

CORPORATE SOCIAL RESPONSIBILITY OF THE 100 LARGEST INDIAN COMPANIES – AN ANALYSIS OF WEBSITE COMMUNICATION

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Abstract

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Corporate social responsibility has become an important concept in the business world in recent decades. CSR is important in all countries but is particularly relevant in emerging markets where the levels of human development are not high. The United Nations Development Programme has created the Human Development Index (HDI) to measure the human development in countries. The present study analyzes the CSR communication on the websites of the 100 largest Indian companies. The objective was to examine the reported CSR activities and determine whether the activities address the dimensions and indicators of the HDI. The study uses content analysis to classify the CSR activities into categories corresponding to HDI parameters. The findings indicate that about two thirds of the companies are using their websites to communicate CSR. Of the companies which reported CSR, about eighty percent report support for primary education and about seventy percent undertake livelihood support activities. The level of corporate involvement in the health dimension of human development is quite low. Reduction of infant and maternal mortality does not get much corporate attention. This study will add to the literature on CSR in emerging markets and will be useful for firms in India and other emerging markets that are planning CSR activities aimed at human development parameters.

corporate social responsibility, human development index, India

Some countries of the world are very highly developed, some countries are poorly developed, and others are at intermediate stages of development. Development was formerly measured in economic terms alone, but since 1990, development can also be measured using the human development index (HDI), a measure developed by the United Nations Development Programme (UNDP, 1990). The HDI measures country development using a single number which is a composite of three dimensions—health, education and living standard. Countries are ranked according to their HDI number and this permits cross-country comparisons. The HDI report for 2011 has ranked 187 countries into four quartiles of development—very high, high, medium and low development.

The state of people living in countries classified as low and medium development is a matter of concern for all of humanity. Millions of people across the world live in miserable conditions without access to basic necessities. These conditions can be changed through determined efforts by the country with bilateral and multi-lateral support. While the responsibility for human development in each country rests with the country's government, sometimes governments are unable to discharge their development responsibilities due to lack of financial and human resources, absence of political will, shortage of management skills etc. Many governments need support from non-government organizations, voluntary agencies and others to succeed in development. Fox (2004) has suggested that corporations too should be encouraged

to participate in international development because they can complement the work that governments are doing. Many corporations already undertake corporate social responsibility (CSR) activities designed to contribute to welfare of the communities in which they operate. If these CSR activities can be directed towards specific areas like health, education and livelihood improvement which are considered important in the HDI concept, CSR can make valuable contributions to human development. Development focused CSR activities would be particularly valuable in the 94 countries classified as having low and medium human development.

Corporate social responsibility has been defined as “situations where a firm goes beyond compliance and engages in actions designed to further some social good” (McWilliams, Siegel & Wright, 2006). CSR has been defined in many ways, but the core elements of various definitions include the terms- voluntariness, stakeholder, social, environmental and economic (Dahlsrud, 2008). There is a considerable amount of research on many aspects of CSR, but little is known about the role of corporations in assisting human development initiatives in emerging markets. This study aims to fill the gap by analyzing the reported CSR activities of the 100 largest Indian companies from the perspective of human development. The study is important because India is ranked quite low down the order at 134 out of 187 countries in the HDI for 2011, and hence corporate involvement in development efforts could potentially be of great help in improving India’s ranking on the HDI.

MATERIALS AND METHODS

Content analysis methodology has been used in this study to examine CSR activities reported on the corporate websites of the 100 largest companies in India. Content analysis has been defined by Berelson (1952) as an ‘objective, systematic and quantitative description of the manifest content of communication’. In essence, content analysis provides inferences and meanings from textual data. The procedure of content analysis involves

examining the communication material, classifying data into meaningful categories, quantifying the coded data and drawing conclusions about the patterns in the data. Content analysis has been used in earlier CSR research to study CSR reporting (Sweeney & Coughlan, 2008); social responsibility information on corporate web pages (Esrock & Leichty, 1998); presentation of CSR by businesses (Maignan & Ralston, 2002); CSR in China (Tang & Li, 2009) etc.

In this study, the focus is on the CSR activities of the large companies in India. The sample consists of the 100 largest Indian companies ranked according to revenue by the Indian business magazine Business Today. This magazine is the only business magazine listed among the top 10 English language magazines in India in the Indian Readership Survey (Hansa Research, 2010). Business Today regularly publishes listings of the 500 largest Indian companies using various parameters like average market capitalization, total assets, income and net profit. The sample used in this study is part of the listing for 2012 based on revenue for the financial year 2011–2012. Revenue figures of the large Indian companies in this list include both revenue from India and revenue from abroad. The unit of analysis is the CSR section on the corporate website wherever such a section exists, or the CSR report, if available on the website. The CSR data reported on the website was coded into categories related to the dimensions and indicators of the human development index. The HDI is based on three dimensions – health, education and living standards, and is calculated using indicators of life expectancy, years of education and income per capita. In this study, CSR involvement is assessed using categories as shown in Tab. I.

RESULTS

Corporate social responsibility (CSR) has become an important concept in the business world in the last few decades. According to Smith (2003), CSR refers to the obligations that a company has to its stakeholders and to society. These obligations go beyond mere economics, since stakeholders today

I: *Categorization of CSR activities directed towards human development parameters*

HDI Dimension or indicator	Category of CSR activity	Example of CSR activity
Health		
1. Life Expectancy	1. Reduction of infant mortality	Carrying out immunization programmes
	2. Reduction of maternal mortality	Providing pre-natal and post-natal care
	3. Reduction of HIV/AIDS	AIDS awareness campaigns
Education		
1. Mean years of schooling	1. Support for primary education	Constructing a building in a school
2. Expected years of schooling	2. Support for educating girls	Providing scholarships to girls
Living standards		
1. Increasing income	1. Livelihood support	Training unemployed youth for employability

Source: Author

are no longer satisfied with profitability being the only measure of corporate performance (Joyner & Payne, 2002). The European Commission has defined CSR as “a concept where companies integrate social and environmental concerns in their business operations and in their interactions with stakeholders on a voluntary basis” (Commission of the European Communities, 2001).

Companies may engage in CSR activities for a variety of reasons. CSR can stem from a desire to do good which is the normative case, or from self interest which is the business case (Smith, 2003). According to Secchi (2007), three groups of theories can explain CSR activity- utilitarian theories concerned with profit maximization; managerial theories which cover corporate social responsibility; and relational theories which cover relationships between business and society.

Companies can gain business related benefits from engaging in CSR activities. A study by Maignan (2001) revealed that consumers in certain countries were inclined to support companies that were seen to be discharging their social responsibilities. When a company positions itself on the basis of CSR, there is a greater likelihood of consumers purchasing its products. Customers are also more likely to be loyal to the brand, and more likely to engage in advocacy of the brand (Du, Bhattacharya and Sen, 2007). CSR activity has been noticed to increase commitment of employees to the company (Turker, 2009). Employee participation in CSR positively affects employee-company identification (Kim *et al.*, 2010) and adoption of socially responsible behavior can lead to lower employee turnover (Vitaliano, 2010). Given the range of benefits stemming from CSR, companies have a strong business case to undertake CSR and communicate their CSR activities to employees and other stakeholders.

CSR is important in all countries but is particularly relevant in emerging markets where the levels of human development are not high. CSR activities in emerging markets may be different from CSR in developed societies because of unique local conditions and different expectations from stakeholders (Robertson, 2009). Research on CSR in China by Xu and Yang (2009) found new CSR dimensions in China which were not present in Western approaches to CSR.

In India, CSR has traditionally been driven by a philanthropic spirit (Arora and Puranik, 2004). The Indian economy has done well after the policy reforms in 1991 and economic growth has been over five percent per year, but performance on human development has not kept pace with economic growth and India's position on the Human Development Index is still quite low. India's HDI value for 2011 was just 0.547 which puts it at 134th place amongst 187 countries. Hence CSR focused on human development parameters can be of great value in India.

The Human Development Index (HDI) is a measure of wellbeing in a country. It is based on

the idea that development should result in more choices for people. The three key choices are for people to live long and healthy lives, get educated and have enough money to enjoy a decent standard of living (UNDP, 1990). The HDI is a single index number that captures the idea of people's choices and aspirations. The index is calculated by the UNDP every year based on country level data. Until 2009, HDI was calculated as an average of three indices for health, education and income. From 2010 onwards, the HDI is being calculated as a cube root of the product of the three indices. Three new indicators have been used for constructing the indices since 2010. 'Mean years of schooling' and 'expected years of schooling' represent the education dimension, and 'gross national income per capita' represents living standard dimension. Life expectancy at birth continues to represent the health dimension. HDI is calculated so that it ranges between 0 and 1. Countries are ranked in descending order of HDI and classified into four quartiles – very high, high, medium and low human development.

There is little research on corporate involvement in human development in developing countries. This study therefore fills a research gap by studying CSR activities in India from the perspective of the human development. It focuses on the 100 largest Indian companies. The objectives of this study are a) To assess the extent of involvement of the top 100 companies in addressing HDI dimensions or indicators b) To determine whether any specific HDI dimensions are favored and c) To understand the type of activities directed towards the each HDI dimension.

The CSR data on the corporate websites of the 100 largest Indian companies was examined using content analysis. The data was coded into the categories related to the dimensions and indicators of the human development index as shown in Tab. I. If a company's reported CSR activities matched with any of the pre-decided HDI related categories, it was counted as a '1' for that company and that HDI category. The nature of CSR activity for each HDI category was noted and the activities were classified into three types- infrastructure creation, direct assistance, and promotional campaigns. CSR actions were classified as infrastructure creation if they resulted in creation of permanent infrastructure like school buildings, hospital buildings, training institutions etc. Examples of direct assistance type CSR programmes include activities like providing books and uniforms for children, conducting teacher training programmes, providing medicines, sponsoring immunization programs, and conducting health check-ups. Promotional campaign type CSR activities include AIDS awareness campaigns, advertising of immunization programmes etc.

Tab. II provides a snapshot of the CSR of the 100 largest companies in India from the perspective of HDI parameters. Thirty six of the top 100 companies had no information on CSR on their website. Five

II: Top 100 companies in India-CSR activities directed towards HDI parameters

	Health		Reduction of HIV/AIDS	Education		Income
	Reduction of infant mortality	Reduction of maternal mortality		Support for primary schooling	Support for education of girls	Livelihood support
No. of companies reporting @	15	14	23	48	16	42
Percentage addressing this MDG	25.4	23.7	39.0	81.4	27.1	71.2

Source: Author

@ 59 companies from amongst top 100 companies reported CSR on their website

III: Examples of CSR activities addressing HDI issues

HDI Dimension	Infrastructure creation	Direct Assistance	Promotional campaigns
Reduction of infant mortality	Constructing child health centers	Carrying out immunization programmes	Awareness building for immunization
Reduction of maternal mortality	Constructing maternal health centers	Financing pre-and post natal care	
Reduction of HIV/AIDS	Establishing clinics for free AIDS treatment	Financing HIV/AIDS treatment	Awareness campaigns for AIDS prevention among truck drivers
Support for primary education	Constructing school buildings	Providing books and uniforms, scholarships and counseling	
Support for education of girls	Starting a school for girls	Financing education of girl children	
Livelihood support	Establish a training facility	Conducting training workshops on computer repair, welding, plumbing etc.	Conducting an exhibition for selling products made by villagers

Source: Author

companies had CSR information on the website, but their CSR activity was not directed towards any of the HDI parameters. Fifty nine companies had CSR information related to at least one of the parameters of HDI. Of these 59 companies, 48 companies or over 81% of reporting companies, mentioned support for primary education, and 42 companies or over 71% of those reporting, mentioned involvement in providing livelihood support. Reduction of HIV/ AIDS was supported by 23 companies or 39%, of those reporting CSR. Corporate involvement was much lower in the health dimension of human development. Only 15 companies were involved with reduction of infant mortality, and only 14 companies were active in reduction of maternal mortality. Removal of gender disparity in education also got less attention as only 16 companies were active in this area.

Tab. III shows that infrastructure creation and direct assistance type CSR activities are being carried out in all the three HDI areas of dimensions of health, education and income while promotional campaigns are being carried out only in the health and income dimensions.

DISCUSSION AND CONCLUSION

From the perspective of human development, support for primary education seems to be favored CSR activity among the 100 largest companies in India. This is very welcome because the 2011 HDI data indicates that the mean years of schooling in India is only 4.4 years, and the expected years in school for India is only 10.3 years. Corresponding figures for Czech Republic are 12.3 years and 15.6 years. Hence corporate support for education will be most useful in India. Education of females is another important component in human development. This component is so important that the United Nations has a separate millennium development goal for ending gender disparity in education. Female literacy in India is considerably lower than male literacy, and this needs to be corrected as soon as possible. It is a matter of concern that only 27% of reporting companies appear to be focusing CSR activity on supporting education for girls. Cultural values in India, especially in villages, create hurdles for females who wish to extend their education beyond primary school. Sustained promotional campaigns are necessary to encourage rural families to educate female children.

Around 71% of the reporting companies have mentioned CSR activities directed to livelihood support. These activities include skill development, training for employability, helping to increase productivity in current occupations, assistance in setting up entrepreneurial ventures, forming self-help groups, arranging access to microfinance etc. Livelihood support programmes help people to increase their incomes. Such programmes are very important in India because gross national income per capita on a purchasing power parity basis was just \$ 3468 in 2011.

There is insufficient CSR focus in India on the HDI dimension of health and life expectancy. Around 39% of reporting companies support HIV/AIDS reduction activities but only 25% of reporting companies are active in reducing infant mortality, and only 23% of companies support activities for reducing maternal mortality. As per 2011 HDI data, life expectancy in India is 65.4 years compared to 77.7 years in the Czech Republic. India is expected to reach the millennium development goal target for HIV/AIDS reduction by 2015 but is expected to miss the targets for reducing infant mortality

and maternal mortality. Hence the life expectancy indicator of HDI is very important for India, and corporate support through CSR is vital. Government must make efforts to reach out to companies directly and through various industry associations to encourage them to enhance participation in health related CSR activities.

This study was the first one to explore CSR in a developing country from the perspective of the human development index. It will add to the literature on CSR in developing countries and will be useful for companies in India who are interested in focusing CSR activities on human development issues. One of the limitations of this study is that it examines only the top 100 companies. Future research could examine a larger number of companies. Another limitation is that the data is obtained only from CSR reported on corporate websites. Website data may not represent the full extent of the company's CSR involvement. Future research must obtain data from multiple sources like interviews with executives, company documents, field visits, interviews with stakeholders, media coverage etc.

SUMMARY

There are big differences in the level of development across the countries of the world. Formerly development was measured only in economic terms but since 1990, it is possible to measure development using the human development index (HDI). The HDI is based on three dimensions—health, education and living standards and is calculated for countries every year. Countries are ranked on HDI and classified as very high, high, medium and low in terms of human development. All countries aspire to develop. The primary responsibility for a country's human development rests with its government but support from non-government entities is usually welcome. There have been calls for corporate involvement in human development efforts through corporate social responsibility (CSR) activities. This study examined the CSR activities of the 100 largest Indian companies from the perspective of human development. Content analysis was used to classify CSR data reported on corporate websites into categories related to the dimensions and indicators of the HDI. The categories used in this study are 'reduction of infant mortality', 'reduction of maternal mortality', reduction of HIV/AIDS', 'support for primary education', support for education of girls', and 'livelihood support'. Findings of the study showed that about 64 out of top 100 of companies reported CSR activities on their websites and 59 companies reported CSR activities in HDI related categories. Of the reporting companies, 81% mentioned support for primary education, 71% reported mentioned livelihood support activities and 39% mentioned involvement in reduction of HIV/AIDS. CSR involvement in the health dimension was quite low as only 25% of companies supported reduction in infant mortality and 23% of companies supported reduction in maternal mortality. CSR involvement in education of girls was also quite low as only 27% of reporting companies mentioned involvement in this area. India is expected to miss the millennium development goal targets for reducing infant and maternal mortality and eliminating gender disparity in education. More CSR involvement is necessary in these three areas. This study adds to the literature on CSR in emerging markets and will be useful to companies in India and developing countries which are interested in focusing CSR on human development parameters.

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