

## **Chapter 2**

### **Literature Review**

Review of literature is an essential element of every research as it builds the foundation to carry out further research. It acts as a nerve centre in performing research. It is important to reassess the nature of the problem under study and helps to identify the gap or the areas which have not been covered before. This chapter provides a bunch of previous studies which have been carried out on the issues related to Corporate Social Responsibility. Although there is plethora of information available in the literature on Corporate Social Responsibility, but the endeavour is to find out the issues and areas of CSR related to current situation, opportunities and barriers. In this chapter, literature related to the study is shown in three categories for easy understanding the gap and to clearly look into the research problem. This chapter contains previous study of association of Corporate Social Responsibility with the organizational performance, community or consumer perception towards Corporate Social Responsibility and the study of Corporate Social Responsibility in Indian perspective.

#### **2.1 Based on CSR Activities and Organizational Performance**

The following studies show the impact of Corporate Social Responsibility on the organizational performance:-

- Balabanis, et al. (1998) investigated the relationship between the Corporate Social Responsibility (CSR) and the Corporate Economic Performance (CEP) of the companies based on past, concurrent and subsequent period. The finding of the study shows that there exists a relationship between the CSR and CEP but it is somehow weak and lacking an overall uniformity. However, CSR

disclosure is positively associated with practices and with concurrent financial performance of the firm. There is negative correlation between the financial performance and the firm involvement in the environmental protection activities and donations to the conservative parties. The policies regarding the position of women in the firm is rewarding in terms of financial performance in the subsequent period.

- Wu (2002) investigated the relationship of individual ethical decision with business ethics and organizational performance. The conceptual framework was prepared by the author to analyse the data. On the basis of analysis it was concluded that the high organizational performance (innovation and customer satisfaction) depends upon the high level of individual and business ethics. The outstanding SMEs used to reject the unethical behaviour from their business like; tax evasion, misleading advertisement and fraud accounts for achieving the organizational success.
- Velde, et al. (2005) examined the interaction between the sustainability rating and the financial performance of the companies of the period (Jan 2000 to Nov 2003) by using sustainability rating of the specialized rating agency on the Fama and French Model. The result of the study shows that the high-rated sustainable companies performed much better with higher market and capital exposure as compared to low-rated sustainable companies. They also concluded that investors were ready to pay premium for the companies having cordial relation with the shareholders, clients and suppliers.
- Sandhu and Kapoor (2005) explored the relationship between corporate social responsibility and financial performance of twenty leading Indian companies by covering a time period of three years from 2000 to 2003. The study revealed

that there is no significant association between the corporate social responsibility and financial performance of the selected companies. On the basis of regression analysis it shows that neither the corporate social responsibility leads to better financial performance, nor the financial performance influences the demonstration of corporate social responsibility.

- Mittal, et al. (2008) examined the link between corporate social responsibility indicators and financial performance measures of 50 Indian companies. The study also focuses on the disclosure trends of CSR reporting practices in India. Through the application of statistical regression and correlation analysis, it was concluded that there is little evidence of significant positive linkage of companies with code of ethic, with economic value added and market value added as financial performance measure, than those companies who do not follow any code of ethics. The disclosure trend of CSR reporting by the companies in India is also weak and unstructured.
- Gjolberg (2009) analysed the Corporate Social Responsibility (CSR) practices and performance of twenty countries on the index. The index was prepared on global CSR reporting initiatives and guidelines. The study showed that countries differ in performing Corporate Social Responsibility activities and performance because of differences in the national circumstances, structure, ethics and other environmental barriers. CSR practices and performance can be determined by some political-economic system rather than based on ethical concepts.
- Dunn and Sainty (2009) analysed the linkage between qualitative measure of independent board of directions and corporate social performance. The analysis in the study reveals that there exists a positive relationship between corporate

social performance and a highly independent board. Further improvement in the quality of the independent board should be related to improvement in corporate social performance. And also the high risk firm has positive relationship with corporate social performance.

- Aras, et al. (2010) examined the relationship between the Corporate Social Responsibility and financial performance in the developing countries during 2005-2007. As per the author, there exists no significant relationship among the financial performance and Corporate Social Responsibility. The study shows a relationship between the firm size and Corporate Social Responsibility.
- Arendt and Brettel (2010) investigated the impact of CSR on corporate image, identity and performance. The result states that the impact of CSR varies significantly with the size, industry and marketing budget on the corporate image, identity and performance. CSR is also linked with the corporate identity building because it facilitates the image, attractiveness, performance and competitive advantage of the firm.
- Crisostomo, et al. (2011) investigated the connection between CSR and CFP, taking into consideration the firm value and financial accounting performance. The result of the study shows a negative effect of CSR on the firm value and neutral relationship between the CSR and financial accounting performance.
- Chen and Wang (2011) investigated the rapport between the corporate social responsibility and the financial performance of the firm. Based on two year data, the result after regression analysis shows that there exist a positive relationship between the CSR and financial performance of the Chinese firm. As the improvement in the current year financial performance will

automatically bring out the more positive result in the next year by undertaking CSR practices.

- Quazi and Richardson (2012) identified the sources of variation in the outcome of prior studies in connecting Corporate Social Responsibility and Financial Performance of the firm. The result of the meta-analysis used in the 51 prior studies shows that the sample size and methodology adopted plays a significant role in determining the linkage between Corporate Social Responsibility and Financial Performance. While, the effect of time is not significant in ascertaining the effect size based upon the sample size, publication year and research methodology analysis.
- Luethge and Han (2012) examined the impact of company size and financial performance on the disclosure of corporate social responsibility. The finding of the study shows positive relationship between the size of the company and the corporate social disclosure (CSD). As the large, it was found that companies usually share more resources to disclose their CSR information among the stakeholders. The result also shows negative or no relationship between the firm profitability and the CSD.
- Kaufmann and Olaru (2012) brought out the concept of EFQM (European Foundation of Quality Management) criteria in measuring the impact of CSR on business performance. The concept is clearly defined by RADAR (Result, Approach, Deployment, Assessment and Refinement) which surrounds the EFQM model by allocation a new weight percentage. There is shift from the classical short-term analysis indicators (shareholder value, revenue and market share) to towards soft indicators (customer and employee satisfaction) which exhibit as a contribution in the long-term success of a company.

- Mishra and Suar (2013) ascertained whether salience towards the natural environment influence the corporate responsibility towards environment and also examined its impact on the financial performance of the firms. Based on the hybrid model to analyse the data taken through Prowess states that the salience of the natural environment shapes the corporate responsibility towards it. The more favourable is the corporate responsibility towards natural environment, better it boost the confidence of shareholders by increasing the financial performance of the firm.
- Servaes and Tamayo (2013) examined the impact of CSR practices on the firm value by mediating the function of customer awareness via advertising. The result shows that more public awareness regarding CSR activities leads to enhance the firm value. The mediating role of advertising has a negative influence on firm value, if there is discrepancy between the CSR practices of the firm and the overall goodwill or reputation of the firm. The inclusion of the firm fixed effect has no direct relationship between the corporate social responsibility and the value of the firm.
- Valmohammadi (2014) examined the impact of seven core subject of ISO 26000 i.e. organizational governance, human rights, labour practices, environmental issues, fair operating system, consumer issues, involvement of the community and their development on the organizational performance of the Iranian companies. The organization performance is judged on four parameters i.e. revenue growth, cost minimisation, ability to retain top talent and corporate reputation. The result of the study states that community involvement & development plays a significant role in building the good performance of the organization. The result also shows that there is a significant relationship

between the CSR practices undertaken by the company and their organizational performance.

- Chih and Chih (2014) examined the media coverage of CSR practices in newspaper and its influence on the corporate financial performance of financial holding companies of Taiwan Stock Exchange. On the basis of the analysis, the author concluded that newspaper as a vehicle of media coverage plays an important role in enhancing the corporate financial performance by publishing articles on social practices undertaken by the financial holding companies.
- Avram and Avasilcai (2014) made a comparative analysis of CSR based upon the similarities and disparity of reporting initiatives as global reporting initiatives, resource based view initiatives and global environmental management initiatives. By the help of balance score card approach, the conceptual model was drawn to present the benefit of using indicators from the reporting initiatives. The environmental factors have a great influence for making corporate strategy.
- Yu and Choi (2014) examined the mediating role of organizational trust on the association between the perceived corporate social responsibility activities and the firm performance. On the basis of the analysis the result showed the important act of Organizational trust in corporate social responsibility administration. There exist a direct effect of perceived CSR activities on the employee well-being and firm performance. The organization trust plays a partial role in mediating the relationship of CSR practices on the employee well-being and firm performance.
- Karaye, et al. (2014) proposed a framework that shows a mediating role of stakeholder influence capacity (SIC) on the relationship between CSR and

CFP. It is based on on-going project which shows that firm should take into consideration the stakeholder influence capacity in practicing its corporate social responsibility which in turn will prove beneficial in improving the CFP.

- Ranangen, et al. (2014) presented the CSR practices undertaken by the mining industry towards health area through case study method by discussing the importance of ISO 26000 (International Standard for Social Responsibility). The ISO 26000 proved beneficial in designing the community development program as guidance and in evaluating the Corporate Social Responsibility practices of the company. The study also depicts that the traditional management system on health and safety under ISO 14001(environment management system) and ISO 9001 (quality based system) can effectively support the action required in ISO 26000.
- Siddiq and Javed (2014) examined the impact of Corporate Social Responsibility on the organizational financial performance. The result of the study depicts that CSR did not have positive influence on the organizational performance. It was also concluded that there were other factors which influence the performance of the organization like Research & Development, Innovation etc.
- Usman and Amran (2015) investigated the nature of Corporate Social Responsibility practices and relationship between the four dimensions of CSR disclosure and financial performance of 68 listed Nigerian companies by using content analysis and hierarchical regression analysis, having company size as control variable. The result of the study shows that companies disclose its CSR practices in order to communicate its social performance with the stakeholders. The community involvement disclosure, product & customer disclosure and



human resource disclosure enhance the financial performance of the Nigerian companies except environmental disclosure having a negative relationship with financial performance because of value destruction among Nigerian companies. It is also analysed from the study that the control variable (firm size) is also insignificant on CSR disclosure and financial performance.

- Saeidi, et al. (2015) brought out the contribution of CSR to the firm financial performance (measured on the item of balance score card) by taking into account the mediating role of sustainable competitive advantage, reputation and customer satisfaction. By taking the control variable as firm size, revenue and number of employees, shows the positive effect of CSR on the financial performance of the firm through gaining a reputation and competitive advantage while improving the satisfaction of the customers.
- Bird, et al. (2016) examined the impact of Corporate Social Responsibility (CSR) on the firm market performance. On the basis of event study and regression analysis, author traced the earlier perception of investors towards the CSR expenditure, which was favourable in 2008. But when the mandatory provision came into action it results in the unfavourableness among the investors. It was derived from the study that the mandatory Corporate Social Responsibility expenditure had a negative influence on the expected performance of the firm.
- Laskar and Maji (2017) analysed the disclosure pattern and influence of corporate social responsibility on the performance of all listed non-financial Indian firms. Only twenty eight firms found disclosing CSR information on their websites and this trend of disclosure in India is increasing gradually over the years. The study also focuses on the significant positive association

between the three broad activities of corporate social responsibility i.e. human related, society related and product related with the firm performance.

- Famiyeh (2017) examined the impact of CSR on the firm operational competitive performance measured in terms of cost, quality, flexibility, delivery and on overall performance of the firm. On the basis of data collected from 178 respondents and its analysis through structural equation modelling, it is inferred that CSR has a positive relationship on operational competitive and overall performance of the organization.

## **2.2 Based on CSR Activities and Community Perspective**

The following studies show the perception of the community or consumers towards corporate social responsibility.

- Maignan (2001) examined the perception of consumers towards Corporate Social Responsibility across borders (France, Germany and US) on four major responsibilities given by (Carroll, 1979). The author brings out with the result that consumer of France and Germany support the socially responsible business as compared to US. The consumers can distinguish between the four responsibilities and the US consumers gave high value for high corporate economic responsibility whereas France and Germany consumer gives more preference to the legal and ethical responsibility.
- Mohr, et al. (2001) highlighted that consumers expected companies to be socially responsible on the basis of in-depth interviews of the consumer. The socially responsible company behaviour had a positive impact on the purchasing criteria of the consumer. Consumer prefers to buy the product of the socially responsible company. But this situation was possible only in a case

when the consumers were fully aware about the concept of Corporate Social Responsibility.

- Sen and Bhattacharya (2001) examined the consumer reaction towards CSR. Based on the analysis, the authors concluded that the consumer response towards CSR depends upon both the company-specific factor towards CSR like quality of the product and activity undertaken, and the consumer own individual-specific factor like personal support and general belief regarding CSR. It is also find that CSR activities undertaken by the organization can also result in the decrease in the consumer intention of buying product under certain specific condition.
- Dean (2003) investigated the effect of corporate donation (conditional or unconditional on corporate revenue) and reputation of the firm performing donation (charity) on consumer perception. The firm taken for the analysis described as scrupulous firm, average firm and irresponsible firm. The study concluded that average firm enhanced their reputation by unconditional donation and it cannot be ruined by pursuing conditional donation also. The irresponsible firm build their reputation among consumer by performing any type of donation and scrupulous firm suffer a loss of goodwill among consumer while pursuing cause-related marketing.
- Becker-Olsen, et al. (2006) analysed the role of consumer perceived fit, perceived corporate motive and timing (proactive v/s reactive) of the social practices on their responses (belief, attitude and intentions) towards CSR initiatives. The result of the analysis shows that low-fit social initiatives and the high-fit which are profit motivated have negative impact on the consumer behaviour. The consumers considered the timing of the social practices as an

informational hint and the high-fit proactive timing of the social initiatives brings out positive consumer behaviour.

- Nan and Heo (2007) highlighted that an advertisement with a cause-related marketing (CRM) message achieve more favourable response from the consumer towards company as compared to the similar advt. without having cause-related marketing message. It is also concluded from the study that this positive attitude of the consumer towards the company results from the positive impact of the ad or brand regardless of the knowledge of the brand consciousness among the consumers. The highly consciousness consumer have a positive effect and for low brand consciousness has no impact on ad or brand evaluation.
- Golob, et al. (2008) identified the expectations of the consumer towards Corporate Social Responsibility. The activities under CSR was categorised according to Carroll model as- economic, legal, ethical, and philanthropic responsibility. As a result of the study, consumer had high expectation of Corporate Social Responsibility under three main dimensions - legal, ethical and philanthropic responsibility. The consumers who used to hold high self-transcendent values and high involvement had more expectations for ethical and philanthropic responsibility.
- Narwal and Sharma (2008) focused upon the change in the perception of society from sceptical to objective towards CSR activities undertaken by the company. On the basis of factor analysis three viewpoints were highlighted towards Corporate Social Responsibility as objective, sceptical and ethical. There seemed to be positive perception of the society towards the CSR action. Society expects ethical business behaviour from the corporate.

- Marin, et al. (2009) attempted to explain that a perceived Corporate Social Responsibility association had a positive impact on the three variables mainly- company evaluation, identity attractiveness and consumer-company identification. The positive consumer loyalty also emerged from the positive effect of the consumer-company identification.
- Pomeroy and Dolnicar (2009) investigated the level of CSR awareness among the customers of Australian banks. The data is collected through the detailed questionnaire from the consumers and personal interview with the bank managers. The result of the study depicts the low level of customer awareness regarding social issues in which the firm is involved as a CSR activity. There should be proper communication channel in imparting information regarding CSR among consumers.
- Ramasamy and Yeung (2009) investigated the Chinese consumer perception towards Corporate Social Responsibility and finds the similarity with (Maignan, 2001) study. On the basis of analysis of data collected through self-administered survey, it is concluded that Chinese consumer prefer socially responsible companies more as compared to western counterpart. The consumers are able to differentiate among the four responsibilities prescribed by (Carroll, 1979). Chinese consumer gave more importance to economic responsibility and least importance to philanthropic responsibility.
- Arli and Losmono (2010) examined the perception of consumers in the developing country (Indonesia) towards CSR by using varimax rotation on 16 attributes based on four social responsibilities given by (Carroll, 1979). As per the result of the factor analysis it is concluded that the consumers are unaware and unsupportive towards CSR in developing countries, they use to place

economic responsibility on the first priority. In developed countries, consumer prefer to buy from the company that has a sound socially responsible status but in developing countries when another company offers lower price than CSR strategy will no longer be eye-catching to consumers.

- Lee and Shin (2010) revealed that higher level of awareness of corporate social performance by the company leads to have positive effect on the consumer purchasing plan. On the basis of data analysis collected through primary survey, it was also revealed that consumer have little knowledge of corporate contribution towards environment. There should be proper communication channel to aware the consumer regarding CSR activities undertaken by the company as it affects their purchase intension and for the success of the company.
- Stanaland, et al. (2011) focused on the positive perception of the consumer towards Corporate Social Responsibility. This positive perception depends upon the financial performance and ethical statement of the company. The author presented a framework and test it using SEM, in which it is highlighted that antecedents of CSR (financial performance and quality of ethical statement) leads to have positive influence on the perceived CSR. Further, the perceived CSR again had a positive influence on corporate reputation, consumer trust and loyalty. It is also concluded from the study that consumer faith and reliability helps to minimise the risk that consumer used to face in purchasing and using the products.
- Maden, et al. (2012) examined the corporate reputation from stakeholder (customer, employee and investor) perceptive and its impact on CSR. On the basis of data collected from 172 respondents of Turkey service industry and

analysed using regression analysis, it is concluded that CSR helps in building a positive corporate reputation which in turn has a positive effect on the behaviour of the employees, investors and customers.

- Swanson and Zhang (2012) focused on different perspectives of diversified people towards Corporate Social Responsibility and Sustainable Development. This diversity result on the basis of different organizational types. The main focused area of sustainability – economic, environment, social and cultural was categorised on the basis of new organizational sustainability criteria. Differences in the organizational approach towards sustainability is further described in to four categories i.e comprehensive mission sustainability, blended mission sustainability, responsible sustainability and focused mission sustainability.
- Oberseder, et al. (2013) explored the corporate and consumers view towards Corporate Social responsibility by pursuing semi-structured indepth interview of 30 managers of the company and consumers. On the basis of the content analysis, it is concluded that there is a difference in the perception of corporate and consumer towards Corporate Social Responsibility, regarding the role of stakeholder. As per their view Corporate Social Responsibility is an important marketing tool.
- Wu (2013) examined the perception and attitude of employees functioning in the enterprise towards Corporate Social Responsibility and Sustainable development focusing mainly on three aspects as enterprises understanding for CSR practices, influence of the stakeholder on their CSR activity and what should enterprise do to assume CSR. On the basis of primary data collected through questionnaire from 125 respondents, states that enterprise attention

towards CSR is not sufficient. To some extent they are aware of CSR practices but they pursue those social responsibility issues that are closely related to their economic interest.

- Arikan and Guner (2013) examined the effect of CSR and the service quality on customer related outcome especially customer satisfaction. The author also investigated the mediating role of customer-company identification in enhancing loyalty and satisfaction among customers. The online questionnaire is filled from the 242 bank customers. On the basis of the result generated through confirmatory factor analysis, tested on conceptual model based on literature review reveals that customer-company identification plays an important role and even the quality is also a relevant attribute in the context of services.
- Jayakumar and Geetha (2014) analysed the perception of the consumer towards CSR practices to attain the goal of Sustainable Development. The consumers prefer to buy and pay premium prices for the product of the companies which are performing Corporate Social Responsibility seriously. The consumer expects that there should be proper disclosure of the CSR deeds undertaken by the companies through media. The result of the study also that consumer are more inclined towards environmental protection related practices. There found a positive link between the consumer behaviour and the companies, which are pursuing CSR.
- Ibrahim and Almarshed (2014) highlighted CSR as a focused corporate strategy to attain reputation and sustainability. The author presented a conceptual model demonstrating the impact of firm CSR activity on consumer perception based upon three dimensions – commitment, identification and



trust. The result of the analysis shows that the consumer perception for firm's CSR practices was positively related to purchase intention based upon consumer commitment, identification and trust.

- Saat and Selamat (2014) ascertain the role of website of the company in communicating their CSR information on the basis of Media richness theory. The sample of 242 university student was taken through convenient sampling techniques. The result of the study shows that richness feature is essential in making the website a dynamic communication medium. It helps the manager to attract the positive approach towards the company by designing the most effective and rich website.
- Chai, et al. (2015) examined the perception of 1093 respondents of China towards Corporate Social Responsibility. The result of the study reveals that the people of China does not have a clear understanding of CSR and they are also not satisfied with the CSR activities undertaken by the enterprises. This dissatisfaction seems to be increased with the increase in the education level and income status of the public. The study brings out the two main dimensions for CSR, as contribution towards the public welfare program and protection for the staff interest.
- Vahdati, et al. (2015) presented the conceptual model prepared through theoretical review and data collected from 200 respondents are analysed by using Structural Equation Modelling. The result of the study shows that Corporate Social Responsibility plays an important role in creating a positive consumer attitude. The positive consumer attitude towards CSR has a positive impact on the consumer buying behaviour.

- Peraz and Bosque (2015) analysed the role of company CSR coherence, motivational attribute and creditability in constructing CSR image among customer of Spanish banking industry. It also takes into account the demographic characteristics of customer in formulating CSR image. The data is collected through questionnaire and analysed using SEM and three way ANOVA techniques. The result of the study shows that coherence, motivational attribute and creditability plays an important role as compared to demographic segmentation in the construction of CSR image among customers.
- Fatma and Rahman (2015) presented the taxonomical classification of Corporate Social Responsibility literature based upon customer perception. The author thoroughly examined 100 research papers from 61 journals of different online database. The result shows that most of the study on consumer perceptives was done in the developed countries and there is lack of research in developing countries in this context. The paper contains a pool of bibliography and most of them were empirical in nature. The author also examined the gap in the wide range of existing literature, which may be prove beneficial for conducting further research.
- Deigh, et al. (2016) investigated the CSR strategic engagement with the most important stakeholder i.e. community. On the basis of in-depth insight through case study approach which comprises of donation through employees volunteerism programme, skill-development projects and partnership with other organization as with NGOs etc. The four focused area of community engagement program carried out under CSR activities are found for public welfare. Philanthropic activities constitutes most preferred and desired CSR

action by the organization like social and community investment towards education, health, women empowerment, sports and infrastructure development.

- Sharma and Tewari (2017) emphasized the role of employees' involvement in the internal and external CSR activities undertaken by the company. The human resource professionals are required to align the CSR and HR policies so that the employees of the organization can formally participate in CSR activities by providing direction and implementation of CSR initiatives in the organization. There is a positive relationship of employees' perception towards the CSR practices planned by the HR professionals.
- Fordham et al. (2018) examined the action of key stakeholders (regulators and local communities) towards corporate social responsibility practices of the company by developing a community based model on the basis of grounded theory. It focuses on the participatory strategic approach in undertaking corporate social responsibility for creating a sense of shared value among communities.

### **2.3 Based on CSR Activities and General Perspective**

The following studies show the Corporate Social Responsibility perspective based on general context:-

- Donaldson and Fafaliou (2003) explored the strength and weaknesses of the three thought of corporate ethics, corporate social responsibility and corporate governance as top-down business ideology and monoculture assumption on the basis of literature review. The author presented some possible ways as

recommendations for the improvement in the thought and practices of the business concern.

- Das (2009) investigated the role of centre and state government towards social sector development in India. The study also demonstrates the CSR model in Indian scenario. The result of the study shows the unfavourable condition of the social sector, despite of the increase in the earnings. There is an unnecessary increase in the expenditure of fund with more interest payment and lesser government efforts to initiate CSR as a vehicle towards development. There is a poor allocation of budget in providing education and health related services to the community.
- Baxi and Ray (2009) focused on the company agenda towards Corporate Social Responsibility reporting. Environmental and Social disclosure gained more importance because of the concern towards the phenomena of Sustainable Development. The author concluded in the study that there should be transparent system for CSR Disclosure for the stakeholders and the companies should assess the impact of its activity on the society.
- Pradhan and Ranjan (2010) examined the CSR practices undertaken by the fourteen public and private Indian companies from different sectors towards the rural development. The main focused area identified includes livelihood, health, education, environment and infrastructure. The companies contributing in the rural development have a positive impact on their business. The CSR policies and practices undertaken by the company also follow the agenda of Sustainable development.
- Mishra and Suar (2010) attempted to explain that the strategy towards stakeholder and their salience, both enhances the consistent CSR practices

towards them. When both are taken into consideration salience suppresses the effect of strategy fully or partially on corporate social responsibility.

- Arevalo and Arvind (2011) showed that CSR in Indian firms generally followed a stakeholder approach from the four given approaches (ethical, statist, liberal and stakeholder) in imparting social responsibility. The main drivers for understanding CSR activities by Indian firm is moral motive followed by strategic or profit motive. The main hindrance in implementing CSR is the lack of resources and complexities prevailing in the market.
- Akisik and Gal (2011) highlighted a strong positive relation of sustainable development with the corporate social responsibility and standards of accounting even after controlling the variables of macroeconomics like foreign direct investment, inflation and unemployment in 53 developed and emerging countries over a time period of 1997-2008. As per the author there also exists positive relation of sustainable development with the customer satisfaction.
- Kansal and Singh (2012) designed a review based and statistically tested Corporate Social Responsibility Disclosure (CSR D) index which investigate the social performance of 82 companies of Bombay Stock Exchange item-wise and theme-wise. The data is collected from the annual report of the company and analysed using content analysis. The result of the study shows the less acceptable social performance of the company and it varies considerably item-wise and theme-wise in CSR D. The companies used to focus more on community development programmes as compared to environmental issues like climate change, energy conservation, water usage and carbon emission.
- Masud and Hossain (2012) found out the CSR practices undertaken by the private commercial banks and its reporting in consideration with finance act of

2010 and 2011 of Bangladesh. The study depicts that the CSR practices undertaken by the selected banks was not satisfactory in all the areas. Most of the areas are not covered by any single bank. So, there is a need to take the issue seriously and make plan for the overall development of the economy.

- Tewari and Dave (2012) analysed the communication pattern of hundred Indian companies of Information Technology sector through sustainability report and their comparison with Multinational companies operating in India. The result of the study shows that Indian companies disseminate quality content in their published report for the stakeholders on the basis of GRI guidelines in comparison to MNCs operating in India.
- Narwal and Singh (2013) investigate a comparative analysis of the CSR practices undertaken by the MNCs and Indian companies. The result of the analysis depict that there exist no big difference in CSR practices adopted by the MNCs and Indian companies. The companies mainly focuses more on the environmental issues, sustainable development, community welfare and transparency in their reporting.
- Sharma (2013) examined the issue with respect to new CSR law under Companies Act 2013 in the context of modern corporate philosophy. There are several question and difficulty regarding the practical implication of the mandatory provision. The author concluded that there should plan, strategy and professionally trained individuals to carry forward the law towards the development. The government should manage a corpus of fund collected from various companies for the social welfare of the large population.
- Hayford (2013) constructed a model on the basis of four major responsibilities undertaken by the bank. Most of the respondents were not aware of the

activities provided by the bank under CSR. Community further expect from the bank to improve the worth of the services provided for maintaining sustainability. There is a great challenge for a socio-economic advancement in a developing country. The community also expects that there should be intervallic interface and participation of the localities in designing new initiatives under Corporate Social Responsibility.

- Patra (2014) focused on the engagement of stakeholders to assist the companies in formulating their strategy towards achieving the motive of sustainability. The result of the study shows that Tata Steel successfully contribute towards sustainability by maintaining the balance between the company and the community desire. The involvement of stakeholder under national interest should be systematic, logical and practical. It is easier for the company to generate information by consulting different stakeholders like shareholders, customers, suppliers, employees, community and government in their respective areas.
- Khandelwal and Bakshi (2014) presented the growth of CSR in India, along with Public Private Partnership. The study focuses on various issues and challenges while implementing the new CSR regulation in India. The case study of Navjyoti India Foundation brings to light various opportunity by joining hands with several corporations to work for the social development. The corporation can work more effectively and efficiently with the help of NGOs and social organization. The companies are integrating different CSR strategy in their operation in order to achieve sustainability and profitability.
- Raufflet, et al. (2014) assessed the CSR practices undertaken by the mining and Oil & Gas industries in four main areas (Ethics & Governance,

Environment, Community relation & social, health and safety issue) and 29 sub-area of CSR. The data is analysed on the basis of international CSR standards, regulatory scripts and four main areas of CSR. The firm used to focus on the majority of the areas but special spotlight is given to the environmental management and social, health and safety issues because of increasing notification. There is a lack of transparency and organization strategy to implement the CSR policies and plans. The concept of regulatory scrip helps the practitioners in yielding managerial implication of CSR practices.

- Ozuem, et al. (2014) examined the perception regarding the firm acting in a responsible manner can have negative impact as the organization success and survival is based on the satisfaction of the community. Based on ethnographic research in the Niger delta region of Nigeria, author concluded that socially responsible behaviour builds strong bound between the community and the organization which in turn proves beneficial in its growth and sustainability.
- Bala and Singh (2014) examined the CSR practices undertaken by the Private, Multinational and Public Sector Companies. The study analysed the total top 145 companies from different sectors. On the basis of factor analysis, the similarities and differences was explored among the areas covered under Corporate Social Responsibility. There was no significant difference found among the CSR practices adopted by the companies. The only difference found in the study was in priorities and preference in undertaking CSR practices. The more concern was found towards the “Environmental and Natural Resource Protection Issues” rather than other social dimensions.



- Moratis and Widjaja (2014) explored the pool of literature to adopt Corporate Social Responsibility standards. The author conducted interview with the CSR experts to find out the relevant criteria for the adoption of CSR standards. The determinants identified for the adoption of CSR standards include market forces from the side of customers, management attitude in the organization, tangible & intangible characteristics of the standard and the status of the standard developing organizations itself.
- Nardo and Veltri (2014) provided evidence through a wide literature review from a theoretical, managerial and disclosure perspective that Corporate Social Responsibility related activities and Intellectual capital issues can be presented in a single report. The intellectual capital is treated as an intangible issue in the study.
- Dhanesh (2014) identified the two main drivers of CSR in India by conducting the in-depth interview with the senior manager of 16 companies from different sectors. The finding of the study denotes that there were two main drivers of Corporate Social Responsibility namely- morality and economic perspective. There seems a shift in adopting the practice of CSR in India from the moral based principle to philanthropic practices which again changed to strategic engagement based on extrinsic pressure.
- Sharma and Khanna (2014) examined the inter-relationship among Corporate Social Responsibility, Corporate Governance and Sustainability. The study also investigated the indicators of activity, disclosure and provision covered in 2009-10 and 2010-11 by assigning them binary value (0 and 1). As a result of correlation analysis, it was found there exist a significant positive relationship only between Corporate Social Responsibility and sustainability. Therefore, it

was suggested to incorporate sustainability and mandatory reporting and disclosure of the activities under Corporate Social Responsibility.

- Rai and Bansal (2014) highlighted that with the introduction of the Companies Act 2013, there is a considerable increase in the CSR expenditure by the companies which will prove beneficial in the near future for the development of the economy. There also exist a positive correlation between the profit earned by the company and the CSR expenditure of the company with the increase in the size of the company.
- Bhatia and Chander (2014) explored the disclosure pattern of CSR activity undertaken by the leading companies (high market capitalization) of India. The study revealed the low extent of CSR disclosure by the companies in India. From the major heads of CSR activities only environment and community involvement practices are given more importance in disclosure. Some of the companies have prepared their vision and mission statement in the light of CSR practices which pave a way for crafting their organizational strategies.
- Cho, et al. (2015) revealed the differences in the pattern of CSR disclosure, with the change in time from 1978 to 2010. There found intensification in the CSR disclosure by incorporating environmental and social parameters. The relationship between the legitimacy factors to Corporate Social Responsibility disclosure remain unchanged over a long time period. The author also concluded that CSR disclosure in contrast to the argument of recent main investigation was not positively valued by the firm investors.
- Gupta and Bhatia (2015) examined the automotive companies listed in the Prowess database by using content analysis. The disclosure index was prepared on the basis of three main variables of Tripe Bottom Line i.e. economic,

environmental and social disclosure made by the companies. From selected companies Maruti Suzuki and Tata Motors are giving their best by performing CSR activities. There seems to be lack of understanding towards the notion of CSR. In the digital age, the companies are required to present CSR reporting in their website as a key source of information for the public.

- Subramaniam, et al. (2015) investigated the governance of CSR policies and practices by CPSE under a mandatory CSR provision on the basis of 'Logic of governance' framework and qualitative analysis of data collected through interview using NVIVO 9. The result of the study state that the mandatory provision has enhanced the accountability but there are various hurdles in the implementation process like insufficient knowledgeable human resources, bureaucratic hurdle, lack of trust on external stakeholders and overemphasis on the utilization of targeted CSR budget without any assessment of stakeholders need. The impact of CSR activity on the society should be assessed properly. The study had an implication for the theory and policy development.
- Kishore (2015) attempted to explain that the interventions of the government is essential for the successful implementation of the new CSR provision. The new provision does not make the CSR compliance compulsory, it is only the reporting which is made mandatory. The issue relating to tax exemption and other concern should be clearly stated for the easy implementation of the 2013 Act.
- Park and Ghauri (2015) highlighted that the stakeholders including consumers, internal managers, employees, competitors and NGOs are the key drivers in motivating the small and medium sized foreign subsidiaries towards fulfilling

the CSR practices in the emerging market on the basis OLS regression analysis of the data collected through focus group interview of the managers.

- Dhanesh (2015) examined the key drivers of CSR in India through the in-depth interview of the senior manager of sixteen companies from different sectors. The finding of the study shows that moral and economic imperative are the two main drivers of CSR in India which are based on the old-traditional concept of 'Dharma'. The respondent of the study are not in the favour of state regulation through Companies Act 2013 in implementing CSR for the societal welfare. The study further elaborated the complex web of factor including strategic and moral imperative as a driver of CSR by the organizations in India.
- Mukherjee and Bird (2016) investigated the drivers and barriers of Corporate Social Responsibility expenditure in India by surveying 223 companies. As a result of the analysis, the companies spent on CSR activities for strategic reason in order to built-up their goodwill in the market and to have cordial relation with the government rather than based on ethical values. The author also identified the investment on CSR by the companies vary with their size, type of ownership and time period from the incorporation. The targeted expectation of the government is not fulfilled by the mandatory legislation so; there should be amendment from time to time to encourage the companies to increase their spending on Corporate Social Responsibility.
- Jain and Winner (2016) examined the CSR and sustainability reporting practices of 167 Indian companies which comprises of state owned and private companies from different sectors. There is a positive shift in reporting CSR and sustainability practices by the companies on their website especially after the execution of the Companies Act 2013. The companies give more preference to

environmental disclosure among the focus area of CSR. Based on the GRI standard, the other areas includes contribution towards education philanthropic activities, health, employees' involvement, ethical practices, corporate governance practices, art and culture. The findings of the study also show a progressive optimistic picture of CSR and sustainability climate in Indian companies' culture.

- Mansi, et al. (2017) ascertained the weightage of twenty CSR keywords in the mission and vision statement of the 206 public sector companies of India through content analysis. The finding of the study shows that majority of the company uses 'environment' in their mission and vision statement, which shows environment as a predominant driver in performing corporate social responsibility. The highest CSR related keyword count are found in the PSEs of coal sector, followed by petroleum, metal and mineral sector which also vary with their size. PSE of extractive industry like coal, mining, metal and petroleum tends to have more keywords of CSR in their mission and vision statement.
- Bansal and Jain (2018) tried to assess the effectiveness of the implementation of mandatory CSR rule in India. On the basis of data collected through Prowess IQ data set, author concluded that the investment on the CSR activities has been increased over the financial year of mandatory provision. The companies have more focus towards education, healthcare, community development programs, environment and skill development activities. The estimated expenditure by the selected companies over the CSR activities was 132.1 billion from which only 38% has been spent over the year 2014-15.

However, the companies also have unequal distribution of expenditure on the CSR activities.

Through the above mentioned literature review, the researcher tried to examine the role of Corporate Social Responsibility in different frameworks. On the basis of above mentioned literature it is noticed that there is a lack of comprehensive study on Corporate Social Responsibility in the Sonbhadra district of Uttar Pradesh, which has motivated the researcher to undertake this research work.

## **2.4 Research Gap**

There are number of studies on Corporate Social Responsibility on Indian industries but at present there is lack of study focusing on the phenomenon of mandatory provision under Companies Act 2013. Companies are pressurized to behave ethically and to follow the CSR practices which are mandatory in Companies Act 2013. There are studies conducted by Centre for Science and Environment (Delhi), Central Pollution Control Board (Lucknow) and People's Science Institute (Dehradun) on the various aspects in Sonbhadra region regarding mercury pollution but there is no study which focuses on the role of companies operating in the Sonbhadra as a part of their responsibility towards the betterment and development of the region. So, there is a need of study focusing on Corporate Social Responsibility aspects in the Sonbhadra district of Uttar Pradesh.