate Social Responsibility lies in transparency, regarding accounting and reporting, among others things. This is the avenue where there has been a real revolution over the last couple of decades, especially internationally. The Global Reporting Initiative (GRI) was founded in 1997 to promote economic sustainability and has been addressing the need to standardize approaches to CSR reporting.

In a 1999 speech, U.N. Secretary-General Kofi Annan challenged the leaders of global corporations to “embrace and enact” a set of “universal values” by signing the accompanying box). Corporations that join agree to write these principles into their mission statements, apply them in their operations, and publicize their concrete progress on a U.N. website. Annan emphasized that the Global Compact is not a rigid a set of rules or a legally binding code with bureaucratic compliance requirements. Corporations do not even sign anything when they join. It is, rather, a way of getting companies to apply widely agreed-upon principles to individual situations. “We have to choose,” said Annan, “between a global market driven only by calculations of short-term profit, and one which has a human face.” (Joshi, 2007)

In 2006 the British Companies Act mandated all companies listed in the UK to include information about their CSR activities in their annual reports; however, a full length CSR reporting was made voluntary. In 2007, the Malaysian government passed a regulation to mandate all publicly listed companies to publish their CSR initiatives in

their annual reports on a “comply or explain” basis. Accordingly, all public listed companies (PLCs) in Malaysia have to either publish CSR information or they need to explain why they should be exempted. In another example, in 2009 Denmark mandated CSR reporting, asking all state- owned companies and companies with total assets of more than €19 million, revenues more than €38 million and more than 250 employees, to report their social initiatives in their annual financial report. Emerging markets such as Brazil, China and South Africa have become forerunners in CSR reporting in the developing world in terms of their involvement in CSR-related activities in order to promote the listed company’s transparency, credibility and endurance (CSR Global Summit 2013, 3. 11).

Host to two of the biggest emerging economies in India and China, Asia is relatively new to the concept of CSR, which, though late, is steadily taking its hold over the continent. The South-Asia Alliance for Responsible Business (SAARB) comprises of participants from India, Pakistan, Nepal, Bangladesh and Sri Lanka, and seeks to further the CSR cause in South Asia. The group is also developing a CSR self-assessment toolkit for use by corporates (Gautam and Singh, 2010). Another organization called CSR Asia was launched in Hong Kong in 2004, to disseminate information and develop CSR tools for its partners in the Asia- Pacific Region. It involves itself in informing people about CSR issues through publishing of specialized reports, training programmes, internet news service, online database and weekly newsletters. They are also involved in facilitating dialogues between various stakeholders and undertaking research contracts with MNCs or NGO clients.

The Asia-Pacific CSR group was founded in Singapore in July 2004, consisting of 10 members from Australia, Singapore, India and Hong Kong among others, with the motive of enhancing regional co-operation and understanding in the field of CSR (Center for CSR, 2004). Their goals included the introduction of standards and benchmarks for corporations as well as promotion of good business practices in social and environmental fields. It also plans to construct a CSR index for the region to raise CSR levels across the region. The KLD Global Sustainability Index Series, which was founded in 2007 and covers three geographical areas i.e. North America, Europe and Asia-Pacific, is perhaps the mostly widely accepted measure of corporate performance. The Global Reporting Initiative also provides an alternative framework for the assessment of CSP (Carroll & Shabana, 2010). In addition to economic and environmental indicators, its Sustainability Reporting Guidelines identify four classifications of social performance indicators: labor practices and decent work, human rights, society and product responsibility (Global Reporting Initiative,

2006). Both the KLD index and the GRI sustainability reporting guidelines specify the importance of societal and stakeholder concerns concerning corporate social performance.

As discussed earlier also, since ancient times, Indian businesses has been closely associated with social causes through philanthropy, which is partially rooted in the religious beliefs of people quite like western philanthropy. In fact, this trend continues till date and CSR efforts in the country are still dominated by a philanthropic approach consistent with the long-standing traditions of business involvement in social development (Chaudhri & Wang, 2007). However, as pointed out earlier, corporate India has been evolving in its attitude towards CSR, like China, Brazil and other emerging economies.

Currently, there is an increased focus and a changing policy environment to enable sustainable practices and increased participation in the socially inclusive practices of late, CSR has received a shot in the arm from the advent of non-family businesses, corporate will and government and public expectations (Mohan, 2001). It has also been noted that Indian CSR is now a significant part of the program to move away from rapid-growth, export-oriented, cost-focused strategies and towards long-term, business development initiatives (Balasubramanian, Kimber, & Siemensma2005).

In pre-independence India, a set of concerned industrialists came out with a development plan for India in 1944, called the Bombay Plan (Srinivasan & Tendulkar, 2003). Post-independence, JRD Tata led the way for the corporate world and emphasized that they needed to go beyond the usual initiatives to contribute to public welfare (Gautam & Singh, 2010). He advised companies to involve their own financial, managerial and human resources to undertake relief and development measures, instead of merely donating funds to charitable causes. Also, since India housed a mixed-economy framework, it experienced the elements of state-sponsored CSR activities through large public sector companies (Arora & Puranik, 2004).

While it took its time to get accepted in corporate circles, companies started bringing CSR activities into the mainstream. Changes in India's economic paradigm in 1990s significantly influenced the corporate sector, bringing freedom from regulation and enhanced controls. Shrivastava & Venkateswaran (2000) found that most corporations agreed that this newfound liberty carried social responsibilities with it. Some companies like ITC also used it to differentiate their products in the markets (Classmate notebooks), indicating a rise in the awareness level of the Indian consumer in general.



Leading chambers of commerce like FICCI (The Federation of Indian Chambers of Commerce and Industry) and CII (Confederation of Indian Industry) work closely with the government in relation with social and environmental norms. CII set up the Social Development Council (SDC) to ensure higher corporate involvement in social development provide an organized base for corporate social activities. Bombay Chambers of Commerce and Industry (BCCI) have consistently focused on solving issues related to high population and civic conditions in Mumbai. Organizations like Associated Chambers of Commerce and Industry in India (ASSOCHAM) help their members (such as NTPC (National Thermal Power Commission) consolidate CSR initiatives, keep a tab on their progress and also award deserving corporations for their work in social development. In another notable development, BSE (Bombay Stock Exchange) signed a MoU (Memorandum of Understanding) with Indian Institute of Corporate Affairs (IICA) to develop a CSR index to raise awareness and accountability among corporate India. The RBI (Reserve Bank of India) also circulated a notice in 2007 highlighting the role of banks in corporate social responsibility (Chaudhury, Das, & Sahoo, 2012). The government has equally played its part in involving corporate India in CSR activities by mandating CSR expenditure for a set of eligible companies.

An important step towards mainstreaming the concept of business responsibility was taken by the Ministry of Corporate Affairs (MCA). In the year 2009, it released “Voluntary Guidelines on Corporate Social responsibility”. Later in 2011, in furtherance of this step, the “National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business was issued by the institute of corporate affairs. The nine principles are as follows:

1. Businesses should conduct and govern themselves with ethics, transparency and accountability.
2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
3. Businesses should promote the wellbeing of all employees.
4. Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5. Businesses should respect and promote human rights.
6. Business should respect, protect, and make efforts to restore the environment.

7. Businesses, when engaged in influencing public and regulatory policies, should do so in a responsible manner.
8. Businesses should support inclusive growth and equitable development.
9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

There has been an influx of funding by the corporates in India to aid and uplift the Indian society for many decades. The fifty-seventh standing committee on finance highlighted the need for companies to contribute to the society as they depend on the society for obtaining the capital for their businesses. As a result, The Ministry of Corporate Affairs enforced the New Company Act and the CSR Rules from 1 April 2014. The passage of Companies Act 2013, notification of CSR rules and further notifications can be seen as a move by the Government of India to strengthen the relation of the business with communities and also better transparency and governance around CSR. The provision of Section 135 for CSR in the Act is introduced in order to enable companies to build social capital through a regulatory structure. By doing so, India became one of the first countries to have a regulatory requirement to spend on CSR and also one of the first to empower businesses to make an impact on the social front in a structured manner.

As per the Act, companies with a net worth of INR 500 Cr. or more, or a turnover of INR 1,000 Cr. or more, or a net profit of INR 5 Cr. in a given fiscal year must have a CSR committee. Additionally, companies are required to adhere to a set of criteria including: Formulating a well-defined CSR policy, undertaking project in alignment with Schedule VII of the Act and the CSR Rules Monitoring CSR policy and projects, and reporting details of the CSR activities in the Annual Report in accordance with the prescribed format.

While the Act provides the overall guidance framework for the corporates to lead their CSR initiatives, it also provides ample autonomy and flexibility to design and implement programs. Furthermore, India is one of the first few countries in the world which has mandated CSR spending as well as its reporting.

## 2.5 Corporate Social Responsibility in India

The concept of CSR is not new to India as social responsibility of companies is a well-established phenomenon in India, and the country has one of the world's richest traditions of CSR. In its oldest forms, CSR in India included the concept of corporate philanthropy and the Gandhian Trusteeship model. But the liberalization of the Indian economy in the 1990s led to a fundamental shift from the philanthropy-based model to a multi-stakeholder approach whereby companies are deemed responsible for all stakeholders, including financial stakeholders, employees and the community. (Sharma, 2013)

As mentioned by Sharma and Pandit, 2016, according to The 2001 State of Corporate Responsibility in India Poll, a survey conducted by Tata Energy Research Institute (TERI), the evolution of CSR in India has followed a chronological evolution of four thinking approaches:

**Table 1: Evolution of CSR approaches in India**

Model	Focus	Champions
<b>Ethical</b>	Voluntary commitment by companies to public Welfare	M.K.Gandhi
<b>Statist</b>	State ownership and legal requirements determine Corporate responsibility	Jawahar Lal Nehru
<b>Liberal</b>	Corporate responsibilities limited to private owners(Shareholders)	Milton Friedman
<b>Stakeholder</b>	Companies respond to the needs of stakeholders customers, employees, communities, etc.	R. Edward Freeman

Source: Sharma and Pandit (2016)

Sharma (2013) in her work traces the evolution of the concept of CSR in Indian context and mentions that the development of CSR in India has paralleled India's historical development. The earliest phase of Indian CSR was heavily influenced by cultural and religious tenets. As per the Vedic philosophy, the principal role of money was to serve the needs of society, and the best use of money was donation for the welfare of others. The merchants influenced by this thinking committed themselves to charitable work such as building temples, schools, and hospitals, and providing relief in times of famine and epidemic for their personal satisfaction.

Second phase of Indian CSR (1914-1960) was dominated by country's struggle for independence. This phase was influenced fundamentally by "Gandhi's theory of trusteeship, the aim of which was to consolidate and amplify social development." In fact, many Indian

academicians believe that the concept of CSR has its origin in Gandhi's concept of trusteeship: Gandhi felt that the capitalist should be treated as trustees of the assets vested with them - provided they conduct themselves in a socially responsible way. This demanded that they manage the assets in the best possible way, take a part of the profit to sustain themselves and dedicate the remaining profit for the uplift of the society.

Post-independence the government's efforts were directed toward providing socially just economic growth, which led to the emergence of public sector undertakings (PSUs) and extensive legislation on labor and environmental standards. Jawaharlal Nehru propounded the "Statist" model of CSR in post-independent India, under which sustainability practices and policies of SoEs were featured prominently. In this context, CSR was mainly characterized by legal regulation of business activities and/or promotion of PSUs. Under this model, "elements of corporate responsibility, especially those relating to community and worker relationships, were enshrined in labor law and management principles." SoEs (Standard Operating Environment) in India continue to follow this philosophy today. While efforts during this period were made primarily to promote the PSUs that were to play a critical role in nation building, the private sector experienced a set-back in the "regime of high taxes, quota, and license system," that resulted in gross corporate mal-practice. Furthermore, the high expectations from the PSUs came crashing down when they achieved only limited success in tackling developmental challenges. Consequently, the need for the private sector to step forward and contribute to socioeconomic development was felt strongly. India's post-independence economic strategy was both "inward-looking and highly interventionist," which resulted in sluggish growth.

The country underwent a major currency crisis in 1990-91, and was in a precarious position due to its rising "current account deficits and greater reliance on commercial external financing." The financial crisis forced India to deregulate and liberalize its economy in order to achieve domestic stability and to become competitive in the global market. As a result of internal economic reforms and the globalization of the world economy, India experienced a striking economic boom and India's post-liberalization phase has seen a shift: from the philanthropy-based model of CSR to a more liberal, "companies are solely responsible to their owners to the current stakeholder-participation based model." (Sharma, 2013).

There are a number of studies that have been undertaken by the scholars to understand different aspects of CSR in India and the following review gives an overview of the same:

According to Chahoud, Emmerling, Kolb, Kubina, Repinski, & Schläger (2007), despite the high rate of participation in the UNGC, there is still a need to assess how and to what extent the Global Compact contributes to improved corporate social and environmental conduct in India. The author attempts to answer these questions and describes CSR in India and its differences from the global trend with a view to identifying the specific features of Indian CSR, and also discusses the role of the multi-stakeholder approach in India is considered, with particular emphasis on the role of civil society organizations and other stakeholders and their integration into multi-stakeholder forums.

Vidhi & Wang (2007) examine CSR communication undertaken by the top 100 information technology (IT) companies in India on their corporate Web sites, with an analytical focus on the dimensions of prominence of communication, extent of information, and style of presentation. The findings indicate that the number of companies with CSR information on their Web sites is strikingly low and that these leading companies do not leverage the Web sites to their advantage in terms of the quantity and style of CSR communication. Although the findings do not necessarily imply absence of CSR action on the part of IT companies in India, they attest to a general lack of proactive CSR communication. The article concludes with managerial implications for CSR communication on corporate Web sites.

Das Gupta & Das Gupta (2008) based on a survey, confirm that Indian corporates are already working on the guideline of the Global Compact, as the Indian ethos and religious values teach these doctrines from a socio-religious aspect.

Sharma (2009) article discusses the concept of CSR as understood by Indian businesses in the past, and the changing interpretations of the concept in the age of globalization and expanding markets. The article further discusses the efforts toward community and social development made by both state owned enterprises (SoEs) and private-sector businesses. After a detailed analysis, the article concludes that the future of CSR in India is bright, and that its importance will continue to grow even further given the increasing importance accorded to CSR world-wide, and India's own realization that it needs CSR to achieve long-term sustainability in the world economy.

Gautam & Singh (2010) explore the various definitions and descriptions of CSR; elaborate upon development of CSR in India; study the theoretical concepts expounded by various researchers and study the deployment of current CSR practices in India. This paper examines how India's top 500 companies view, and conduct their CSR, identifies key CSR practices and maps these against Global Reporting Initiative standards. The main findings of the study are that CSR is now presented as a comprehensive business strategy, arising mainly from performance considerations and stakeholder pressure. Companies consider their interaction with stakeholders and impact of its business on society as significant issues. CSR policies vary with turnover and profit. The study suggests that business and CSR strategy appear to be on a convergent path, towards business and CSR integration across the company.

Verma (2011) explores the attention that CSR has caught in Indian corporate sector. Indian companies have different motives and views about CSR as some believe that it is just a window dressing and is not going to help the growth and profitability of business. In addition, many companies have a view that CSR improves the image of company and helps in long-term sustainability of the business. These views raise a question on the requirement and importance of CSR in India. She states, it is important to understand how and why companies adopt CSR activities in spite of expenses involved. She also throws light on the motives and benefits of Corporate Social Responsibility initiatives of Indian companies.

Vellios (2011) in a Ph. D dissertation takes an employee-driven perspective and proposes that the psychological mechanisms of Employee-Company (E-C) identification are directly related to employee CSR perceptions, CSR participation and compulsory or voluntary CSR participation. The results of this study suggest that CSR perceptions, participation and voluntary CSR participation had a strong direct impact on E-C identification whilst personal values moderated the link between compulsory.

Durate (2011) in her work represents an important effort to understand how employees' perception of their companies' engagement in socially responsible practices relates with their job attitudes, having relevant contributions to both CSR and organizational behavior literatures. Regarding the theoretical contributions, this work reinforces the importance of employees' perceptions of companies' social performance for both their job satisfaction and organizational commitment. It identifies construed external image as a relevant mediator variable and provides a new instrument to assess employees' perceptions of CSR.

Jose & Saraf (2013) analyse the sustainability initiatives of India's top 100 companies across multiple variables related to sustainability. The study reveals significant variance in reporting across sectors as well as on the variables reported. The highest reported variables were related to corporate governance, followed by those related to CSR initiatives and measures to improve operational efficiency. Most initiatives in the area of CSR focused on four areas—education, healthcare, community livelihood, and infrastructure development.

Ghose (2012) has studied the theoretical aspect of CSR including the Global Reporting Initiative and CSR Legislation norms focusing on few specific cases of CSR activity and CSR violation in India. She also discusses the possible impact of CSR investment on sales of few companies selected at random to see whether there is any significant correlation between the two and the results prove that there is a correlation between Sales and CSR Investment.

Sharma & Kiran (2012) make an attempt to understand the status and progress and initiatives made by large firms of India in context to CSR policy framing and implementation. The findings suggest that although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area.

Sharma & Mani (2013) analyze the CSR activities carried out by Indian commercial banks. The study is based on the secondary data taken from the annual reports of the banks for the year 2009-10 to 2011-12. Variables used in the study are: rural branch expansion, priority sector lending, environment protection, community welfare, and women welfare, new initiative related to CSR, financial literacy, education and farmers' welfare. The analysis shows that though the Indian banks are making efforts in the CSR areas but still there is a requirement of more emphasis on CSR. There are some banks which are not even meeting the regulatory requirements. The public sector banks have overall highest contribution in CSR activities

Maniktala & Punjabi (2013) explores CSR initiatives in the context of rural development specifically and considers the encroachment of CSR actions on the socio-economic development of rural people of India. Six public and private companies have been taken to understand the working pattern in context of CSR. This research also tries to comprehend that for the advancement of business Indian companies have realized that

CSR is very important issue regardless of sector, size and business goal and the actions has shown the affirmative impact on development of rural sector as well as on their business too.

Gupta (2014) puts forward some insights from the Indian arena in his paper to envisage the basic essence of Corporate Social responsibility being manifested at the corporate level through their initiatives in this direction and also talks about issues related to implementing CSR in India

Kapoor & Kumari (2015) in an attempt to analyze the current CSR status and its progress in India, presents a comprehensive introduction to corporate social responsibility including information about various CSR models and policies governing the CSR in India. The research paper further tries to disseminate information about the latest happenings in the CSR field and suggestions for accelerating CSR initiatives.

Srivastava & Singh (2016) in their paper present a brief knowledge of current scenario of corporate social responsibility in India and study the effects and limitation of CSR policy running in India along with the issues and challenges available for CSR in India.

Sharma & Pandit (2016) in their research paper try to analyze and study the CSR status in India, and give insight into the extent to which companies can follow the CSR.

Jothi (2016) in an attempt to address the question “what factor will influence the companies highly to do the CSR activities?” as well as to identify the realistic role of Companies Act 2013 with respect to the CSR practices of firms in India, studies and analyzes the driving factors of CSR practices of the selected Public and Private firms in India.

## **2.6 Public Sector Undertakings**

Public Sector Undertaking: Fadia (1999) defines PSU “as a corporate body created by a special act of the legislature, with its powers, duties, privileges and patterns of management”. In the eyes of the law, a corporation is an artificial person, i.e., a body or group of natural persons legally recognized and enabled to act as a single person. Usually it has perpetual succession and common seal, and may acquire, hold and transfer property, enter into contracts, and to sue and be sued. Shukla (1975) states that “Public Corporation is a corporate body created by legislature with defined powers and functions and financially independent having clear cut jurisdiction over a specified area or over a particular type of commercial activity.”



In nutshell, a public undertaking is an autonomous body; it is directly accountable to Parliament or the State legislature as the case may be. The main objective is to provide quality goods and services to public at reasonable rates, as earning of surplus or profit takes a secondary phase.

According to Mukherjee and Bordoloi (2014), after the independence from British, the economic policy of India emphasised that government corporations should take the lead role in the development of the nation. Government corporations, which are also known as Central Public Sector Enterprises (CPSEs) start operating with certain social objectives along with other commercial objectives. With the passage of time, the need of regulatory provisions was felt so that these CPSEs can sincerely pursue their activities for the achievement of their social objectives. They have tried to throw light on the guidelines issued to CPSEs in respect of CSR. The researchers have also tried to study the CSR activities of two CPSEs i.e., North Eastern Electric Power Corporation Limited (NEEPCO) and National Hydroelectric Power Corporation Limited (NHPC).

Anchula and Karamala (2015) mention that Pandit Jawaharlal Nehru, first India's Prime Minister, called public sector units (PSU) as 'the temples of modern India'. Public Sector Enterprises play a crucial role in development of the nation's economy and many of these enterprises have taken the initiatives of Corporate Social Responsibility (CSR) practices which have met with varying needs of the society. They attempt to study the CSR practice in PSU of Maharatnas through the fund allocated and utilized before and after the Company act 2013. The study found that Maharatna enterprises have not been able to fully spend their CSR budget, the utilized amount is only 50% from their allocated amount. Finally this paper concluded that Maharatna enterprises are not taking much CSR initiatives as they don't see any support from the governments. Some kind of financial incentives should be given to PSUs so that they can feel motivated and undertake more and more CSR activities

According to another study by Dhingra, Sarin and Gill (2015), the Central Public Sector Enterprises (CPSEs) have got a cardinal role to play in ensuring that the huge investments by the Government in such companies are duly returned to the society at large, particularly the lower strata of the society. Only then CPSEs can discharge their share of the broader responsibility of the State towards the development of a balanced, equitable and sustainable in the long run. They attempt to study the extent upto which selected CPSEs in India discharge their CSR responsibilities in the recent past when they have been

mandated by law to make CSR investments. Accordingly, suggestions have been made for more effective CSR initiatives by the CPSEs in India based on the findings of the study.

Shah and Bhaskar (2010) have used the case study of an Indian PSU like Bharat Petroleum Corporation Ltd to describe its Society and Local Community-related initiatives. Being a PSU and true to its mandate, BPCL has undertaken a lot of innovative CSR initiatives in and around the areas of its functioning. The study shows that the Company has undertaken many CSR initiatives which are typically useful to its employees and secondary stakeholders such as truck drivers and villagers staying in areas surrounding its manufacturing plants. They suggest that the private organizations and other PSUs have a lot to learn from the type of CSR activities undertaken by BPCL.

Tripathy and Rath (2011) make an attempt to look into the CSR culture and practice of an Indian company- National Aluminium Company (NALCO), a leading PSU- and seeks to unfold the level of awareness of CSR among the employees and the neighborhood communities affected by the spillover effect of company's plants and operation. The study also covers their perception of the employees of Public towards CSR activities undertaken by the company.

Sharma and Kiran (2012) have made an attempt to understand the status and progress and initiatives made by large firms of India in context to CSR policy framing and implementation.. Results of the study depicts that IT and Auto industry is more going for taking up CSR initiatives while FMCG sector has focused yet not too much into the social responsibility initiatives. Although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area.

Murthy and Pitty (2013) examine the CSR activities of the biggest engineering public sector organization in India, Bharat Heavy Electricals Limited. They develop a case study of the organization about the funds allocated and utilized for various CSR activities, and also examine its status with regard to other organizations, the 2010 guidelines, and the local socio- economic development. They identify three interesting trends. One, it reveals increasing organizational social orientation with the formal guidelines in place. Two, Firms can no longer continue to exploit environmental resources and escape from their responsibilities by acting separate entities regardless of the interest of the society and Three the thrust of CSR in public sector is on inclusive growth, sustainable development

and capacity building with due attention to the socio-economic needs of the neglected and marginalized sections of the society.

Paramasivan and Savarimuthu (2014) highlight the various initiatives taken up by BHEL towards CSR. The study concludes that CSR activities of BHEL is effectively implemented in the beneficiary villages and places. The authors also mention that the Central Public Sector Enterprises (CPSEs) have contributed a lot towards CSR. In this paper, they attempt to highlight Corporate Social Responsibility of Ratna status undertakings in India.

Singh and Sharma (2015) explain the corporate social responsibility practices framework for companies and analyse the public companies CSR practices. They conclude that the key to maximizing returns for all the stakeholders in the given situation is to emphasize on developing effective and need based CSR strategies so that the investments can yield intended results. According to them the companies have, in their own ways, been contributing to the foundation of CSR in India. They have been addressing national concerns such as livelihood promotion, community development, environment, making health services more accessible, creating inclusive markets and so on.

Dhaneshawar and Pandey (2015) attempt to analyze the status of Indian Public Sector Undertakings (PSUs) in the Oil and Power sector and derive meaningful trends and observations concerning the established CSR mechanism of some of the selected companies of this particular sector. The findings of the research show that even though Indian PSUs have improved greatly in their CSR dealing as compared to previous years, there is still a long way to go. The CSR practices of these PSUs are generally not well-researched which makes their efforts redundant. The initiative lacks in the dynamic collaboration of efforts and fails to take into account multiple stakeholders and beneficiaries. Additionally, the CSR initiatives of these PSUs are still greatly under Government influence which reduces the transparency and credibility of the process. The study also throws light on the role of external agencies in assisting the corporate with the planning and implementation of the CSR activities.

It is evident from the review that PSUs significantly contribute towards the welfare of the society as part of their CSR activities and hence it is important to research various aspects related to their CSR initiatives. Review of the studies also suggest that most of the research work undertaken by various scholars is oriented towards conceptual inquiry or a study

of CSR practices. Managerial perception is not addressed by many researchers and therefore is a lesser explored area which is explored in the present thesis.

## **2.7 Managerial Perception**

According to Turker (2008), a large number of studies have investigated the various dimensions of corporate social responsibility (CSR) in the literature. However, relatively few studies have considered its impacts on employees.

An Ernst & Young report on sustainability in 2012, highlights two specific trends on CSR worth noting. First, CSR has become a dedicated organizational function with clear reporting lines into senior executive teams. Here, managers in charge of coordinating social activities often also are key decision makers within the organizational structure. Second, there is a significant increase in the involvement of employee engagement in CSR activities. While customers have been traditionally considered the key driver of companies' social initiatives, employees become at least as important as, if not more important than, customers in driving company sustainability initiatives (Wang, Tong, Takeuchi, & George 2016).

At the individual level, CSR has been constructed by Ackermann (1973) as managerial discretion. According to this view, managerial actions are not fully defined by corporate policies and procedures. Although managers are constrained by their work environment, they nonetheless have to weigh the moral consequences of the choices they make. This view of CSR is strongly anchored in the business ethics literature.

L'Etang (1996) elaborates how managers encounter difficulties in developing corporate social responsibility programmes. These difficulties arise from conflicting interests and priorities. Pressures may be both internal and external and corporate social responsibility programmes usually evolve from a combination of proactive and reactive policies. The first experiences of a company are likely to be reactive, in response to requests for equipment, sponsorship or charitable donations but companies soon become aware of the benefits of planned programmes. Planning implies objectives, performance criteria and evaluation, and a rational framework for decision-taking. He attempts to highlight problem areas for managers and to develop a pragmatic framework of analysis which will help identify and clarify corporate social responsibilities. The paper, which is written from a UK perspective discusses the contribution of stakeholder models and highlights limitations of this approach. It develops an ethical framework focused on concepts of responsibility.

Pedersen (2010) develops a model of how managers perceive the responsibilities of business towards society. The article is based on the survey responses of more than 1,000 managers in eight large international firms. He concludes that the managerial perceptions of societal responsibilities differ in some respects from the mainstream models found in the corporate social responsibility (CSR) and business ethics literature. This study thus emphasizes the need to study managerial perceptions in greater details.

Even the early literature on CSR indicated that corporate managers accepted the idea that CSR is important for their organizations (Holmes, 1976). Yet, despite the fact that managers are the key drivers behind policy implementation in an organization, very few studies have been done to investigate their perceptions regarding CSR. One study by Khan and Atkinson (1987) compared managerial attitudes toward social responsibility in India and Britain. They surveyed 65 British and 41 Indian managers, interviewed 15 British and 21

Indian managers and analyzed secondary data, such as annual reports and policies, from both nations. The authors found several similarities between perceptions on issues regarding CSR. For example, 98% of Indian and 94% percent of British executives believed CSR to be relevant to their business and that their business has a responsibility to the society in which it operates. Interestingly, for both the Indian and UK.

Ubius and Alas (2009) have found that there is connection between organizational culture and corporate social responsibility. Also identified are three organizational culture types – clan, hierarchy and adhocracy predict corporate social responsibility. One organizational culture types – market predicts one facet of corporate social responsibility – the firm performance concerning social issues. This study suggests that managers in the organizations where market culture type dominates should take the interests of all agents – customers, subcontract firms, consumers, stock-holders, employees, trade unions, public administrations and local community into account.

Engle (2007) has conducted a study titled “Corporate Social Responsibility in Host countries: A Perspective from American Managers”, which examines the perceptions of 56.

US-based senior international business executives regarding the importance of multinational corporations’ involvement in the improvement of host countries’ human rights, poverty, education, health care and environment. The results of this study suggest that all five areas are considered important, with the environmental responsibilities of

MNCs being perceived as the most important of these five areas. Further, the potentially significant findings of this study suggest that middle and senior managers of the US international businesses, who are stationed in the US, do believe that it is of at least moderate importance for MNCs to play a role in improving health care, poverty, education, human rights and the environment of the host countries in which they operate.

Furrer et al. (2010) have found substantive differences in European managers' and business students' perspectives on the relative importance of social, economic, and environmental corporate responsibilities. Managers and business students in Western Europe attributed higher importance to environmental CR than to social CR, followed by economic CR.

For a firm to succeed, it is critical that its managers serve the interests of both shareholders and stakeholders (Mishra & Suar, 2010). For this reason, Branco and Rodrigues (2008) differentiate between the shareholder and stakeholder perspective. The idea of the shareholder perspective is that the sole responsibility of a firm's manager is to make a profit and serve shareholders' interests. On the other hand, the stakeholder perspective focuses on other groups and individuals besides shareholders, and suggests that these groups should be considered in management decisions, since they are affected by a firm's activities (Branco & Rodrigues, 2007).

Christie, Kwon, Stoeberl & Baumhart (2003) sought to examine the impact of culture on the ethical attitudes of business managers by comparing three nations - India, Korea and the United States. The results of the study indicated that culture has a significant impact on managers' attitudes towards ethics in business, and that the managers' attitudes are governed by personal integrity.

Siu & Lam (2008) further examined perceptions of CSR by comparing managers and non-managers. They concluded that managers and others working at an NGO placed greater emphasis on avoiding counterfeiting, illegal or dubious practices, and ensuring consumer safety, than non-managers. Managers are also considered as role models in firms and as such are expected to behave ethically. Moreover, if a firm is accused of being unethical, then its managers are more liable than the employees working under them. Therefore, managers, on the whole, were found to be more ethical and played a very important role in implementing ethical practices within a firm.

In examining corporate ethics and social responsibility, Cacioppe, Forster & Fox (2007) argue that ethical investment and social responsibility are two different things. They found

that managers have a clear understanding of ethical actions and social responsibility and could differentiate between the two. In addition, they found that ethical actions on the part of the company have a positive impact on managers' attitudes towards the company.

In one of the few qualitative studies that exists on the topic, Welford and Frost (2006) explored the benefits and obstacles of implementing CSR by conducting semi-structured interviews with 24 CSR managers, factory managers and/or owners in industries across various Asian countries (China, Malaysia, Hong Kong, Cambodia, Vietnam and Thailand). Findings of the study suggest that, unlike in western countries, Asian companies do not experience pressure from consumers to be socially responsible. Instead, these companies try to adhere to a code of conduct because buyers (retailers) demand it. Yet inspections of these codes of conduct are often flawed. According to the participants of the study, the primary benefits of CSR are recruitment, staff retention and motivation of employees, while the biggest obstacles in moving towards CSR include lack of awareness, lack of resources and lack of qualified personnel. The authors concluded that large corporations are more easily able to overcome these obstacles, while small companies face a greater degree of difficulty in adopting socially responsible practices. Thus, it is evident that these Asian companies are not aware of studies suggesting that CSR does not have to limit profits and can differentiate a firm's products within the market without compromising profit.

A study by Khan (2008) sought to conceptualize CSR from the Indian perspective. In spite of being one of the most attractive emerging markets, only 2% of Indian companies produce dedicated CSR reports. After interviewing 40 high level management personnel at pharmaceutical companies, Khan (2008) found that access to healthcare and educational programs are the most prominent CSR-related offerings among Indian corporations. Interview responses also revealed that western CSR concepts are not translating in India. Instead, CSR in India is inspired by Gandhi's concept of social trusteeship, thus the predominant CSR foci are health care, education, and support for employees and their families, rather than environmental issues and stakeholder pressure. Although Khan's study investigates the concept of CSR in the context of India, it is not known whether findings would be similar if applied to the production of apparel in this country.

According to Sangle (2010) managers in the public sector consider corporate social responsibility (CSR) as strategically important for their organizations. They state that a positive correlation between CSR and financial performance is well established in the literature. However, little research has been done to understand which factors lead to the

positive correlation between CSR and business performance. This study aims to empirically analyze critical success factors (CSFs) for CSR in the Indian public sector. Based on the research findings, the study proposes some important managerial implications with respect to CSFs for CSR.

## **2.8 Variables for the Study**

According to Jeremy Moon, 2014, overall, the definitions of CSR capture the following key features: Business responsibility to society (i.e. being accountable), Business responsibility for society (i.e. in compensating for negative impacts and contributing to societal welfare), Business responsible conduct (i.e. business need to be operated ethically responsibly and sustainably), Business responsibility to and for society in broad terms (i.e. including environmental issues), and The management of business of its responsibility with society. Also, Voluntary Guidelines by MCA in 2009 also focus majorly on sustainability development, ethical responsibility, and community development including initiatives related to health, and education. After reviewing the literature it is evident that most scholars consider these factors to be the most significant and therefore the variables considered for the present study are: Environmental Responsibility, Ethical Responsibility, Community Development, Healthcare and Education Development. This section further explores the research work carried out considering these variables both globally as well as in India.

Hamann's (2003) in an article provides an overview of mining companies' role in sustainable development, from a business perspective and in the South African context. He argues that companies' social and environmental responsibilities are increasing, due to global changes in the way the role of business is perceived, South African policy developments, as well as a strong 'business case' for companies to actively support sustainable development – beyond philanthropy and impact mitigation. Moon (2007) explores the motivations for and nature of business contributions to sustainable development through the medium of corporate social responsibility (CSR). It compares CSR with sustainable development, given that they are both 'essentially contested concepts'; it introduces CSR's changing meaning and it explains why there has been a recent increase in CSR with reference to the increasing socialization of markets as a result of narrow market drivers, along with other social, governmental and globalization drivers. The concluding discussion identifies some limitations to CSR as a vehicle for sustainable development and signals important avenues of research for policy-makers.



An Exploratory study by Cacioppe, Forster and Fox (2007) examines how managers and professionals regard the ethical and social responsibility reputations of 60 well-known Australian and International companies, and how this in turn influences their attitudes and behaviour towards these organizations. The results of the study indicate that many managers and professionals have clear views about the ethical and social responsibility reputations of companies. This affects their attitudes towards these organizations which in turn has an impact on their intended behaviour towards them. These findings support the view in other research studies that well-educated managers and professionals are, to some extent, taking into account the ethical and social responsibility reputations of companies when deciding whether to work for them, use their services or buy shares in their companies.

Lyon and Maxwell (2008) in a review has conveyed the dynamic nature of the literature on CSR and the environment. They opine that much has been accomplished in recent years, yet much remains to be done. According to them, for environmental issues that are complex, that require expensive remedies, or that require change across multiple firms—such as global warming—political pressure is likely to remain a critical influence on CSR activities. However, as NGOs have become more important, especially in developing countries, they have also started to have major economic impacts on firms, and will often shape the nature of environmental CSR.

Ray (2013) studies and analyzes the policy documents and interview managers responsible for implementing CSR programmers in Indian public sector. Based on the study, four areas are identified that requires attention for effective linking between sustainable development and CSR; stakeholder engagement, institutional mechanisms, capacity building and knowledge management. Both government-public sector and public sector-community engagements have to be more streamlined. Institutional mechanisms have to be developed to see that CSR projects are effective and delivering. Importantly, managers at all levels need a better understanding of CSR and sustainable development. Since most projects are in rural areas, understanding of rural issues and sustainability is very important. Finally, such a large scale exercise in CSR should have a knowledge management mechanism to learn from the achievements and mistakes of the early years. He discusses the implication of the findings on India and other emerging economies many of which are struggling to balance growth and inclusive development. He concludes that the mandatory CSR guidelines for Indian public sector has the potential of achieving sustainable development only if early action is taken on the identified areas.

According to Majumdar, Rana and Sanan (2015) most large firms in India and internationally have been focusing on developing sustainable business practices and reducing environmental impact of their activities. These activities include reduction in emissions to diminish the impact of climate change, waste and water management and a move towards renewable sources of energy. They further opine that while the amount of money spent on CSR is a common indicator of CSR performance. Yet it is not enough and they also state that also need to look at performance I.e. the range of activities that companies undertake around CSR and sustainability.

Sahay (2004) in a study indicates that environmental reporting, barring a few cases, is unsystematic and non-comparable. According to him though good work is being done in different sectors but the reports seem to be aimed more at publicity than providing environmental facts and figures. He further suggests that a good quality of environmental reporting, like good environmental performance, needs to be encouraged and rewarded.

Marak and Singh (2014) talk about Prospects of Environmental Protection and Sustainability through Corporate Social Responsibility (CSR) in India. They have discussed environmental obligations of corporate under the recently enacted Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. The key elements of CSR activities with reference to environmental protection and sustainability have been discussed in this article. They conclude that if implemented properly the CSR can be of great help in protecting environment and achieving environmental sustainability and that there is need for sensitizing corporate and business houses towards regarding the importance of the three pillars of sustainable development i.e. economic, social and environmental.

Valentine & Fleischman (2008) in their study explore several proposed relationships among professional ethical standards, corporate social responsibility, and the perceived role of ethics and social responsibility. They also proposed that perceived corporate social responsibility would mediate the positive relationships between ethics codes/training and job satisfaction. The results of the study suggest that professions should develop ethical standards to encourage social responsibility, since these actions are associated with enhanced employee ethical attitudes. Results indicated that corporate social responsibility fully or partially mediated the positive associations between four ethics program variables and individual job satisfaction, suggesting that companies might

better manage employees' ethical perceptions and work attitudes with multiple policies, an approach endorsed in the ethics literature.

Looser and Wehrmeyer (2016) state that despite the increased recognition and emphasis on CSR numerous well-publicised problems and scandals often involving multinational enterprises (MNEs) continue to emerge. These companies are mostly extrinsically motivated in CSR. They operate with highly formalised CSR systems that, in many cases, miss the prevention of anti-social and illegal behaviour. Currently, the conviction is growing that if CSR is to have a meaningful impact, it should be a matter of intrinsic motives, morale and ethical values rather than a formalised management tool. They focus on a sample of small and large companies in Switzerland, aiming at a comparison of key motives for CSR related to actual CSR implementation, performance and company size.

Chopra and Marriya (2013) in their study explored whether higher education institutions might also be considered as corporations and whether the current ideas of CSR might have any say in principles and practices of the institutions where work is done. The findings suggest that there is a strong desire to change the current state of education, and of the current less-than-adequate regard for the impact of business on larger societies are, however, prerequisites. Preetha and Deepa (2014) explore CSR initiatives in education sector in major IT and ITES Companies.

According to Gulavani, Nayak and Nayak (2016), CSR is the commitment by business to enhance economic development, while at the same time improving the quality of life of the workforce, their families and the society at large. Components of CSR are corporate governance, business ethics, and workplace and business relations. To get good reputation and a competitive advantage, CSR is one of the highly preferred strategies by higher education. Today to survive in a highly competitive scenario, higher education institutions and universities are in need of strong corporate strategies. CSR facilitates continuous improvement in higher education institutes with external impact and internal capacity, performance and management

Sengupta (2016) in a study attempts to recognise the need for CSR contribution to education in India, understand the history of education and philanthropy existing in India, the CSR spend on education, and the impact of the CSR legislation on it

According to Detomasi (2008), CSR may encompass some aspects of human rights— in particular labor and social rights—but the focus of CSR has been broader and not as

explicit about human rights as an end goal. CSR focuses on individual company decision making—what human rights scholars and activists might view as ‘a la carte view of human rights. Thus, the key ingredient that CSR lacks is a consistent framework focused on businesses and their role with respect to human rights protection or promotion.

Regulation of the activities of corporations in relation to their impact on human rights is recommended in the important report in 2008 by Professor John Ruggie, the Special Representative of the Secretary-General of the United Nations (UN) on the issue of Human Rights and Transnational Corporations and Other Business Enterprises (the Ruggie Report 2008). As John Ruggie, has adopted a new framework for considering this issue within the international legal system, An article by McCorquodale (2009) examines this framework in terms of its coherence, its consistency with international human rights law and how it can be 'operationalized' (which is required by the United Nations). The corporate responsibility to respect human rights is examined in terms of its conceptual and definitional problems, and the article also questions whether there will be sufficient legal remedies available to victims under the framework.

According to Yadav (2013) Human Rights are "commonly understood those inalienable rights of human beings which inherent in them just because they are human beings". Hence, it is obligation of the State to protect the human rights and fundamental freedoms of all without any discrimination. Generally it is understood that, state is the sole protector of the rights of the people, but in the advent of globalization, the role of corporate sector for social development cannot be undermined. Now with a new legislation The Companies Act, 2013, it is mandatory for profit making companies to spend amount on Corporate Social Responsibility (CSR). Therefore, it is important at this juncture to have brief look the relationship between CSR and Human Rights. The study tries to explore questions related to companies' engagement in Corporate Social Responsibility and how human rights are connected with CSR.

According to Ramasastry (2015) BHR (Business and Human Rights) takes human rights as a discrete area of inquiry for company decision making and also is premised upon a notion that voluntary initiatives do not bind all companies—thus allowing the laggards to act with impunity. CSR, in contrast, incorporates human rights, at best, as a component of a larger ethical and value-based set of decisions (Global Reporting Initiative 2008).

According to Vastradmath (2015), “there are many areas where companies have played a key role in addressing issues of education, health, environment and livelihoods through their statements of CSR throughout the country. The author further mentions that, according to the United Nations and the European Commission, CSR leads to the triple bottom line concept, environmental protection and the fight for social justice.

Ismail (2009) article discusses the role of CSR in community development because according to him “the very logic of CSR is towards seeing its impact in community socially, environmentally and economically”. The article also analyses the competencies required by CSR managers in order to have a better understanding of the practical aspects of CSR.

Vastradmath (2015) tries to study and understand the CSR initiatives as adopted by some public and private India enterprises for rural development. The study reviews the approach to work and businesses; and their mode of action for the implementation of CSR initiatives; it also tries to assess the impact of socio-economic measures on CSR development of rural India.

Apart from these independent variables, demographic variables (Gender, Annual income, Education, Household/Family Size and area) have also been studied briefly by exploring their association with the perception of CSR using chi-square test. Holcomb (2010) states that in an effort to study the behavior and mindset of socially responsible managers, many researchers have attempted to link personal characteristics like demographic factors, with socially responsible attitudes or actions.

The attitudes towards CSR are affected by a number of demographic factors. For example, age and education levels are found to significantly influence the ethical behavior of marketing researchers in many instances, and job title and job tenure are also correlated to ethical behavior (Kelly, Ferrell and Skinner, 1990). Religion is another important factor influencing attitudes toward CSR. Quazi (2003) reports significant relationships between religious beliefs and perceptions of different aspects of social responsibility.

## **2.9 Research Gap**

After a detailed and extensive survey of literature, the following research gap is identified:

1. Most of the research in Indian context is conceptual or theoretical with less emphasis on empirical enquiry.

2. Most of the studies on Public Sector Undertakings explore either Maharatna or Navratna status companies but not many focus on Miniratna status companies like SJVN.
3. Though there have been a number of studies exploring Public Sector Undertakings but they rarely focus on understanding the managers' perception and the variables affecting it and thus it can be explored in greater details.

Based on the above research gap, the relevant objectives have been formed. Since first and third objectives are explored qualitatively, for the second objective which requires quantitative investigation following hypotheses have formulated using the selected variables, which would be tested in Chapter Five. They are:

H<sub>1</sub> – Gender is significantly associated with the perception of managers about Health.

H<sub>2</sub> – Gender is significantly associated with the perception of managers about Education.

H<sub>3</sub> – Gender is significantly associated with the perception of managers about Ethical Responsibility.

H<sub>4</sub> – Gender is significantly associated with the perception of managers about Community Development

H<sub>5</sub> – Gender is significantly associated with the perception of managers about Environment.

H<sub>6</sub> – Income is significantly associated with the perception of managers about Health.

H<sub>7</sub> – Income is significantly associated with the perception of managers about Education

H<sub>8</sub> – Income is significantly associated with the perception of managers about Ethical Responsibility.

H<sub>9</sub> – Income is significantly associated with the perception of managers about Community Development

H<sub>10</sub> – Income is significantly associated with the perception of managers about Environment

H<sub>11</sub> – Qualification is significantly associated with the perception of managers about Health.

H<sub>12</sub> – Qualification is significantly associated with the perception of managers about Education

H<sub>13</sub> – Qualification is significantly associated with the perception of managers about Ethical Responsibility.

H<sub>14</sub> – Qualification is significantly associated with the perception of managers about Community Development

H<sub>15</sub>– Qualification is significantly associated with the perception of managers about Environment

H<sub>16</sub>– Area is significantly associated with the perception of managers about Health. H<sub>17</sub>– Area is significantly associated with the perception of managers about Education

H<sub>18</sub> -Area is significantly associated with the perception of managers about Ethical Responsibility.

H<sub>19</sub> – Area is significantly associated with the perception of managers about Community Development

H<sub>20</sub>– Area is significantly associated with the perception of managers about Environment

H<sub>21</sub>– Household is significantly associated with the perception of managers about Health.

H<sub>22</sub>– Household is significantly associated with the perception of managers about Education

H<sub>23</sub>–Household is significantly associated with the perception of managers about Ethical Responsibility.

H<sub>24</sub>– Household is significantly associated with the perception of managers about Community Development

H<sub>25</sub>– Household is significantly associated with the perception of managers about Environment

H<sub>26</sub>–Managers’ perception of CSR practices is significantly related to environmental sustainability.

H<sub>27</sub>–Managers’ perception of CSR practices is significantly related to ethical responsibility.

H<sub>28</sub>: Managers’ perception of CSR practices is significantly related to community responsibility.

H<sub>29</sub>: Managers’ perception of CSR practices is significantly related to health.

H<sub>30</sub>: Managers’ perception of CSR practices is significantly related to education.

(H<sub>1</sub> to H<sub>25</sub> are related to relationship between Managerial perception of CSR practices and demographic variables, tested through chi-square and H<sub>26</sub> to H<sub>30</sub> are related to the relationship between perception and independent variables tested through multiple regression.)