CSR Communication – A Study on Scale Development

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Abstract:
The 21st century business has reached a paramount change by addressing the versatile demands of its stakeholders. From the notion that there are no obligations for the organizations to address common man needs, business are now extending their support towards various sections of the society in order to create impact on human lives. This clearly tells us the importance of Corporate Social Responsibility (CSR) in today's challenging environment. The need for and advantages of CSR communication is widely acknowledged. CSR communication- the way in which organization communicates their CSR activities is one such feature that attracts many scholars. Hardly very few studies have looked at CSR communication. Despite the proven benefits of CSR communication, organizations fail to link it in CSR practices (Chaudhri& Wang, 2011).Thus, this paper aims to fill this gap by conducting an exploratory study to examine the various CSR practices and the mode of communication to internal as well as external stakeholders. The authors by using content analysis technique have explored various aspects of CSR communication in 26 companies' through snow ball sampling method.

Keywords: CSR practices, CSR communication, content analysis, manufacturing/ IT industries.

1. Introduction

There is a paradigm shift in business by considering only profit to people, planet with profit. A business should take responsibilities for their impacts on various stakeholders such as employees, consumers, communities, environment, suppliers, shareholders and other stakeholders (Kaur, 2012). The manifold benefits of CSR are human resources management, risk management, brand differentiation, license to operate and so on (Birch & Moon, 2004; Kaur, 2012). The importance of CSR can be understood through companies which have rebranded their core values by including CSR components (Fonceca & Jebaseelan, 2012). A survey found that 52 per cent of the Fortune 500 companies made separate report on their CSR activities (Raman, 2006). In India, there are very few studies that document the social reporting practices and thus pave way for researchers to explore more on this (Raman, 2006). CSR communication is the process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large' (Raman, 2006). CSR communication is considered as the proxy of CSR initiatives (Alon, Latteman, Fetscherin, Li & Maria Schneider, 2010). As a result, the current study focuses on social reporting practices or CSR communication of the 26 companies in Chennai. In order to explore more on the communication mechanisms the study has not restricted to a particular mode of communication.

The current paper has been divided into four major portions. The first portion presents the prominence of CSR and literature review from the perspective of various authors. The second portion brings out some of the key observations made by Karmayog on CSR reporting. The third portion describes about an exploratory study, analyses and results. The final portion deals with the interpretation of the content analysis, scale development, limitation and conclusions.

2. Prominence of CSR Communication / CSR Reporting

The current paper uses CSR communication, as against social reporting, in order to expand the scope and to understand the various tools of CSR communication. Also, to deviate from the mandatory nature of CSR social reporting and explore more additional features while communicating CSR activities through various mediums. CSR activities and CSR communication are not mutually exclusive. The trend in Asian countries has drastically recorded a change from offline reports such as annual report and so on to online report, which is a much appreciated one (Chaudhri & Wang, 2011).

The need for communicating CSR activities is well supported by two theories such as agency theory and stakeholder theory. These theories support the fact that, CSR reporting will enhance the image of the organization in a positive way. Secondly, it legitimizes the behavior of the organization and thirdly, it fulfills the moral responsibility towards the various stakeholders (Mathew, 1995). The most important benefits of CSR communication is, it allows the audience to interact with the companies and can give life to CSR activities rather being static (Antal, Dierkes, MacMillan & Marz, 2002).

The below mentioned table lists the major areas of CSR activities that has been agreed by various committees for CSR reporting practices:

S.N.	Associations/organization	Year	Major areas	Source
1	US National Association of Accountants	1973	Community involvement, human resources, physical resources and environmental contribution and product and service contribution	Raman (2006)
2	World Business Council for Sustainable Development (WBCSD)	1998	Human rights, employee rights, environmental protection, community involvement and supplier relations	WBCSD (1998)
3	Fortune 500 companies	1978	Environment, equal opportunity, personnel, community involvement and products	Raman (2006)
4	KPMG	2005	Core labor standards, working conditions, community involvement and philanthropy	KPMG (2005)
5	100 public listed companies in Malaysia	1990	Products and services improvement, human resources, and community involvement	Kin (1990)
6	Annual reports of top 50 companies in India	2006	Community involvement: Philanthropy and other activities Human resources: health , safety and training of employees Product and service improvement Environment and energy conservation	Raman (2006)

According to Hamid (2004) studies in non- Indian companies had placed a significant emphasis on product and service improvement and human resources for social reporting practices. In India, community development activities are considered as the major CSR practices which are depicted in table 2 below. Indian companies' social reporting practices are not in congruence with what exactly they do. Companies' product and their risk factors determine the social reporting strategy. For e.g.: environmentally polluting sectors such as oil, steel, metal and cement industries report more on environmental factors for attaining sustainability in the market amidst of their business risks (Raman, 2006). Thus, the above passage clearly signals the readers that there exists a mismatch between CSR reporting and actual CSR practices.

3. Literature Review

In India, the very concept of CSR has been misunderstood. The multi- stakeholder's approach of CSR is holistic in addressing the issues of various groups of people, but in India it is still in infant stage. Indian companies strongly believe that CSR is meant only for community development (Fonceca & Jebaseelan, 2012). Developing countries which include India are facing heightened pressure from various sections of people to be a responsible business entity. The concept CSR and its reporting practices had gained a new momentum in Indian companies due to its mandatory nature as well as its potential outcomes (Chaudhri& Wang, 2011). McKinsey and Company conducted a survey of global business executive and found that Indian executives were the most enthusiastic proponents for exhibiting their citizenship behavior (Chaudhri & Wang, 2011). In spite of this, Indian companies are facing challenges in implementing and communicating CSR.

This paper addresses the core research questions on CSR communication as follows: What are the major CSR activities in Indian companies? How to measure CSR communication as a construct in order to understand its effectiveness?

CSR is defined as 'a socially responsible firm whose managerial staff balances a multiplicity of interests instead of striving only for larger profits for its stockholders. A responsible enterprise also takes into account of employees, suppliers, dealers, local communities and the nation' (Johnson, 2003). This is one such definition which emphasis on multi- stakeholders aspects. Various eminent researchers such as Carroll, Keith Davis, Joseph W Mcguire, William C Frederick, Clarence C Walton, and Bowen have contributed to CSR development. But Bowen should be considered as the father of CSR based on his rich research contributions (Gautham& Singh, 2010).

CSR initiatives are contingent upon the business profit. Gautham and Singh (2010), has made an exhaustive study to find out CSR practices among the top 500 companies in India. They found that, 51 per cent of companies did not have any reports on CSR on their websites. This clears the doubt that companies' involvement in CSR communication is limited and more attention is required by scholars. At the same time to encourage the organization to implement CSR activities, there are few established procedures and standards which is explained as follows: a) Global Reporting Initiative (GRI) - it provides sustainability reporting guidelines with 9 performance indicators b) Social Accountability 8000 (SA 8000) – It focuses more on child rights and worker welfare measures and c) International Organization for Standardization 26000 (ISO 26000) – It assist an organization to function in a socially responsible manner (Gautham & Singh, 2010). These standards should motivate organizations to behave ethically in today's business context.

According to Karmayog report, only 25 per cent of companies initiate CSR activities for their employees and it is proven that in India vast majority of people consider community development alone as CSR. Indian companies fail to integrate CSR with their business practice and this is one of the major setbacks to have global reach (Gautham & Singh, 2010). The decisions pertaining to CSR are highly influenced by the top management. CSR activities, budget allocation and the communication pattern are mostly determined by these people in the organizations (Gautham & Singh, 2010; Mozes, Josman & Yaniv, 2011).

Research reveals that, manufacturing companies communicate more about their CSR activities (Lattemann, Fetscherin, Alon, Li & Maria Schneider, 2009) as against IT companies (Chaudhri & Wang, 2011). One of the reasons could be manufacturing companies are environmentally polluting industries which face lots of social issues in their day to day functioning. Hence, they wish to maintain a good image among various stakeholders by portraying their CSR activities. Research reveals that 73 per cent of Indian companies CSR activities are driven by their value system and 27 per cent of Indian companies have adopted stakeholder- driven CSR approach (Alon, Latteman, Fetscherin, Li & Maria Schneider, 2010) and thus reveals the fact that Indian companies have a long way to go to adopt stakeholder approach. This figure should motivate researchers to explore more on stakeholder theory and thereby substantiate the outcomes of it, which in turn encourage the companies to focus on the same. Stakeholder theory can impact the attitudes and behavior of employees to a very great extent.

3.1. Some of the Observations on CSR- Karmayog Report, 2009
Karmayog (an online forum) attempted to study on various CSR practices in Indian companies and they ranked the companies based on 1- 5 rating. As per their report, 18 per cent of companies reported on 1 scale rating, 7 per cent of companies reported on 3 scale rating, 1% per cent of companies rated on 4 scale rating and shockingly no companies rated on all the 5 scale rating. This table gives us a clear picture that in Indian companies, the existence of CSR initiatives is very less.

Karmayog CSR Rating	No. of Companies	Companies with given rating
1/5	92	18%
2/5	138	28%
3/5	35	7 %
4/5	4	1%
5/5	0	0

Table 1: Karmayog CSR rating (source: Karmayog website)

The below table help us to understand the CSR activities of various companies and as we explained earlier, most of the company's focus area is to upgrade the community through various activities. This again supports the fact that, in India community related activities are majorly considered as CSR by denying its various roles among stakeholders which is a setback in India.

Company	Type	Focus area	Impact
Bajaj Auto	Auto	Development of weaker sections of society	Community Development
Castrol India	Chemicals	Strengthens link between business &social investments	Community Service
Mahindra & Mahindra	Automobile	Sharing wealth and promote primary education	Community Development
Infosys	IT	Support and encourage underprivileged sections	Community development
ITC	ITC FMCG	"Citizen First" watershed development program; Empowering Farmers; Greening Wastelands and Irrigating dry lands	Supplier and community development
L & T	Engg	Enhancing shareholder value and responsibility for welfare of society at large	Community Service and environment protection
Dabur India	Pharma FMCG	Give back some part of what Dabur has gained from community	Supplier Development
BHEL	Engg.	Community and Product development	Minimize environmental impact of fossil energy products,
Tata Steel	Engg. /Metal	Improve the quality of life of the communities it serves	Setting Sustainability Standards
Wipro	IT	Learning Enhancement Disaster rehabilitation	Community Service
Britannia Industries	FMCG	Community conscious, desire to share prosperity with Community.	Employee development Support

Table 2: Glimpses of various CRS activities (source: karmayog)

3.2. Findings Based on Interviews with CSR/HR Practitioner (An Exploratory Study)

The literature review reveals that very few studies on CSR reporting / CSR communication and further reviewing the literature, we understood that there exists no standardized scale to measure the effectiveness of CSR communication among various levels of employees that fits into Indian context. Taking advantage of this research gap, the researcher has done an exploratory study to find out the communication patterns among various industries which does CSR activities. Although literature gives some insights about the communication pattern, we want to explore it more with practitioners as they are real players in the market.

3.3. Sample and Procedure
In order to identify the communication pattern, a researcher has gone for a qualitative study amongst the South Indian industry. Semi-structured interviews were conducted with about 26 HR/CSR professionals who are currently working in different roles related to CSR in various manufacturing and IT/ services organizations. The interviewees had a minimum of 5years' experience to a maximum of 20 years of experience in HRM and had a minimum of 2 years' experience and a maximum of 12 years in CSR. The interviews lasted from 30 minutes to one and half hours. The interviews helped the researcher in identifying certain modes of communication. Content analysis of the interview responses was done and the transcripts were coded. After coding, the face validity between the definitions of concepts and coded transcripts was cross-checked by the research supervisor and a few other scholars. After several iterations, the codes were then grouped into various attitudes and behaviors. Disagreements were discussed, until a consensus was arrived at in clustering the codes.

3.4. Analysis and Results
Few significant insights were emerged during the study. Since the study was conducted in manufacturing and IT/services sector, results vary a lot with respect to modes of communication between those sectors as mentioned in Table 3. 84 per cent of IT/ services industries communicate their CSR activities through intranet, email and web page as against only 46 per cent of manufacturing companies. On contrast to that, 84 per cent of manufacturing companies communicate their CSR activities through annual reports as against only 69 per cent of IT/ services. Manufacturing companies that communicates through pamphlets and hoardings are about 46 per cent and 38 per cent respectively. While inducting new employees, IT/services communicate more than manufacturing which accounts for 84 percent in IT/ services and 69 per cent in manufacturing.

Theme	Manufacturing companies (in %)	Information Technology and services (in %)
Notice boards	100	38
Pamplets	46	0
Hoardings	38	0
Annual report	84	69
Induction	69	84
Brochures	46	15
Intranet	46	84

Table 3: Mode of communication is represented in percentage

Manufacturing industries are very traditional in nature, though it adopts lots of technology in its manufacturing processes, it is still a step behind to IT and services when it comes to communication technology. The results in table 3 clearly highlight the predominant mode of communication on each sector as justified by the nature of work on both the sector. As literature supports, internet and the World Wide Web are the expansion of information technology and hence they adopted an online communication to a very great extent. But manufacturing companies are very comfortable with their offline communication such as annual reports, brochures, pamphlets, advertisements and so on. HR/CSR managers in manufacturing firms affirmed that they could reach more people through these modes of communication, but at the same time few managers admitted the vast advantages of online communication and trying to execute it. Based on the detailed discussion/ interviews with practitioners the following questionnaire was framed and then face validated by a few experts in academics as well as practitioners. After pre testing the items for clarity and relevance, we conducted a pilot study with 120 employees who are working in a various manufacturing industries. We rated the items from 1 to 5, where 1 = Never , 2 = Rarely, 3 = Sometimes, 4 = Often, 5 = Always. The following table gives insights about the developed items and its cronbach's value (alpha value) to check how reliable these items are.

Sl. No.	Items	Alpha value
1	I get information about events like blood donation camp, community reach programmes and so on from my organization	.70
2	I get CSR related information through informal sources (word of mouth)	.82
3	My organization updates me about its CSR activities through regular e-mails	.85
4	My organization informs me about its CSR activities through notice board displays	.75
5	My organization informs me about its CSR activities through pamphlets	.75
6	My organization informs me about its CSR activities through hoardings	.70
7	My organization informs me about its CSR activities through advertisements	.75
8	My organization provides information about its CSR activities through webpages	.80
9	My organization provides information about its CSR activities through annual reports	.75
10	My organization provides information about its CSR activities through screen pop-ups	.80
11	Employees get to know about my organization's CSR activities during induction/ orientation	.70
12	I get information about my organization's CSR activities through my supervisor	.80
13	My organization doesn't communicate its CSR activities through any formal channel	.80
14	I get information about my organization's CSR awards/achievements	.79
15	My organization encourages us to give feedback about its CSR activities.	.70

Table 4

3.5. Limitations

Our study has a few limitations which have to be addressed by the future researchers on CSR stream. Though, there exist systematic ways in selecting companies for our study (CII report, fortune companies, Karmayog report and so on), we could not conduct an exploratory study with the available data due to lack of contacts and insufficient time. The companies taken for our study are only through reference by a few HR- Directors in a leading manufacturing company. The reason for this is incongruence between CSR activities and CSR communication. Also a researcher is not getting exact information about CSR initiatives from the practitioners as it determines the image of the organization. So the only way to do an exploratory study in a novel way is depending on the experienced people to refer for the companies who do reasonably good work on CSR. Based on this, we got around 26 companies in both the sector. Due to unsystematic approach and lesser number of samples, we cannot generalize the findings of our study. Also, the study is focused only on South India, which is considered as the hub for both IT and manufacturing. Hence, the result of the study cannot be generalized to a large extent. Also, further analysis has to be done to validate the items.

4. Conclusion

In 2007, Sirota Survey Intelligence found that employees who are satisfied with their organizational CSR activities are the ones who exhibit a positive attitude and highly productive in their job (Fonceca & Jebaseelan, 2012). This serves as a signaling factor for the organizations to involve in CSR activities in order to fulfill their legal compliance as well as to enhance their employees' attitudes. More than CSR engagement, CSR communication is vital as it makes employees aware of the same and brings necessary changes. As we aware, attitudes and behaviors of an employees are very crucial for effective organizational functioning.

In a country like India, where the public expectation is wide and also considering the critical role of media, companies shouldn't manipulate their CSR practices. It will only taint their image (Chaudhri & Wang, 2011). CSR implementation is influenced by economic, political and cultural context. CSR activities can be degraded due to poor adaptation of the cultural context and thus it is very crucial to consider the cultural aspects of one country (Alon, Latteman, Fetscherin, Li & Maria Schneider, 2010). Ewing and Windisch (2007) propose that applying western CSR approaches in India will be doomed to failure. This caution HR/CSR managers to implement proper strategy for CSR and to consider various socio-economic factors before implementing CSR.

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