

**CSR, CORPORATE GIANTS AND WEBSITE DISCLOSURE: AN
EXPLORATION OF CONTRIBUTION IN EDUCATION AND SPORTS AS
A LEGITIMACY TOOL**

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ABSTRACT

CSR is expected to bring about a considerable change in terms of contribution in backward regions somehow overlooked by Government sector. In any under developed society, education requires a huge amount of investment and it is difficult for the Government to manage alone. Education, health and environment have been considered traditionally as the focus areas of corporate social responsibility actions. In recent times, CSR has expanded beyond and started to make an entry in areas like sports primarily as a good investment in terms of advertising. While CSR was primarily seen as an investment like in advertising, it has mature over the years to become a permanent feature of corporate marketing strategy primarily built along the line of mutual trust building and serving as an addendum of public service usually rendered by Government. CSR activities by companies in India started even before independence, but in the last decade or so it has become a codified practice for companies with turnover above a threshold level. While CSR is firmly ingrained as a corporate practice, it is also a grey spot for the corporate watchers. It needs to be more transparent and the outcome of corporate service should also be known. Web media has the potential to initiate that change and it is likely to offer the corporate more legitimacy in terms of their practices.

Keywords: Web media, legitimacy, education, sports, CSR

INTRODUCTION

Corporate social responsibility constitutes the foundation of the tripartite relationships among companies, society and nation. CSR is seen as the single most important practice to gain competitive advantage in the highly competitive marketplace. It has become imperative for the companies to keep their stakeholders abreast about their actions, policies and strategies.

The new media has brought in a sea change in the way people communicate and express themselves. The rise of information society coincides with the rise of internet followed by World Wide Web. The new media has empowered us with many new age tools that have completely

redefined the way in which media is used in private and public life. This has necessitated the companies also to change the way they do business and project themselves in front of their different set of public.

Therefore, with new media changing the media landscape tremendously, the discipline of public relations cannot stay aloof. They have had to redesign their operational strategies almost overnight to keep pace with these developments. PR campaigns which used to revolve around well-coordinated press conferences and distribution of press releases now also have to include the strategies related to the optimum use of new media tools, especially social media and corporate websites.

CSR and Legitimacy: The communication of CSR activities is seen as a cornerstone to capture the benefits from developing such initiatives because stakeholders must be aware of the business's social decisions. As Scott and Lane (2000) point out, marketing communications help organizations to enhance stakeholder's identification with the company and foster the projection of a good corporate citizen image. Indeed, marketing communications may enhance the link between CSR practices and the sense of identification of various stakeholders with the corporate brand (Maignan and Ferrel, 2004). Consequently, the publication and dissemination of information in their websites related to CSR practices is frequently employed by businesses that desire to present themselves as socially responsible (Maignan and Raltston 2002).

Legitimacy theory (Dowling & Pfeffer, Suchuman ,1975,1995) in CSR has been able to provide companies with an opportunity to develop a holistic approach in addition to profit-maximising motive by not looking at CSR engagement only as business proposition and secondly it has allowed the corporate to be familiar and synthesise cultural factors of the locality which help an organisation to develop institutional pressures in varied contexts. Legitimacy theory operates in different spheres from strategic management theory to dependency theory or institutionalism and is not only restricted to CSR though it has been used in CSR as a strategic management tool. Legitimization can take place through strategic management where managers decide or an institutional way in which *society looking in* approach is taken. Institutional approach looks at how corporate adapt to different environments and legitimacy works as an external constraint instead of being a resource developing mechanism in this kind of scenario. Suchuman(ibid) contends "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"(1995:574).

The need for businesses to be responsible and accountable has acquired a new momentum in the global environment, accompanied by, among others, a greater demand for mandatory and non-mandatory reporting of social responsibility initiatives (e.g. Birch, 2003;). Despite the emphatic

call for corporations to communicate if they are to position themselves as responsible citizens, leaders and contributing members of society (Manheim & Pratt, 1986), communication remains the “missing link” in the practice of corporate social responsibility. There is now also heightened demand for better corporate citizenship and greater transparency in many developing countries. However, little is known or understood about the concept and practice of CSR in these emerging markets. As one of the world’s fastest growing economies, India certainly cannot be ignored in this regard.

According to Carroll (1994) a conscientious business should embrace economic, legal, ethical and philanthropic responsibilities. Garriga and Mele (2004) consider CSR as an obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society independently of the direct gains of the company. They have also mapped the territory in which most relevant CSR theories and related approaches are situated. They have thus classified the existing theories in four groups. In the first group come theories which believe that corporation is an instrument for wealth creation and that this is its sole social responsibility. This group of theories, they call instrumental theories.

The second set of theories are called political theories as they emphasize on the social power of the corporation specifically in its relationship with society and its responsibility in the political arena associated with this power. This leads the corporations to accept social duties and rights or participate in certain social co-operation.

The third group includes theories which consider that the business ought to integrate social demands. These theories usually argue that business depends on society for its continuity and growth and even for the existence of business itself. These they term as group interactive theories.

The fourth group of theories contends that the relationship between business and society is cemented with ethical values. This leads to a vision of CSR from an ethical perspective i.e. as an ethical obligation. These are termed as group ethical theories.

CSR as a Corporate Strategy: Rafael Bravo, Jorge Matute and Jose M Pina (2012) found out that CSR reporting has relevance and importance in the creation and communication of corporate identity. They confirmed that while most financial institutions effectively employ the website as a channel to inform about CSR actions and therefore, to construct a communicated identity, fewer are the organizations that consider social and ethical principles within their corporate statements. Thus, although we can state that CSR contributes to the formation of the corporate identity, most organizations use it to create a communicated identity mainly as result of organizational interest into aligning their corporate behavior to the society’s expectations.

CSR in Corporate India: Ganga Sasidharan Dhanesh (2015) empirically analysed the discursive construction of CSR in the Indian context employing a dialectical framework proposed by Dhanesh (2014). Two key dialectics of selflessness and selfishness embedded in the notion of inclusive growth and the dialectic of togetherness and separateness in the notion of shared social responsibility emerged in his work. The findings from the study suggest that corporations do not appear to follow either a philanthropic, ethical model prompted by a trusteeship mentality or a purely liberal model prompted by narrow, economic motives but instead they traverse complex interconnections between both ethical and liberal models articulated as inclusive growth.

Furthermore, the findings that the contradictory notions of togetherness and separateness converge in the notion of shared social responsibility also confirms extant findings on increasing collaboration and partnership between the public and private sectors, especially in developing countries (Lee, 2010). The similarity of findings reveals that in India the construction of meanings and boundaries of CSR are not vastly different from theorizing on CSR in developing countries and that ethical, liberal and stakeholder models (Kumar et al., 2001) appear to co-exist and interact with one another.

Pushpa Sundar (2017) mentions that after the Companies Act of 2013 has formalised and streamlined social obligations of businesses, companies have started spending more on social welfare, community development and inclusive national development. The act, through its clause 135 mandated every company of a certain size to spend 2% of average profits of the last three years. According to Ministry of Corporate Affairs, against mandated rupees 2600 crore, 172 top companies actually spent Rs 3360 crores in fiscal year 2016. He also argued that a study conducted by KPMG indicates that NIFTY 100 companies spent more than Rs 6500 crore in FY 2016, more than the Rs 5000 cr spent by them in FY 2015. Moreover, the number of projects on which the money has been spent has reportedly decreased, indicating a maturing of spending so that fewer, but more significant projects are being taken up, instead of spreading the money too thin, with little impact.

She (ibid) mentioned that the Economic Times with two other partner organizations, brought out a report in 2016 on “Top Companies for sustainability and CSR” which after examining 217 companies on CSR as well as larger issues of sustainability, found that only 33% took a long term view on responsible business; that though governance had improved in 54% of the survey companies, disclosures were still poor; and that 60% companies worked in the areas of solar energy or sanitation under the Swachh Bharat Programme due to the push given to it by government, while only about half (54%) participated in carbon specific initiatives to mitigate climate change and only 36% disclosed data on emissions.

While studying CSR practices in India Singh Ramendra and Sharad Agarwal (2014) conducted a content analysis of websites of India's 200 companies. Based on the information provided in their corporate websites, the researchers have found out that 64 companies have their own dedicated foundations to carry out CSR activities. Foundations are formed after an individual or a corporation donates a certain sum of money for a cause, which reflects the long-term dedication of the top management of the corporations towards the development of society. Again, 62 companies work with NGOs, charitable trusts and other like-minded organizations to achieve their objectives of carrying out development in the society in which these firms operate (Singh and Agarwal, 2014, pg 77). Further, out of the 200 companies, 46 companies work in collaboration with different government agencies, 18 are involved directly in CSR activities, 12 pursue their CSR by provisioning healthcare facilities for the backward classes of society and 10 companies maintain special funding for CSR activities and also keep provisions of reserve funding for CSR for the next financial year, so that the CSR activities of the company can be planned and carried out strategically throughout the year.

Summi Arora and Jaideep,(2017) argued that considering the impact of business on society it becomes responsibility of the business enterprises to disclose the information about its activities concerning social responsibility. Reporting ensures that all the stakeholders in an enterprise and society and society at large have access to standardized information. Reporting of an enterprise in social area is a means to provide shareholders and other stakeholders an account of the impact of the enterprise on society. This added transparency leads to greater accountability of the enterprise to its principal stakeholders. Hence, communicating with stakeholders and ascertaining their views is very important (UNCTAD, 2008).

PR and New Media:

New media or so to speak, digital communication has changed the entire gamut of corporate communication. The intervening period of printing, publishing and press conference or press release has been replaced by Twitter or Facebook update or even whatsapp status. The voluminous Annual reports have been replaced by uploaded content on website which at the same time enjoys the advantage of extended shelf status and can rarely be destroyed as one or the other can always download the unadulterated first version. The introduction of digital media has also shortened the reaction span.

The current study explores the CSR reports uploaded on the websites of leading giants of Corporate India from both public and private sector to understand the contribution of these companies in education and sports sector as an avenue for gaining legitimacy and winning the perception war in the minds of the immediate environment and stakeholders. The companies chosen for the purpose from private sector are Reliance Industries, Tata Motors and TCS while

the public sector companies are NTPC, ONGC and Indian Oil Corporation. The companies have been chosen from Forbes List as having the highest turnover in India from either of the sectors and unarguably with the highest funding for CSR activities on a percentile scale as ruled by Corporate Affairs Ministry.

STUDY OBJECTIVES

R. O. 1. To find out if select companies have any special focus on education sector,

R. O. 2. To find out if select companies have any special focus on sports in addition to giving jobs to sports persons,

Following research questions have been framed to evaluate the research objectives.

RESEARCH QUESTIONS

R.Q. 1. What are the activities undertaken by the companies under discussion in relation to education sector in particular in the last five years?

R. Q. 2. What have been done by the companies under discussion in the last five years in the sports sector as part of their CSR activities?

METHOD OF ANALYSIS

The current study depends on secondary data as uploaded company reports on CSR activities by the corporate houses have been used for assessment of their contribution. The website data has been used to find out the level of disclosure leading to legitimacy. The study has been limited to documents available on the websites of the three public sector companies and three private sector companies of India. The study has taken into consideration only the corporate social responsibilities related activities uploaded on the website of these companies including annual reports. The study has not gone into examining the corporate communication strategies of the organizations under discussion. The study has examined CSR activities of these companies in isolation and as a part of corporate communication and social responsibility commitments.

The study methodologically is limited to qualitative analysis of the CSR reports. Since it is a qualitative analysis, no attempt for generalization of the findings was tried. Since it is a qualitative study, no attempt was made to categorise the corporations under discussion in terms of performance or to prepare a disclosure index. The study has been restricted to an in-depth analysis of the level of disclosures made these corporations

Thematically the study is limited to a probing analysis of the efforts and strategizes of the corporations under discussion in some specified areas of CSR within the broader contexts of

CSR reporting. The study is limited to the first three public sector companies and first three private sector companies in India as per the *Forbes List*.

FINDINGS

Education has been a big thrust area for all the corporate houses under discussion. The impact in education ranges from basic infrastructural support, scholarship at different level from primary to professional courses like Engineering or Medical, to supporting it is to support the *Skill India* programme of the Government of India or even training the teachers. TCS has come up with an innovative Android app to check and mitigate the problems of absenteeism in schools. Rest of the companies follow under discussion follow the beaten track of charitable services in India like adult literacy or scholarships or building toilets in the schools. Reliance has a flagship programme like ESA (Education and Sports for all) which also deserves some kind of mention. Under this programme, RIL has succeeded in integrating sports and education and it could be of immense help to underprivileged children in remote localities of the country who do not enjoy the privilege of spending on sports gears or a dedicated sports class in the school as schools are also afflicted with financial crisis. Incidentally the programmes like BridgeIT or ESA sound good and can be expected to deliver results since these facilities are inspected and audited KPMG.

Sports has not been the focus area in two companies like NTPC and Tata Motors Limited at all and in fact there is no mention of sports in their CSR reports. Indian Oil Corporation and ONGC are involved in sports and are major job providers to sports persons in India. In addition, these two public sector companies are also engaged in offering scholarships to deserving sports persons. TCS is engaged with sports sector but their interest is restricted to organising Public Marathon in major global cities including Mumbai called Mumbai Marathon. The engagement of TCS in public marathon is essentially a promotional activity instead of offering real help to the sportspersons. TCS is the most important global brand of India Inc. and its interest in major public events is predictable. Reliance Industries Limited is a major contributor to sports related CSR activities and otherwise they are a national entity as brand sponsors in most sports activities. Since they are involved in consumer service like Jio Mobile network, they have a reasonable urge to be visible in public eyes. In any case Reliance offers a scholarship called *Young Champ, (RFYC)* which is quite substantial and it has the provision of real champions being sent abroad for special training.

CONCLUSION

C V Baxi and Rupamanjari Sinha Ray (2009) argued that most of the Indian listed companies do not have a stand-alone report. These reports are qualitative rather than quantitative in nature.

Companies are accountable to the shareholders who are the capital providers. Existence of the company depends on its accountability towards its other stakeholders including employers, customers and suppliers. This accountability criterion will make reporting mandatory in nature where stakeholders at all levels are involved and the independence of the managers to reveal such reports will be curbed.

In their study Baxi and Sinha(2009) argued that there are reasons for no reportage practice by the firms. They said that there is a lack of reporting guideline and the policy makers should look into this matter. Also, the issues that have to be included and that need to be left out from the reports are not properly identified by the companies. They have cited some basic objectives of social and environmental reporting and disclosure. They are:

1. Gain legitimacy from external stakeholders
2. Demonstrate transparency and accountability dimensions of good corporate governance
3. Enhance and sustain corporate credibility and reputation
4. Create stakeholder value in the long run
5. Inform the policy makers and regulators of the active role of the modern corporation in CSR
6. Promote brand equity and market share of the company
7. Establish linkage between corporate social & financial performance
8. Participate in international business with globally compatible business practices focusing on stakeholder engagement
9. Develop organizational capacity-knowledge, skills and attitudes for promoting socially responsive business practices
10. Comply with global environmental and sustainability

They have further argued that the focus of CSR reporting is always on CSR outputs not in CSR outcomes.

Another significant aspect of their seminal paper, which they have mentioned, is that corporations that have introduced formal departments and procedures for undertaking and extending CSR into their various projects are more likely to adopt regular CSR reporting practice and they may over a period of time, develop more a diverse range of sources of reporting media. They have also mentioned about the fact that some of the corporations in India have already posted senior personnel in the CSR divisions and ensured certain institutional resource commitment for a longer-term CSR. The corporations which are regularly monitoring the relative progress of CSR activities are more likely to adopt appropriate reporting practices.

Vimal Kishore (2015) argues that CSR in professional sports first emerged from the idea that charitable endeavours and community outreach programs could help boost fan support and

increase revenues and hence CSR in sports has increasingly become prevalent. But CSR has not been studied from within the context of sports. Despite the fact that training and promotion of Olympic, Para-Olympic and other nationally recognized sports were considered as a CSR activity, for the last few years a majority of corporate houses have not seen this as a viable thematic area to invest their funds in. The companies in India were flirting on sports development for the sake of investment. But now the Ministry of Corporate Affairs has clarified that one-off events, such as marathons/ awards/ charitable contribution/ etc would not qualify as part of CSR expenditure anymore. After much negotiation on June 8, AICS, established in 2015 to serve as an advisory body for the Ministry of Youth Affairs and Sports, succeeded in getting the ministry of corporate affairs to approve the construction, renovation, maintenance of stadiums, gymnasiums and rehabilitation centers as part of the permissible CSR activities.

He also argued that with commercial organizations increasingly dedicating resources to CSR, there exists the opportunity for the development of a partnership approach whereby a sports organization is the recipient of corporate funding to undertake the role of CSR delivery agency for the commercial organization (Smith and Westerbreek, 2007).

Among all kinds of corporate disclosures, CSR disclosures stands higher chances of being presented differently depending upon the medium being used, due largely to either non-existence of disclosure standards or varying standards (Gray et al., 1995;). Sushil Kumar and Anab Kidwai(2018) have argued that many researchers have tried to analyse various types of corporate disclosures from different perspectives. However, literature is lacking in studies which examine the extent of CSR disclosures being made by Indian companies on their websites. They (ibid) have also posited there is no credible disclosure index for the websites that can be used for comparing the extent of disclosure by different companies.

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