PERCEIVED BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES- A STUDY AMONG MANAGERS OF LISTED COMPANIES IN KERALA

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Under the

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By

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Certificate

This is to certify that thesis entitled **"Perceived Benefits of Corporate Social Responsibility Initiatives- A Study Among Managers of Listed Companies in Kerala"** is a record of bonafide research work done by Mr. Kesavan E., part-time research scholar, under my supervision and guidance.

The thesis is the outcome of his original work and has not formed the basis for the award of any degree, diploma, associateship, fellowship or any other similar title and is worth submitting for the award of the degree of Doctor of Philosophy under the Faculty of Social Sciences of Cochin University of Science and Technology.

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Declaration

I hereby declare that this thesis entitled **"Perceived Benefits of Corporate Social Responsibility Initiatives- A Study Among Managers of Listed Companies in Kerala"** is a record of the bona-fide research work done by me and that it has not previously formed the basis for the award of any degree, diploma, associateship, fellowship or any other title of recognition.

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Chapter **1**

INTRODUCTION

1.1 Introduction

Corporate social responsibility (CSR) has been a catchphrase for the last 45 years in the Management and Accounting literature (Wood, 2010). Both organisations and societies have significantly increased their focus on CSR in recent years (Young and Thyil, 2009) and began to use the CSR as a strategic tool for competitive advantage. Traditional view that, competitive advantage results from strategies related to cost leadership, differentiation, and focus, have undergone a paradigm shift and current strategic thinking signifies the importance of socially responsible activities. The generally referred corporate social responsibility (CSR) activities includes cause marketing, donation, society improvement, disaster relief, protection, peace

initiatives and pollution reduction etc. aimed at safeguarding the people and nature (Carroll,1979). Direct benefits such as better reputation, increased customer loyalty (Margolis and Walsh, 2001; Porter and Kramer, 2002) and reasons like popularity (Fernando, 2007), strategic advantage (Dentchev, 2004), stakeholder pressures (McWilliams and Siegel, 2001) have been motivating companies to adopt CSR. Socially responsible companies enjoy several benefits. These include profitability factors leading to competitive advantage (Porter and Kramer, 2002); generation of positive corporate image (Smith and Stodghill, 1994); easiness in attracting and retaining best employees (Turban and Greening, 1997); and enhanced customer loyalty (Brown and Dacin, 1997). However, many researchers found that adoption of responsible initiatives aimed at social benefits results in outlay of additional costs to the companies (Sharma and Talwar, 2005; Agarwal, 2008), and hence, they perceive some financial difficulties leading to economic challenges by executing CSR (Ullmann, 1985; Turban and Greening, 1997). However, the study of the relationship between CSR, company performance and benefits to company is significant because establishing a positive relationship among these variables will provide support for arguments in approval of various CSR initiatives.

The practice of CSR has been widely accepted in developed countries (Chambers et al., 2003), but the extent to which such concepts are appropriately translated into developing countries is a matter of concern. Globalization, even when encouraged CSR in developing countries (Rais and Goedegebuure, 2009), the differences political, financial, educational, and cultural backgrounds in developing countries, significantly influenced the adoption of CSR as a strategy. Belal (2001) in

a study conducted among Asian corporate and observed that developing countries are more concerned about potential dangers from foreign investments and their adverse impacts on society and environment. The various social and environmental problems faced by developing countries that affect sustainable development are social inequalities, environmental pollution, and unemployment. Socially responsible activities from corporate are essential for solving such societal and environmental problems (Henderson, 2001). Even though above problems are common to developing countries, a more country specific approach can offer contextual suggestions to address above issues through proper CSR initiatives.

In developing countries, the emphasis on understanding the concept of CSR is increasing and many studies examine CSR philosophy in depth to discover its applications for improved stakeholder relations. Although various stakeholders have pushed companies to implement CSR in developing countries, it seems many firms do not have sufficient knowledge to understand the benefits of these concepts to firm (Fernando, 2007). Moreover, there are no accepted rules in developing countries to enforce stakeholder demands (Thorpe and Prakash-Mani, 2006). A major handicap in all CSR initiatives pertains to lack of proper understanding about the benefits of CSR by practicing managers. This handicap results in various constraints having impact on quality CSR initiatives (Fernando, 2007; Agarwal, 2008). Consequently, organizations in developing countries fail to find CSR as a strategic alternative due to prevailing doubts about potential benefits from CSR.

India is a country with a long history having people who believe that they are responsible for each other and this responsibility extends to business as well. However, the concept of CSR is in a nascent stage in Indian business organizations and hence mostly was viewed as a statutory obligation rather than voluntary. Even though many companies in India has already implemented a variety of CSR practices, success of such initiatives are doubtful due to various reasons including stakeholder's pressure and managerial attitudes. This thesis develops in such a backdrop and attempts to explore the perceptions of practicing managers in the listed companies of Kerala in India. This study further aims to examine the prevalence of significant relationships among certain important variables identified from prevailing CSR literature to benefit perceptions of mangers from CSR.

1.2 CSR-Definitions and Concepts

Even though, concept of Corporate Social Responsibility (CSR) began in the 1920s, it failed to become a serious topic amongst business leaders until the 1950s. CSR came to spotlight in 1951 when Frank Abrams in his article in Harvard Business Review stated that business' obligation is to conduct the affairs of the enterprise to maintain an equitable and workable balance among various interested groups, by creating a harmonious balance among stockholders, employees, customers and the public at large. In 1953, Howard Bowen in the book "The Social Responsibilities of the Businessman" defined CSR as "the responsibilities of business to follow those policies, to make those decisions or to follow those lines of action which are required in terms of the objectives and values of our society" (Bowen, 1953). Archie Carroll is widely respected

amongst CSR scholars for his contribution of a four-part definition of CSR. First, consistent with the capitalist economic view, that a corporation must generate profits in order to operate. The corporation must also abide by the laws within the countries that it operates. Carroll believed that operating legally was not sufficient and that corporations have an obligation to society to act ethically as well. The fourth part of the definition also relates to the importance of societal impacts, which he referred to as discretionary responsibilities such as philanthropy.

The International Organization for Standardization, in ISO 26000 "Guidance on Social Responsibility", defined the Social Responsibility ("SR") of an organization (not including government executed duties that are exclusive to the state) as "Responsibility of an organization for the impressions of its decisions and actions on society and the environment, through transparent and ethical behaviour that

- contributes to sustainable development, including health and the welfare of society;

- takes into account the expectations of individuals or groups that have an interest in any decision or activity of the organization (stakeholders);

- is in compliance with the applicable law and consistent with international norms of behaviour; and

- is unified throughout the organization and followed in all its relationships".

ISO 26000 establishes seven core subjects of social responsibility, all of which are parts of most current CSR definitions:

- "Organizational governance
- Community involvement and development
- Human rights
- Labour practices
- The environment
- Fair operating practices
- Consumer issues"

European Commission (2011) considers CSR as the responsibility of enterprises for their impacts on society and it outlines what an enterprise should do to meet that responsibility. They define CSR as "a concept whereby companies integrate social and environmental apprehensions in their business processes and in their interface with their stakeholders on a voluntary basis. Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance". Lantos (2001) proposed three types of CSR: ethical, altruistic and strategic. Ethical CSR is grounded in the concepts of ethical duties and responsibilities and is morally mandatory. Ethical CSR goes beyond fulfilling a firm's economic and legal obligations in avoiding harm and social injury, even when the business does not directly benefit. Altruistic CSR is humanitarian and philanthropic contributing to the benefit of various societal stakeholders, even if this scarifies part of the business's profitability. Lantos' third type of CSR, strategic CSR, refers to philanthropy aimed at achieving strategic business goals while promoting societal welfare. Philanthropic activities include looking after society's welfare and helping to improve quality of life.

The following table 1.1 compiles various definitions of CSR.

Table 1.1: Definitions on CSR

Author	Definition
Bowen (1953)	[CSR] refers to the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.
Frederick (1960)	Social responsibility in the final analysis implies a public posture towards society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.
Friedman (1962)	There is one, and only one, social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game which is to say, engage in open and free competition without deception or fraud.
Davis and blomstrom (1966)	Social responsibility refers to a person's obligation to consider the effects of their decisions and actions on the whole social system.
Andrews(1973)	CSR is a balance between voluntary restraint of profit maximization, sensitivity to the social costs of economic activity and to the opportunity to focus corporate power objectives that are possible but sometimes less economically attractive than socially desirable.
Arrow (1973)	Firms 'ought to' maximize profit according to their social obligation since business profit represents the net contribution that the firm makes to the social good. On this basis, profit should be as large as possible and only be limited by law and ethical codes.
Sethi(1975)	Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values and expectations of performance.

Carroll(1979)	The social responsibility of a business encompasses the economic, legal ethical and discretionary expectations that society has of organizations at a given point in time.
Jones(1980)	Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.
Wood (1991)	The basic idea of corporate social responsibility is that business and society are inter-woven rather than distinct entities
Bloom and Gundlach (2000)	CSR is the obligation of the firm to its stakeholders – people and groups – who can affect or who are affected by corporate policies and practices. These obligations go beyond legal requirements and the firm's duties to its shareholders. The fulfillment of these obligations is intended to minimize any harm and maximize the long run beneficial impact of the firm on society.
Baker (2003)	CSR is about how firms manage business processes to produce an overall positive impact of the firm on society.
Van Marrewijk (2003)	CSR is associated with the communion aspect of people and organizations, whilst corporate sustainability (CS) is associated with the agency principle. Therefore, CSR relates to phenomenon such as transparency, stakeholder dialogue and sustainability reporting, while CS focuses on value creation, environmental management, environmental friendly production systems, human capital management and so forth.
Crowther and Rayman Bacchus (2004)	CSR in its broadest definition is concerned with what is – or should - be – the relationship between the global corporation, governments and individual citizens whilst in its more local context it is concerned with the relationship between a corporation and its local society in which it resides or operates, or with the relationship between a corporation and its stakeholders.

Source: Kakabadse et al (2007)

Even though, a variety of definitions on CSR have been proposed, a universally accepted definition of the concept is missing and there is no overall agreement or consensus on ideal meaning of CSR, making theoretical development and measurement difficult. None of the

definitions defines the social responsibility of business, but rather describe CSR as a phenomenon. This might be the cause of the definitional confusion. It is not so much a confusion about how CSR is defined, but it is about what constitutes the social responsibility of business.

A successful CSR strategy, according to Van Marrewijk (2003), must be context specific for each individual business, i.e. what are the specific CSR issues to be addressed and how to engage with the stakeholders. Further knowledge on how CSR is socially constructed in a specific context must be analysed for developing a conceptual framework that narrates benefit perceptions from CSR. Every business has social, environmental, and economic impacts that are concerned with stakeholders such as government, customers, or owners. This has been managed through established rules and regulations developed over many years. Due to globalization, the context in which business operates is changing at an increasingly rapid pace. New stakeholders and different national legislations are putting new expectations on business and altering how the social, environmental, and economic impacts should optimally balance in decision making. Thus, in such a context, CSR strategy is needed for organizations, to develop and implement a successful business strategy aimed at sustainability.

1.3   Evolution of CSR

Corporate social responsibility (CSR) was in practice in one form or another from times immemorial. For example, the ancient Vedic and Sutra texts of Hinduism and the Jatakas of Buddhism narrate ethical

concerns about charging of excessive interest and Islam has long advocated Zakat, a form of social contribution to needy. In the nineteenth century, businesses raised concerns on the welfare of their employees and their impact on society in general. With the emergence of the labour movement and spreading of slums triggered by the industrial revolution, businesses started to provide social welfare on a limited scale, including the construction of hospitals and provision of food coupons. In the same period, individual business philanthropists became active in the United States and business persons like Henry Ford and John D. Rockefeller established several philanthropic foundations. The local communities and various social groups (Sharfman, 1994) recognized benefits offered by philanthropists and public acceptance was endorsed on such activities.

The development of CSR in the 1950s was in three core ideas: (1) corporate managers as public trustees through the shareholding system; (2) stakeholders' balanced claims to corporate resources; and (3) the acceptance of business philanthropy. The concept further strengthened in the 1960s with the birth of the environmental movement for safeguarding the environment and consumer movement for protecting consumer rights. The 1970s saw the first widely accepted definition of CSR. Carroll's 4-part concept of economic, legal, ethical, and philanthropic responsibilities later depicted as a CSR pyramid- as well as the first CSR code, the Sullivan Principles. The 1980s brought the application of quality management to occupational health and safety and the introduction of CSR codes like Responsible Care. In the 1990s, CSR was institutionalized with standards like ISO 14001, Social Accountability 8000 standard and guidelines like Global Reporting Initiative and corporate governance

codes like Cadbury and King. The conceptual evolution of CSR is illustrated in table 1.2 below.

Table 1.2: Conceptual Evolution of CSR

Period	Name of Concept	Description	Literature
1950s	Social responsibility of Businessmen	The obligations of business people to follow policies, to make decisions or to follow lines of action which are necessary in terms of the objectives and values of society	Bown (1953)
		The long-run economic gain of the firm can justify some socially responsible business decisions. Thus, paying back for its socially responsible behaviour	Davis (1960)
		Private contribution society's economic and human resources and a willingness on the part of business to see that those resources utilized for broad social ends	Frederik (1960)
1960s-1970s	Stakeholder approach	Instead of striving only for larger returns to its shareholders, a responsible enterprise takes into account the interests of employees, suppliers, dealers, local communities, and the nation.	Johnson (1971)

	Three-dimensional model	The concept consists of corporate responsibilities (i.e., economic, legal, ethical, and philanthropic), social issues of business (e.g. labour standards, human rights, environment protection and anticorruption) and corporate actions (e.g., reactive, defensive, accommodative, and proactive).	Carroll (1979)
1980s-1990s	Three-dimensional model of principles, policies, and processes	Integration of the principles of corporate responsibility, polices of social issue management and the process of action into an evolving system.	Wartick and Cochran (1985)
	Institutional framework and extended corporate actions	Four types of corporate responsibilities (i.e., economic, legal, ethical, and philanthropic) linked to three institutional levels (i.e., legal, organizational, and individual), while corporate actions extended to assessment, stockholder management and implementation management.	Wood (1991)
2000s	Three-domains approach	Three domains of corporate responsibilities: economic, legal, and ethical	Schwartz and Carroll (2003)
	New concept	A procedure to assimilate social, environmental, moral, human rights and consumer concerns into business processes and core strategy in close corporation with the stakeholders	European Commission (2011)

Source: Compiled

A summary of key milestones in the development and application of CSR is provided in the following table 1.3.

Table 1.3: Key milestones in the development and application of CSR

Year	Major Milestones	
1960s	Tax Incentives for Corporate Giving	Business involvement in philanthropy expands beyond wealthy individuals and large corporations
1970s	First Business School Courses on Business Ethics	Emergence if international norms for what constitutes responsible business conduct
1971	Birth of Greenpeace	Emergence of environmental activism targeting specific companies and corporate practices
1987	UN Brundt land Commission Report 'Our Common Future'	Introduced the concept of 'Sustainable Development'
1989	Exxon Valdez Oil Spill	Emergence of business-NGO collaborations aimed at creating market-based incentives for improved environmental performance
1992	First UN Conference on Environment and Development (held in Rio de Janeiro)	Introduced a framework for international cooperation on global goals (such as climate change) related to sustainable development
1990s	Establishment of World Business Council on Sustainable Development and Business (WBSD) and Business for Social Responsibility (BSR)	Emergence of international, national, and regional business-led initiatives on CSR and Corporate Sustainability
1996	Introduction of ISO 14000 Standard for Environmental Management	Application of ISO 'Plan-Do-Check-Adjust' model to environmental compliance requirements and voluntary commitments, beginning of codification of CSR principles and management practices through auditable standards, processes, and procedures

2000s	UN Millennium Development Goals, UN Millennium Ecosystem Assessment, UN Global Compact	Framed a global agenda for CSR based on growing international consensus on critical sustainable development issues and the role of business in improving social and environmental conditions
2001	Enron Accounting Scandal	Recognition that off-balance sheet social and environmental impacts can have financial consequences that are material
2006	Harvard Business School case for CSR	Advanced a value proposition for CSR beyond mitigating harm to include the creation of new value through innovation and improved competitiveness
2006	Walmart's Supply Chain Commitments	Emergence of Supplier Codes of Conduct on social and environmental performance
2008	UN Principal for Responsible Investment (UNPRI)	Catalysed expansion of the Socially Responsible Investment Movement -$30 trillion or nearly 15% of global capital markets currently invested under UNPRI Guidelines
2008	UN Voluntary Principles on Business, Human Rights and Security	Recommended human rights risk assessment and mitigation measures included as a core element in CSR practice
2009	Global Financial Crisis	Further expands the role of CSR in risk management
2011	Occupy Wall Street Movement	'Backlash' to financial crisis creates new forms of NGO activism
2011	Introduction of ISO 26000 Guidelines for Social Responsibility	Further integrates and consolidates global norms and performance management standards for CSR
2012	'Rio+20' UN Conference on Sustainable Development (UNCSD)	Focus on new approaches to governance and collaboration within the context of a green economy, poverty alleviation and sustainable production and consumption

Source: http://www.jterc.or.jp/english/koku1sai/conferences/pdf/120426_linda-2.pdf

The stages in the evolution CSR can be summarized as illustrated in fig 1.1 below

Source: www.slideshare.net/deepikagupta10/eco-ppt-9705475

Fig. 1.1: Evolutionary stages in CSR

1.4 CSR- Evolution in India

The philosophy of corporate social responsibility (CSR) is not new to India. It has been a tradition in several organizations, particularly family-based firms with a strong community ethos. Historically it has been a significant influence, impacting on business, government, and society relationships. Philosophers like Kautilya from India and pre-Christian era philosophers in the west preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged cited in much of the ancient literature. The idea got support from several religions where it is intertwined with religious laws. Hindus follow the principle of "Dhrama" or getting salvation "Moksh" and forms an integral part of almost all Hindu rituals. Similarly, in Sikhism, provision of free "food and shelter" in the Gurudwaras

has been another illustration of institutionalized philanthropy (Panda, 2008). The contributions either financial or otherwise were periodic activities of charity or philanthropy. Such donations were normally done with personal savings, no use of funds from shareholder's or business were used.

According to Sundar (2000), the four phases as illustrated in figure 1.2 regarding CSR development can be identified. These phases parallel India's historical development and resulted in different CSR practices.
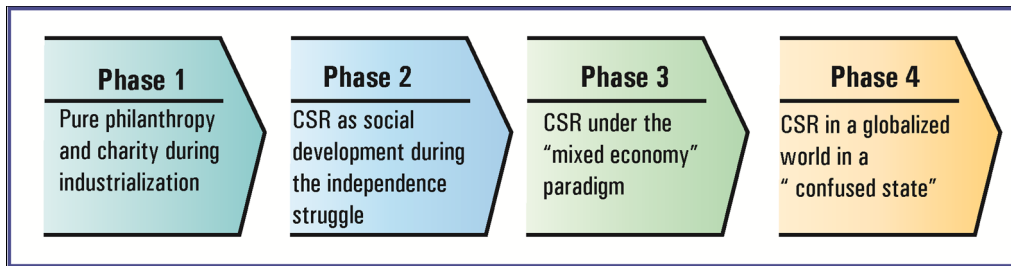
Fig. 1.2: Different phases of CSR development in India

The first phase of CSR is predominantly determined by culture, religion, family tradition and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices today, especially in community development. In the pre-industrial period up to the 1850s, merchants committed themselves to society for religious reasons, sharing their wealth, for instance, by building temples. Moreover, the business community occupied a significant place in ancient Indian society and the merchants provided relief in times of crisis such as famine

or epidemics throwing open go downs of food and treasure chests (Arora, 2004). The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Naidu, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan, 2001).

The second phase of Indian CSR (1914-1960) was dominated by the country's struggle for independence and influenced fundamentally by Gandhi's theory of trusteeship. The aim of which was to consolidate and amplify social development. Gandhi introduced the notion of trusteeship in order to make firms the temples of modern India. Businesses (especially well established family businesses) set up trusts for schools and colleges and established training and scientific institutes (Mohan, 2001). This period viewed business entity as a trust held in the interest of the community, and prompted many families run businesses to contribute toward socio-economic development.

The paradigm of the mixed economy, with the emergence of PSUs and ample legislation on labour and environmental standards, affected the third phase of Indian CSR (1960-1980). This phase characterized by a shift from corporate self-regulation to strict legal and public regulation of business activities. In this phase, the public sector was the major powerhouse of development. The 1960s was an era of command and control, because strict legal regulations determined the activities of the private sector (Arora, 2004). The introduction of a regime of high taxes and a quota and license system imposed tight restrictions on the private sector. As a result, corporate governance, labour, and environmental issues

rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora, 2004).

In the fourth phase (1980 until the present) Indian firms and stakeholders began abandoning traditional philanthropic engagement and, to some extent, integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. In the 1990s, the Indian government-initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the mixed economy and tried to integrate India into the international market. Accordingly, controls and 'licensing' regulations got partly abolished, and the Indian economy witnessed a flourishing (Arora and Puranik, 2004). This rapid growth did not lead to a reduction in philanthropic donations; on the contrary, the increased profitability also increased business willingness as well as ability to give, along with a surge in public and government expectations of businesses (Arora, 2004).

1.5 CSR standards and guidelines - General view

Proper methods, parameters and indicators need to be defined to allow the company and its stakeholders to monitor and evaluate Corporate Social Performance and to foster social effectiveness and economic efficacy to sustain long-term programs. To monitor social actions proper implementation of the programs and a proper tool for stakeholders to assess the social behaviour of companies is needed. To assess Corporate Social Performance, it is necessary to check their matching with Corporate

Social Responsibility statement, their use of socially responsive processes, and their impact on social issues (Wartickand Cochran, 1985). Shareholders being unique in characteristics and thus companies pay special attention to them and tend to use financial indicators like pre-tax earnings, profit per share, growth rate, market share etc to highlight overall performance.

Measuring the performance of a company only from a financial point of view appears to be inconsistent. Designing and implementing a measurement system based not only on financial performance indicators but also on non-financial indicators leads to better strategic management and decision making process. It affects the culture of the company because it contributes to highlight the moral foundations of the values of a company, and the consistency of the norms used to translate them into day-to-day operations (Jacobs and Kleiner, 1995).

The three types of methods that can be used to assess Corporate Social Performance are:

- A social audit, carried out by an independent auditor or by an internal auditor, to analyze actions and programs in social field and assess nonfinancial performance;

- An external audit of the performance of the share of the company

- An internal assessment of non-financial performance.

Following are the six categories of various non-financial indicators concerning CSR that have been identified and are used to scrutinize companies' practice:

1. Community relations (donations, contribution to the economically disadvantaged, support to job training)

2. Minorities and women (corporate hiring and promotion of women and minority employees, health care, child care, elder care)

3. Employees (no lay-off plans, hiring and promoting the disabled, work safety programs, cash profit sharing, good union relations, training and competencies development)

4. Environmental (investments in R&D; development, processing and use of products and services that minimize environmental damage or that are environmentally safe, involvement with nuclear power)

5. Customer relations (quality management programs, customer satisfaction measures)

6. Ethical issues (defence contracts and weapons development, business with repressive regimes, alcohol gambling tobacco).

The notion of "Triple Bottom Line" (3BL) (Elinkgton, 1994) reporting has become increasingly important in CSR reporting in the current scenario. The idea behind the 3BL paradigm is that a corporation's ultimate success or health can and should be measured not just by the traditional financial bottom line being profit maximization, but also by its social/ethical and environmental performance. Corporate even when

having variety of obligations to stakeholders need to behave responsibly to people and nature. The 3BL emphasizes the fulfilment of obligations to communities, employees, customers, and suppliers and that impact of such initiatives should be measured, calculated, audited and reported – just as the financial performance of public companies. The TBL is a framework that incorporates three dimensions of performance: social, environmental, and financial. The TBL dimensions commonly called the three Ps: people, planet (Nature) and profits.

There is no universal standard method for calculating the TBL. However, appropriate measures to capture performance on three critical dimensions used for the purpose. The selection of these measures will depend on level of the entity, type of project, geographic scope, and nature of CSR activity. Many of the sustainability measures used under different dimensions used in TBL calculations are as follows. Economic variables deal with the bottom line and the flow of money. It could look at income or expenditures, taxes, business climate factors, employment, and business diversity factors. Specific examples include:

- Personal income
- Cost of underemployment
- Establishment churn
- Establishment sizes
- Job growth
- Employment distribution by sector
- Percentage of firms in each sector
- Revenue by sector contributing to gross state product

Environmental variables should represent measurements of natural resources and reflect potential influences to its viability. It could incorporate air and water quality, energy consumption, natural resources, solid and toxic waste, and land use/land cover. Specific examples include:

- Selected priority pollutants
- Excessive nutrients
- Electricity consumption
- Fossil fuel consumption
- Solid waste management
- Hazardous waste management
- Change in land use/land cover

Social variables refer to social dimensions of a community or region and could include measurements of education, equity and access to social resources, health and well-being, quality of life, and social capital. The examples listed below

Unemployment rate

- Female labour force participation rate
- Median household income
- Relative poverty
- Percentage of population with a post-secondary degree or certificate
- Violent crimes per capita
- Health-adjusted life expectancy.

There are literally hundreds of codes of conduct and principles around the world for improving the behaviour of corporations. Few have a theoretical basis for their codes, while many simply cover just one or at most two stakeholders. Global Reporting Initiative (GRI) Reporting Guidelines, AA1000 Assurance Standard (AA1000AS), SA8000, United Nations Global Compact (UNGC), Framework for Public Environmental Reporting (Australia), General Guidelines on Environmental Reporting (UK), Environmental Reporting Guidelines (Japan) are some of the leading codes. The GRI is intended to help companies produce social reports. SA800035 and the United Nations Global Compact admit to setting standards for company behaviour, the former for the labour stakeholder group and the latter for three stakeholder groups: labour, environment, and the community (human rights).

The UN Global Compact, an international multi-constituent, voluntary initiative based on internationally accepted ten principles in pursuit of a more sustainable inclusive global economy. The ten principles cover human rights forced labour, child labour, environmental challenges and responsibility, non-discrimination, freedom of associations, collective bargaining, corruption, etc.

ISO 26000, prepared by International organization for standardization was one of the most comprehensive standards ever developed. The International Standard ISO 26000 provides guidance on understanding, implementing and continuously improving the social responsibility of organizations. The ISO 26000 is based on seven principles that form significant issues or potential area of attention by organization. The

organization needs to identify which issues are relevant and significant for them to address in prioritized manner, through its own consideration and through dialogue with stakeholders.

ISO 26000 defines seven principles of social responsibility:

- Accountability: answerable for decisions, activities, and their impacts on society, economy, and environment

- Transparency: openness about decisions and activities that affect society and environment

- Ethical behaviour: in accordance with accepted principles of right or good conduct

- Respect for stakeholder interest: respect, consider and respond to the interests of its stakeholders.

- Respect for rule of law: mandatory

- Respect for international norms of behaviour

- Respect for human rights.

1.6   Current state of CSR in India

Business involvement in social welfare and development has arguably embedded within Indian culture since ancient times, however, the concept of 'business responsibility' in its current form – focusing on the social and environmental impacts of core business, started to develop from 1980s.

The market-based economic reforms in 1991 led to deregulation, privatization and liberalization resulted in recognition of the importance of

integrating social, environmental, and economic considerations into core business strategy. The public sector in India has been making several efforts to bring social development and equality. Programs such as Integrated Child Development Services (ICDS), Targeted Public Distribution System (TPDS), Sarva Shiksha Abhiyan (SSA), and Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), are the largest social safety programs initiated by Indian government.

Recent studies and surveys have shown that CSR performance of Indian public sector enterprises has ranked some of the best in Asia. The Confederation of Indian Industry (CII) and the TVS Group collaborated to set-up the CII-TVS Centre of Excellence for Responsive Corporate Citizenship in 2007. It aims to provide consultancy services and technical assistance on social development and CSR (Prabhakar and Mishra, 2013). India is among the top ten Asian countries for its emphasis on CSR disclosure norms. The social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009, ranked the country fourth in the list. Similarly, in September 2010, 'Sustainability in Asia Reporting Uncovered' based on four parameters viz. General, Environment, Social and Governance has positioned India only second in country ranking in Asia and ranked as first in general category (Moon, 2012). However, private business entities have generated a mixed reaction compared to public. Even though, private enterprises have considerably contributed towards sustainable development and social welfare programmes, the contribution is relatively low.

The initial concepts about social responsibility of an enterprise in India were in favour of a voluntary approach. The development of the (Indian) National Voluntary Guidelines (NVGs) in 2011 by Ministry of Corporate Affairs is promoting business responsibility with reference to international good practice. The NVGs comprise nine principles covering ethical corporate governance and interaction with public policy, minority shareholders, the environment, and positive social practices (human rights, labour rights, and fair treatment of producers in the supply chain, consumers, and the promotion of inclusive and equitable growth). The NVGs also offer guidance on implementation, through four actions – leadership, integration, engagement, and reporting, and provides a set of eight indicators. They broadly identify what basic compliance and good performance, respectively. In terms of management they should look like, uptake and governance structures, policy and process management, training, M& analysis, innovation and disclosure and stakeholder involvement. Business Responsibility, as interpreted in NVG comprised of three core areas of sustainability i.e., Environmental, Social and Governance.

The scene of CSR in India changed with the introduction of Companies Act 2013. The Ministry of Corporate Affairs framed a new Corporate Social Responsibility Rules. Key enactments in the "Rules" are as follows

i.   "2% for CSR spending computed as 2% of the average net profits made by the business during every three years. For CSR reporting the "Net Profit" refers to mean average of the annual net profit of the previous three financial years ending on or before 31 March 2014."

ii. "Net Profit' refers to the net profit before tax as per books of accounts and profits arising from branches outside India is excluded".

iii. "As per the Draft, corporations that fall under any of the following limits should constitute a CSR committee, (1) Net worth of five hundred crores or more (2) Turnover of thousand crores or more (3) Net Profit of five crores or more".

iv. "The Board so formed shall refer the CSR Committee on the CSR projects initiated by the company before framing of the policy"

v. "Such policy professed by the Board in the annual report and on the company's website".

vi. "The policy statement should include; (1) a list of proposed projects and programmes along with essential details such as "area/ sector chosen, implementation timeline" etc, (2) a statement about surplus from the CSR activity is not included in the business profits of a company, (3) a statement that the amount include (a) 2% of the average net profits, (b) Any income arising there from, (c) Surplus arising out of CSR activities".

vii. In case the company fails to expend 2% of its Net Profits on CSR, it is essential to give an explanation to the Board in the annual Report. Even though, the law contains no provision of penalties for non-compliance, every firm need to justify the reasons for any shortcomings.

viii. Based on draft Rules, the Government of India offer the freedom of conducting/ implementing CSR activities through trusts, societies or section 8 companies operating in India which may or may not be set up by the company itself.

ix. The Draft also promotes collaborative efforts by companies i.e. companies can pool their CSR funds together to carry out CSR activities.

The Rules for CSR list the following areas towards which a company can direct its CSR funds:

i. "Eradicating extreme hunger and poverty,

ii. Promotion of education,

iii. Encouraging gender equality and ensuring empowerment of women,

iv. Attempts to decrease child mortality and increasing mother health,

v. Fighting human immune-deficiency virus, AIDS, malaria, and other diseases,

vi. Safeguarding environmental sustainability,

vii. Developing employment opportunities through development of vocational skills,

viii. Projects dealing with social business projects,

ix. Contribution to the Prime Minister's National Relief Fund (PMNRF) or similar fund set up by the central or state governments for socio-economic development, welfare of the

scheduled castes, the scheduled tribes, and other backward classes, minorities, and women,

x.   Such other matters as e prescribed from time to time"

Clause 135 introduced by the Companies Act 2013 expected to strengthen the social initiatives taken by the companies. If the law is followed in true letter and spirit, India would succeed in discharging its social responsibility in an effective and efficient manner. It is estimated that approximately 2,500 companies will come in the ambit of mandated CSR and the budget could touch approximately INR 15,000 crores. It is very likely that the new legislation will be a significant change, infusing new investments, strategic efforts and accountability in the way CSR is conceived and managed in India. It has opened new opportunities for all stakeholders (including the corporate sector, government, not-for-profit organisations, and the community at large) to devise innovative ways to contribute to equitable social and economic development. Currently, CSR in India is in a positive direction, under regulatory bodies such as the Department of Public Enterprises (DPE), Ministry of Corporate Affairs (MCA), and Indian Institute of Corporate Affairs (IICA).

The Karmayog Corporate Social Responsibility (CSR) study and ratings is one of the major efforts by an Indian NGO to rate the CSR initiatives of the largest 500 companies in India. It rates the companies on a scale of 0 to 5, where company with a rating 5 stands for being highly socially responsible. The following table 1.4 presents the results of the Karmayog CSR ratings of the 500 largest Indian companies based on various studies conducted from 2007 to 2010.

Table 1.4: Comparisons of CSR Ratings

No. of Companies				
	2007	**2008**	**2009**	**2010**
Level 0	221	173	128	113
Level 1	93	118	147	148
Level 2	144	161	146	161
Level 3	38	38	66	66
Level 4	4	10	13	12
Level 5	0	0	0	0

It was observed that not a single company achieved a grade five — the highest level that implies they not only put back 0.2 per cent of their net sales into CSR activities, but also displayed extraordinary commitment towards social causes. Barely two per cent, or 12 companies, managed a grade four.

The study conducted by M/s Futurescape and IIM Udaipur in 2014 for identifying top CSR companies, adopted the following four principal criteria for evaluation of CSR performance.

i. How well is the governance for CSR structured?

ii. How forthcoming are companies with respect to CSR activities and performance?

iii. How well are key stakeholders (employees, community, customers, and suppliers) integrated within a company's CSR framework?

iv. How pervasive are sustainability practices of companies?

The study found that the top scoring Companies in CSR are Tata Steel, Tata Chemicals, Mahindra & Mahindra, Maruti Suzuki and Tata Motors. However, it is alarming to find that only 13.5 per cent of Indian firms included in the study are currently obey with the 2 % norm of CSR spending. Currently, the annual CSR spending of 74 firms out of the top 115 is only 2,521 crores. Currently, only 10 corporates observe full adherence with the norms and spend 2 per cent or more. Many firms do not meet the mandated 2 per cent CSR spending norm. The average CSR spending as a percentage of Profit after tax (PAT) of 74 companies is just 1.02 per cent. Additionally, only 19 companies spend in the range of 1 to 2 % of their PAT. The remaining rest 55 companies have a CSR spend of less than 1 per cent of their PAT. The passing of the Act led to a steep rise in the number of firms disclosing their CSR expenditure. In 2010-11, 336 firms had disclosed their donations and expenditure on community and environment related activities. This number rose to 504 in 2011-12, and to 1,470 in 2012-13. There was an increase in environmental reporting by firms as well. In 2010-11, only 35 firms had complied with environmental reporting, while 52 had filed reports in 2011-12. But in 2012-13, there was an increase of 211.5%, with 162 firms disclosing their environmental performance information. In 2012-13, 760 firms crossed the threshold of 5 crore net profits, but their total CSR contribution was lesser than the 2% criterion as laid down by the Act. The total CSR spending by firms was 33,668 million, but the required spending should have been 45,154 million.

Another survey was conducted across 40 organizations in India, with respondents based in different cities in India and from various sectors by leading HR consulting firm Mercer titled Corporate Social Responsibility

and Sustainability Programs, Policies and Practices Survey in 2014.This survey revealed that about 73% employers in India stated they have a CSR sustainability policy in place while 17% are undertaking CSR activities without clear guidelines. The survey respondents identified three core areas around which most of the current CSR activities in the country are based on: education (81%), community-based development (64%) and environmental sustainability within the company (61%). Most companies conducted their CSR/sustainability initiatives by partnering with a local, independent non-profit organisation (78%), whereas 17% of companies stated that they work with their company's own non-profit organisation. Over a quarter of participating companies indicated that they are integrating social and environmental priorities into their business models to generate shared value.

1.7 Statement of Problem

Corporate social responsibility (CSR, in the simplest form as a mechanism for corporates to voluntarily integrate social and environmental concerns into their operations and to look after the interests of all stakeholders in the most ethical manner. Now, both business houses and social organisations have significantly amplified their focus on CSR efforts of firms for public benefits (Gulyás 2009; Young and Thyil, 2009; Adams and Frost, 2006) and have started to use the CSR as a strategic tool for competitive advantage. A major handicap in CSR initiatives in developing countries is the lack of proper understanding about the benefits from CSR (Agarwal, 2008) and therefore organizations fail to assess its multi-pronged scope in offering strategic advantage. Many companies in India already implemented a variety of CSR practices and impact of such

initiatives is confusing due to reasons related to stakeholder's pressure and managerial attitudes. Proper methods, parameters and indicators need to be defined to allow the company and its stakeholders to monitor and evaluate Corporate Social Performance and to estimate its benefits to the firm. It is widely believed that to assess the overall performance of a company, a bottom line approach focusing on profits, people and nature is ideal. The firms are currently considering stakeholders perspectives more important than the shareholders and therefore, measuring the performance of a company only from a financial point of view appears to be insufficient. Designing and implementing a performance measurement system based on non- financial performance indicators rather than financial indicators alone can offer a better strategic perspective to all decision-making processes. Such an approach contributes to the culture of the company by providing a moral foundation that reflects the values of a company and efforts to translate them into day-to-day operations (Jacobs and Kleiner, 1995).

Many eminent researchers like Edmondson and Carroll (1999), Burton et al. (2000) and Khan (2005), have suggested that different cultural models and traditional customs may demonstrate the difference in perceptions of practicing managers about CSR. As a result, studies that examined the relationship between CSR performance and company benefits are increasing irrespective of country/cultural context. The concept of CSR has caused chaos as clarity was missing in many aspects in the perspective of many firms in developing countries (Godfrey & Hatch, 2007). Further the nature of the industry and context specificity of CSR

strategies made the operationalization of the concept difficult. The evident gap in CSR related studies in developing countries like India exposes the reluctance in adopting the concept for strategic intentions. It is generally felt that CSR initiatives of corporates are largely due to mandatory stipulations laid down by the policy makers.

Now, in India, companies have been mandated to spend 2 per cent of their three-year average net profit on CSR under the Companies Act, 2013. The perception about possibility of benefits from CSR will certainly improve voluntariness and commitment towards such activities. It is estimated that the spending by Indian companies on corporate social responsibility (CSR) activities can grow more than 15,000 crore a year, if all companies spend the funds as per the norms. In 2012-13, 760 firms had crossed the threshold of 5 crore net profits, but their total CSR contribution was lesser than the 2% criterion. The total CSR spending by firms was 3366.8 cr, but the required spending should have been 4515.4 cr. The concept has the potential to generate 15,000-20,000 crore approximately, if estimated on the basis of 2% of the profit-after-tax across all eligible companies every year. Though the new Companies Act, 2013, which made spending 2% of their profits on CSR mandatory, came into force only in April 2014, the last couple of years have seen a significant increase in CSR expenditure by firms. This can be attributed to the desire of companies to project them as socially responsible.

The gap in spending pattern cast a shadow over the level to which CSR can contribute in nation building. The perceptional gap in corporate mindset is a serious problem that adversely affects the scope of CSR.

Ideally, practicing managers should view CSR as a strategic option to build better corporate image and thus profitability. They should approach CSR activities with voluntary involvement on being convinced about management commitment to such initiatives. However, in reality the statutory provisions forms reasons behind CSR spending and therefore quality of such programs suffers serious issues. Many times, the purpose is spoiled due to poor planning and improper execution of such programs in many corporate. A major reason for this can be assigned to wrong perceptions of the managers regarding real benefits from CSR.

CSR has the potential to become a strategic activity that adds value on business, society and ecosystems, if CSR is integrated with the strategy of the firm (Wolff and Barth 2005). However, the perceptions of managers about the various benefits that can accrue to a firm by successfully implementing CSR activities critically decides the strategic perspective of CSR. The relatively low spending noticed in CSR activities in the national context develops a serious concern about how the top management and practicing managers perceive outcome of CSR activities. Thus, in order to provide insight into the strategic potential of CSR, two questions need to be answered:

- What are the important domains that are critical in evaluating the quality of CSR activities of a firm?

- How the contribution of such activities of the firm can be measured and its relationship to other critical determinants related to success of a firm can be determined?

The prevailing studies about CSR were mostly exploratory in nature and evidences of empirical studies portraying practicing mangers behaviour in Indian context are limited. In the context of Kerala, no such studies could be traced. To properly position, CSR as a strategy for better performance, understanding about practicing managers feeling about benefits from CSR is essential. As these facts are yet to be explored or empirically tested in Kerala, therefore, study is considered relevant.

In its simplest form, every research attempt to explore the relationship between certain variables that offer direction tor stakeholders in successfully implementing a procedure to achieve desired objective. In the context of this study, different objectives are in the backdrop for examination. Even though, the usage of CSR as a cardinal tool for competitive advantage is well illustrated in many mature economies, the same view is still to get a wide acceptance in emerging economies like ours. Such a perception difference cast shadow on various initiatives of government to use CSR as an important tool for social development. To have a change in this prevailing scenario, the mind-set of practicing mangers towards CSR plays an important role. Positive perceptions about the role CSR in bringing sustainable advantage to the firm is an essential pre-requisite for effective implementation of CSR activities. Measuring CSR quality is also needed to understand the extent to which improvement required. Thus this study attempt to answer the problem as why a voluntary interest aligned with governmental directives towards CSR is not visible in India and how such feeling can be imparted in corporate mind-set.

1.8 Objectives of Research

The overall objective of this study was to understand the dimensions of CSR quality and its linkage with benefit perceptions managers of listed companies in Kerala. The role of top management commitment, internal control systems in the firm and regulatory interventions by government also considered as subject matter of enquiry in this study. The specific objectives of the study are:

- To identify important variables that significantly captures CSR quality in the perceptions of practicing mangers in Kerala.

- To develop valid and reliable scales for all variables identified to effectively capture the CSR quality in the perceptions of the managers from the listed companies in Kerala.

- To examine the moderating role of internal control systems in the firm, regulatory interventions by government and top management commitment in the relationship between CSR quality and benefit perceptions of managers.

- To prepare a structural model that theoretically link dimensions of CSR quality and other moderating variables to benefits perceptions of managers from listed companies in Kerala about CSR initiatives.

1.9 Scope of the Study

This study was intended to target basic objective of determining the relationship between CSR quality, top management commitment, effectiveness of control systems in the firm, regulatory interventions

by government and Perceived Benefits from CSR in an Indian setting. The aspect that was of particular interest to the researcher was the 'voice of the practicing managers' of listed companies in Kerala. The managers are critical elements whose support and co-operation is essential in imparting added relevance and value to CSR initiatives and therefore his/her views are analysed irrespective of considering the view of other stakeholders. Also corporate sector has characteristics of a heterogeneous industry - with different product and service offerings, distribution channel layouts, and different sales and marketing tactics. Hence differentiation becomes a matter of paramount importance. The prevailing scepticism among managers about benefits from CSR develops challenges to success behind governmental policies. This thesis will present areas, where governmental interventions are possible to improve its benefits to people and society from CSR.

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Chapter **2**

LITERATURE REVIEW

A research work requires an exploration about the details of earlier studies in the domain for providing better conceptual clarity. Prior empirical evidence not only provides guidance but also throws light on the direction in which any new research must proceed. This chapter examines the development of the concept and make-up of CSR and it is presented in order to create a theoretical understanding and to formulate the theoretical framework for the current study.

2.1 Theoretical Foundations behind CSR

Numerous theories have been brought to bear on the subject of CSR. These theories are summarized on theoretical perspectives in Table 2.1 below.

Table 2.1: Selected theoretical perspectives on CSR

Author(s)	Theoretical perspective(s)	Key argument/result
Friedman (1970)	Stockholder Theory	neoclassical approach leaves no space for deliberate, arbitrary, and socially responsible spending, which may reduce rather than increase the gross profit
Friedman (1970)	Agency theory	CSR is indicative of self-serving behaviour on the part of managers, and thus, reduces shareholder wealth
Freeman (1984)	Stakeholder theory	Managers should tailor their policies to satisfy numerous constituents, not just shareholders. These stakeholders include workers, customers, suppliers, and community organizations
Archie Carroll (1979)	The Pyramid of Corporate Social Responsibility	socially responsible corporation to be a firm, which attempted to make a profit by obeying the law, being ethical, and a good corporate citizen
Donaldson and Davis (1991)	Stewardship theory	There is a moral imperative for managers to 'do the right thing', without regard to how such decisions affect firm performance
Wernerfelt (1984)	Resource-based view of the firm	For certain companies, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage
Jennings & Zandbergen (1995)	Institutional theory	Institutions play an important role in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization
John Elkington (1994)	Triple Bottom Line Theory	TBL is a framework that incorporates three dimensions of performance: social, environmental and financial
Carroll and Buchholtz, (2003)	Cross Cultural Theory	Importance to CSR initiatives significantly depended on National culture
Waldman et al. (2004)	Theory of the firm/strategic leadership	Certain aspects of CEO leadership can affect the propensity of firms to engage in CSR. Companies run by intellectually stimulating CEOs do more strategic CSR than comparable firms' theory

Source: compiled

2.1.1 Agency Theory

Agency theory or the Theory of the principal - agent demonstrate that there exist a separation of ownership and control of the company. The principal-agent problem can be seen as a problem that arose as a result of ever expanding possibilities of companies and the emergence of conflicts between stakeholders. It involves the problem of directors controlling a company whilst shareholders own the company. In the past, a problem was identified whereby the directors might not act in the shareholders (or other stakeholders) best interests. Agency theory considers this problem and what could be done to prevent it. The problem inheres in the relationship of management and shareholders when shareholder (principal) hires manager (agent) to manage the company for him. Shareholders want to lead management of a company so that they maximize the value for shareholders. But management mostly wishes to establish a powerful empire by merger or other acquisition, which may interfere with the interests of shareholders. Separation of ownership and control leads to a potential conflict of interests between directors and shareholders. This will eventually cause harm to social responsibility orientation.
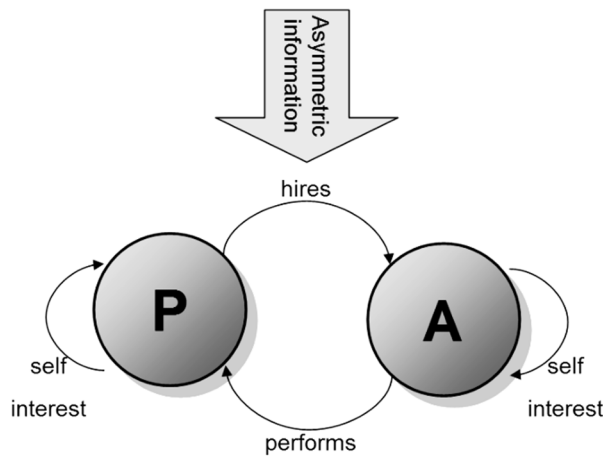
Fig. 2.1: Agency theory

2.1.2 Stakeholders Theory

According to this theory, the success of the organization depends primarily on how well relationships with many key groups, which include customers, employees, suppliers, financiers etc., are managed. On each of these groups, including those with whom it has no legal contractual relations is seen as a group with some participation (some stake) in the activities of the enterprise (Robins, 2008). Stakeholder's theory, however, does not list specific stakeholders. From the perspective of this theory the work of manager is to support all these groups, carefully align their differing interests that should create the organization to be a place where shareholders' interests can be collectively maximized gradually. According to Robins, there are two reasons for the failure of this theory. The first reason is that the stakeholders theory does not help the management to identify who and what groups are or are not stakeholders. This is confirmed by research of Heugens and van Oosterhout (2002) concerning the relationship of customers and suppliers, where they focused on identification of borders of management in the stakeholders' concept. The second reason for failure of stakeholder theory is that it does not specify how a manager should compare the competing interests of different stakeholder groups.

2.1.3 CSR Pyramid Theory

The four-part model of CSR was introduced by Archie Carroll in 1979 (Crane et al., 2010) and altered in 1991 (Carroll, 1999). Carroll (1991) regarded the socially responsible corporation to be a firm, who make a profit by adhering to prevailing laws in an ethical manner by becoming a

good corporate citizen. The concept was illustrated in Carroll's pyramid (fig. 2.2) of CSR.
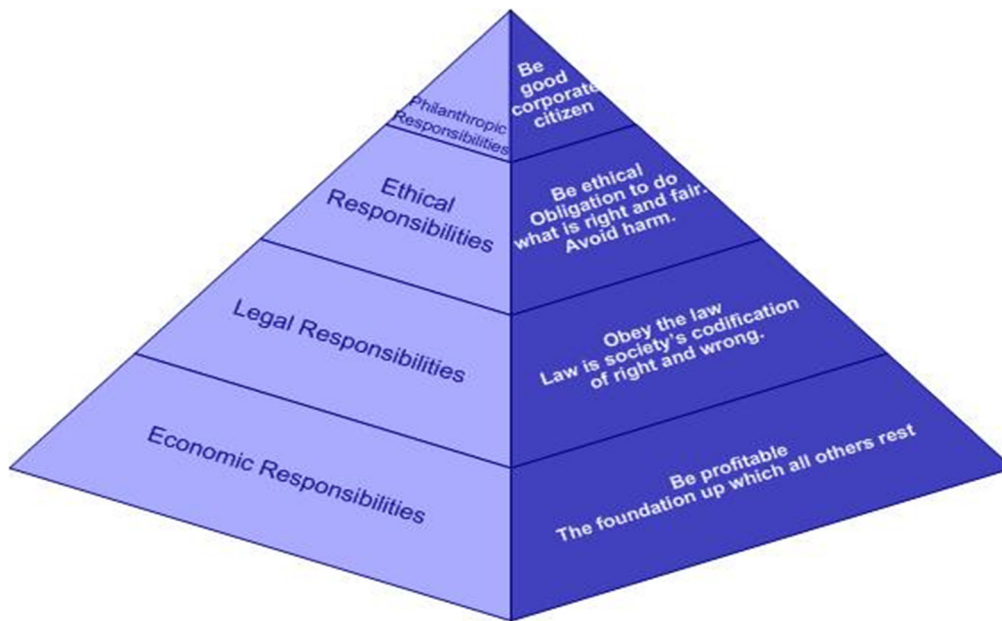
Fig. 2.2: Carroll's CSR Pyramid

The very basic of a firm's responsibility is economic nature (Pinkston and Carroll, 1996), so its primary obligation is to operate at a profit and to legitimately pursue growth and to provide society with goods and services at "fair price" (Pinkston and Carroll, 1996). In addition to attaining a productive role in society, a company also has a legal responsibility by obeying the law and complying with regulations, which society has determined (Carroll, 1979). This implies that activities are consistent with the expectations set by government or state, and products and services exceed minimal legal requirements (Carroll, 1991). In the normative literature of business ethics, the subject is defined as, "the study of business situations, activities, and decisions where issues of right and

wrong are addressed" (Crane and Matten, 2010). This definition refers to the moral considerations, which are included in the decision-making process.

The philanthropic responsibility was initially referred to as the discretionary responsibility, since Carroll considered it to be the voluntary actions, which were beyond the expectations from society. The main arguments have confronted the voluntary actions as essentially economically anchored, i.e., an action, which will benefit the company's reputation, business environment, etc. (Schwartz and Carroll, 2003).

2.1.4 Institutional Theory

Institutional theory states that institutions play an important role in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization. Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). The basic similarity in all institutional theoretical claims is that something identified at a higher level is used to explain processes and outcomes at a lower level of analysis (Clemens and Cook, 1999). Institutional theory has been applied to CSR in a paper by Jones (1995). The author concludes that companies involved in repeated transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy, and ethical because the returns to such behavior are high. Institutional approaches have also been used to analyze environmental and social responsibility.

2.1.5 Triple Bottom Line Theory

Elkington (1998) coined the term Triple Bottom Line (TBL) to represent the idea that businesses have in addition to economic value as one single goal, but they also aim at adding environmental and social value, in order to achieve sustainability. The Triple Bottom Line (Triple p) theory has gained recognition as a framework for measuring business performance. It refers to anyone who is influenced, either directly or indirectly, by the actions of the firm. The original bottom line is about profit, such that increasing revenues without increasing costs improves the bottom line. Profitability, which is of central concern to shareholders, is one element of the economic dimension, but not all of it (Henriques and Richardson, 2004). Decisions should not to be made only on financial reasons but on questions such as community investment, environmental impact, business ethics and human right. Environmental perspectives (planet) is a concern for effective management of physical resources so that they are conserved for the future, and suggest a need to address a number of critical business problems, such as the impact of industrialization on biodiversity, the continued use of non-renewable resources such as oil, steel and coal, as well as the production of damaging environmental pollutants. Economic perspectives (profit) is the concept of economic sustainability comprises the economic performance of the corporation itself, and also the firm's attitudes towards and impacts upon the economic framework in which it is inserted. Social Perspectives (people) comprises the issue of social justice, aiming at developing a more just an equitable world, whether between customers, workers, or man and women. This perspective on sustainability is relatively new and has emerged during the 1990s.

Fig. 2.3: Triple P Approach

2.1.6 Cross-Cultural Theory

In order to operate successfully in an increasingly global business environment, it is important for corporations to gain an understanding of the cultural elements that are characteristic of different countries. Multinational corporations are faced with problems concerning diverse languages, governments, legal systems, socio-economic conditions, value systems and expectations regarding business conduct, which renders business ethics more complex. What is legal and considered normal in one culture might be illegal and unethical in another. Multinational firms are faced with the ethical dilemma of adapting to local customs and practices while adhering to the laws and ethical standards of their home countries. Carroll and Buchholtz (2003) stated that one of the greatest challenges that face business operating in foreign countries is achieving some kind of reconciliation and balance in honoring both the cultural and moral

standards of their home and host countries. They further argue that culture has become one of the most critical factors influencing the success of multinational corporations, as differences in cultures, customs, languages, attitude and institutions across countries can create at times overwhelming barriers to success. Thus adoption to CSR practices and related importance perceptions can significantly varies in line with prevailing cultural elements in context under study.

2.1.7 Theory of the firm/strategic leadership

Waldman and Siegel (2008) debated the strategic versus stakeholder basis of leadership that is oriented toward CSR. Siegel articulated a strictly instrumental approach to CSR on the part of strategic leaders and decision-makers. That is, leaders should only consider investments in CSR if direct positive returns to shareholders could be predicted. Conversely, Waldman suggested that such an approach might preclude longer-term CSR initiatives (e.g., employee development, customer safety innovations, and so forth) that might benefit the firm over time. Specifically, Waldman suggested a leadership approach based on stakeholder theory (Donaldson and Preston, 1995) that would involve a leader's efforts to balance the needs of multiple stakeholders in his or her decision-making—even if specific, short-term returns could not be readily identified. Obviously, such decision-making increases risk, but some degree of risk-taking behavior and boldness has been associated with especially effective strategic leaders (Flynn and Staw, 2004).

2.1.8 Other Theoretical concepts

R. Edward Freeman (1984), building on Chester Barnard's (1938) 'inducement-contribution' framework, presented stakeholder theory that

narrate the need for managers to satisfy a variety of constituents (e.g. workers, customers, suppliers, local community organizations) to generate favorable outcomes for the firm.

Stakeholder theory was expanded by Donaldson and Preston (1995) who stressed the moral and ethical dimensions of CSR, as well as the business case for engaging in such activity. Another perspective is based on the idea that there is a moral imperative for managers to 'do the right thing', without regard to how such decisions affect firm's financial performance. Institutional theory and classical economic theory have also been applied to CSR in a paper by Jones (1995). The author concluded that companies involved in repeated transactions with stakeholders on the basis of trust and cooperation are motivated to be honest, trustworthy, and ethical because the returns to such behavior are high. Jennings and Zandbergen (1995) analysed the role of institutions in shaping the consensus within a firm regarding the establishment of an 'ecologically sustainable' organization. Waldman et al. (2004) applies strategic leadership theory to CSR and opined that certain aspects of transformational leadership will be positively correlated with the propensity of firms to engage in CSR and that these leaders will employ CSR activities strategically.

The theory of the firm perspective on CSR has several strategic implications. The first is that CSR can be an integral element of a firm's business and corporate-level differentiation strategies. Therefore, it should be considered as a form of strategic investment. Even when it is not directly tied to a product feature or production process, CSR can be viewed as a form of reputation building or maintenance. A second strategic

implication of a theory of the firm perspective is that it is possible to generate a set of predictions regarding patterns of investment in CSR across firms and industries. In this regard, it was noticed from prior studies that a positive correlation exist between CSR and both R&D and advertising (McWilliams and Siegel, 2000).

2.2 Measuring CSR performance

According to the Carroll (2000), CSR should be measured because "it is an important topic to society and business entities. Stakeholders are becoming more and more concerned about the corporate social performance (CSP) of firms' operations. CSP can be defined as "a construct that emphasizes a company's responsibilities to multiple stakeholders, such as employees and the community at large, in addition to its traditional responsibilities to economic shareholders" (Turban and Greening, 1997). Measuring CSP has proven to be a difficult task because it represents a broad range of economic, social, and environmental impacts caused by business operations and thus requires multiple metrics to fully cover its scope (Gond and Crane, 2009; Rowley and Berman, 2000). There are a variety of measurement techniques to measure CSR in both academics and business communities (Turker, 2009). The methods used in past studies includes forced choice survey instruments (Aupperle et.al., 1985), reputation indices or scales (McGuire et al., 1988), content analysis (Wolfe and Aupperle, 1991) and case study methodologies (Clarkson, 1995). Maignan and Ferrell (2000), have suggested three approaches to measure CSR- (1) expert evaluation, (2) survey of managers and (3) single issue and multiple issue indicators. However, as suggested by Wolfe and Aupperle (1991), the

best way to measure the quality of socially responsible activities is difficult and no single method exist.

Researchers often need aggregate CSR performance measures to assess the overall corporate social performance of firms. Most empirical studies on CSR employ simple linear aggregations, weighted or non-weighted, to derive a composite CSP score from a selection of CSP metrics. These types of approaches would seem appropriate when the weights are exogenously given. However, for managers who face a variety of stakeholder pressures, the choice of weights is more ambiguous. Specifically, one primary stakeholder group may very well hold opinions that conflict with those of another primary or secondary group about the same corporate social policy of a firm (Clarkson 1995). In addition, because of stakeholder characteristics and preferences can shift dramatically under different contexts and times (Griffin, 2000), prioritizing CSP categories can turn into a formidable task.

Furthermore, CSP assessment contains both negative and positive metrics to represent strengths and concerns regarding CSP practices. Generous contributions to charities in the community are often perceived as a positive practice, whereas investments that would lead to controversies might be considered detrimental to CSP. Similarly, the use of clean energy is often considered a positive practice, whereas making profits from fossil fuel products might be considered negative because of the impact on climate change. When stakeholders want to balance concerns over strengths, they also face the challenge of assessing the respective importance of different CSP categories.

Considering the multiple dimensions of the CSP construct, existing CSP aggregation methodologies fail to provide an effective measure of CSP. Since expressing CSP through an aggregate measure is necessary for most analyses, Data Envelopment Analysis (DEA) (Charnes et al., 1978) that does not require a priori weights to aggregate different CSP dimensions are used by (Benheim et al., 1998). DEA computes an efficient frontier that represents the best performers in a peer group. The DEA CSP score represents the distance of a firm to the efficient frontier and the extent to which a firm can reduce its current concerns, given its strengths relative to those of the best performers. DEA has several advantages in addressing the challenges of assessing CSP. First, DEA produces a ratio index that incorporates both good and bad CSP metrics. Second, DEA does not require a priori weight specification for different CSP criteria. Third, the DEA score represents the distance to the efficient frontier and is easy to interpret. These features help compare firms' CSP both within and across industries.

The reputation indices for evaluating corporate social performance are widely used in the literature (Spencer and Taylor, 1987; McGuire et al., 1988 and Waddock and Graves, 1997). The most popularly known databases are Fortune's reputation index and Kinder, Lydenberg, and Domini (KLD) (1993). The Fortune index asses a company's socially responsible activities from the managerial point of view. KLD evaluates companies based on nine attributes of social responsibility including employee relation, community relations, environment, military contracting, nuclear power, product, treatment of women and minorities and South African involvement (Maignan and Ferrell, 2000 and Turker, 2009). Ruf et al. (1998) developed a scale based on the importance of the KLD

dimensions and argued that these dimensions coincide with Carroll (1979) framework of CSR. However, Maignan and Ferrell (2000), stated that, both of these indices suffer from limitations since the items are not based on theoretical arguments and do not represent the economic, legal, ethical and philanthropic dimensions of CSR (Maignan and Ferrell, 2000). KLD publishes the CSP ratings of major publicly traded companies in the United States, and the data cover areas of environmental performance, social contribution, corporate governance, and controversial business involvement.

Several criteria to develop an index measuring CSR performance are available in literature. Kempf and Osthoff (2007) formed portfolios with companies that score high and low on some CSR characteristics. Based on KLD rates, they found that a portfolio composed by the 10 percent of companies with the strongest employee relations or community involvement outperformed the one composed by the worst 10 percent. The highest abnormal returns were obtained by taking the portfolio of the stocks with the highest average rating of all the considered CSR characteristics and employing a best-in-class approach in order to account for the industry effects.

Statman and Glushkov (2009) constructed portfolios by taking the best and worst companies ranked by an industry-adjusted score. For each characteristic accounted by KLD, the industry-adjusted score of a firm is computed as the difference between the firm's score in that characteristic and the average score of all companies in the same industry. They found that the portfolios of high ranked stocks in the Community, Employee relations or Environment yielded higher returns than portfolios of low ranked stocks.

Use of Item Response Models to extract a uni-dimensional score that will explain CSR ability, and captures the capacity of a firm to comply with the different CSR standards was also found used in prior studies. In such measurement, different CSR aspects were considered as items. The item response model has been implemented yearly from 1992 to 2008 on the KLD rating system that measures the CSR performances of firms in the US with respect to seven dimensions capturing Corporate Governance, Environment and Social issues. The firms' ability to comply with CSR standards are extracted via this model that weights each CSR aspect differently, with weights that are allowed to vary across industries. Corporate Social Responsibility has a complex structure, usually measured by several dimensions having multiple items. KLD rates US companies for what concerns the following seven dimensions: Governance, Community, Diversity, Employee relations, Environment, Human rights and Product quality. Derwall et al. (2011) comment that "CSR is a multidimensional and partially subjective concept, and investors lack the tools needed to adequately measure CSR practices and their effect on the fundamental value of the firm".

The content analysis has been the most commonly used method to measure CSR in the academic literature (Tewari, 2011), since it helps derive a new measure for socially responsible activities (Abbott and Monsen, 1979). This method has an "objective assessment of firms along selected social attributes and standardizing the measures" (Ruf et al., 1998). Information about CSR has become more accessible due to the social disclosure made by companies regarding their social and environmental practices (Gray et al., 1995). Another approach used by many scholars is

the use of a single issue indicator such as pollution control performance (Bragdon and Marlin, 1972) or the rate of corporate crime (Davidson and Worrell, 1990; Baucus and Baucus, 1997) and multiple issue indicators (Stanwick and Stanwick, 1998 and Griffin and Mahon, 1997). The limitation of this method is that they represent only one dimension (Maignan and Ferrell, 2000). As a result, scholars have to use a combination of these indicators which still does not represent the entire spectrum of CSR (Maignan and Ferrell, 2000). Moreover, these indicators are not worldwide accepted and are reporting the CSR activities of companies only in a limited number of countries.

The next method, which is the most relevant to the present study, is the use of scales to measure CSR perceptions by an important stakeholder group. The first multidimensional scale of CSR to measure the CSR values of managers was developed by Aupperle (1984). This scale based on Carroll's (1979) framework is most recognized both theoretically and empirically (Maignan et al., 1999 and Maignan, 2001; Maignan and Ferrell., 2000; Garcia de los Salmones et al., 2005). Aupperle (1984) developed a scale to measure the CSR efficiency based on manager perception, using Carroll's four-dimensional model. Although this scale is useful for exploring managers' socially responsible values, it is not an effective manner to acquire information about socially responsible actions of organizations. Quazi and O'Brien (2000) offered a scale to measure the managerial attitudes about social responsibility as a two-dimensional model, contain the extent of corporate responsibility and the variety of social outcomes from such obligations. This scale was suitable to examine the managers' viewpoint about CSR in different cultural and economic

environments; however, it is difficult to measure the organizational involvement with socially responsible actions. Perceived Role of Ethics and Social Responsibility (PRESOR) is another scale for measuring managerial perceptions about the role of ethics and social responsibility in realizing organizational effectiveness (Singhapakdi et al., 1996; Turker, 2009). Besides, PRESOR focuses on measuring individual values, instead of measuring socially responsible actions of businesses.

2.3 Extracts of Empirical Studies on CSR and related variables

Brown and Dacin (1997) pointed out that CSR associations indirectly affect global product evaluations through the overall company evaluations. Similarity, Sen and Bhattacharya (2001) argue that a company's CSR activity can influence purchase intentions both indirectly and directly. From a marketing perspective, the firm's economic benefits from CSR have been documented in its link to consumers' positive product and brand evaluations, brand choice, and brand recommendations (Brown and Dacin, 1997; Drumwright, 1994; Handelman and Arnold, 1999; Sen and Battacharya, 2001). Through a variety studies it is demonstrated that (1) CSR has a role in framing consumer behavior, and monetary or similar 'rational' reflections of product attributes; and (2) CSR has a spillover or 'halo effect' on otherwise unrelated consumer judgments, such as the evaluation of new products.

Companies need to identify the costs and benefits of CSR. Companies invest their owner's funds in CSR activities, expecting the maximum return for minimum risk. Tsoutsoura (2004) highlighted this,

stating that being socially responsible should have bottom-line benefits in order to be sustainable. There are a number of benefits which have been identified by researchers as tangible and intangible from CSR (Jenkins, 2006). First, brand image and reputation is higher in companies that implement CSR practices than in those that do not, or in socially irresponsible companies (Jenkins, 2006). Tsoutsoura (2004) pointed out that some CSR plans may reduce a company's operating costs. Secondly, socially responsible companies have a lesser risk of negative rare events. Turban and Greening (1997) stated that strong CSR commitment increases a company's ability to attract and retain employees. Thirdly, CSR practices result in increased productivity and reduced error rates (Tsoutsoura 2004). The benefits identified by researchers include market values (Aupperle et al., 1985; McWilliams and Siegel 2000), reducing risk (Moore 2001), employee motivation (Turban and Greening, 1997), and increasing loyalty and improving corporate reputation (Maignan et al., 1999). Another advantage of implementing CSR practices is that employees are first attracted to, and then retained by, the company, and hence the costs of labour turnover, recruitment, and training and development are reduced. Several studies find a positive relationship between a company's ethical climate and employee job satisfaction (Sims and Keon, 1997; Viswesvaran and Ones, 2002). A good CSR reputation may indirectly contribute to job satisfaction and lower employee turnover by invoking positive reactions from external groups, such as family and friends (Riordan et al., 1997).

Many studies (Griffin and Mahon, 1997; Ruf et al., 2001) have examined the nature of relationship between CSR and Corporate Performance (CP). A company's success depends on its long-term benefits,

growth and survival. The factors important for the long-term success of a company may be identified by testing the long-term relationships between CSR and CP, CSR and stock market performance, and CSR and non-financial performances. A detailed review by Margolis and Walsh (2003) of the empirical literature published between 1972 and 2003 found 127 studies examining the business profitability and environmental/social performance relationship. Margolis and Walsh (2003) suggested that there is a positive association, and certainly very little evidence of a negative association between a company's social performance and its financial performance. Griffin and Mahon (1997) and Margolis and Walsh (2001) analyzed 147 research articles on the relationship between CSR and CP. However, the main dilemma involved in these studies is that of the measurement of CSR and CP. Different results have been obtained in different studies of the relationship between CSR and CP. Research has revealed that the sample size, study period, methodology and scope are the major factors responsible for these differences. In addition, the measures of CSR and CP measurement used were crucial factors for these differences in results. The calculation of CP is not a major problem since there are several accounting measures, such as ROE, ROS and ROA, that may be used for measuring results. The most important problem is the calculation of CSR.

Reinhardt (1998) found that by participating in a CSR-based strategy, firms get the opportunity to generate an abnormal return, if and only if it can prevent competitors from imitating its strategy. In competitive markets this is unlikely, since CSR is highly transparent, with little causal ambiguity. The satisfaction of customers is an important factor

in the firms' competitive advantage and the retention of customers. In the view of (Oliver, 1999), satisfaction connects with purchase/consumption to post-purchase phenomena in terms of customers repeated purchase and positive word-of-mouth. Satisfaction occurs when the actual performance of the product is equal to, or greater than, the expected performance. A study by (Lichtenstein et al., 2004) found that good CSR performance tends to improve customer identification and customer support and it provides benefits to the firm. Consumers are willing to patronize products and services from firms that involve themselves in social causes. Also, CSR tends to influence the response of consumers towards products through the creation of associations (Brown and Dacin, 1997). Thus it was established that a positive CSR associations can lead to positive customer behavior and impact will be more, if the identification between the individual and the firm is high.

Kohlberg (1969) demonstrated that people progress in their moral reasoning (i.e., in their bases for ethical behavior) through a series of stages which could be classified into three levels as illustrated in table 2.2.

Table 2.2: Levels in Moral Development

Level	Explanation	Stage
3: Post-conventional	Individual develops more autonomous decision making based on principles of right and justice.	3.2: Universal ethical principles
		3.1: Social contract and individual rights
2: Conventional	Individual does what is expected of them by others.	2.2: Social accord and system maintenance
		2.1: Interpersonal accord and conformity
1: Pre-conventional	Individual shows concern for self-interest and external rewards and punishments.	1.2: Instrumental purpose and exchange
		1.1: Obedience and punishment

The first level of moral thinking is that generally found at the elementary school level, when people behave according to socially acceptable norms because they are told to do so by some authority figure (e.g., parent or teacher). This obedience is compelled by the threat or application of punishment. The second stage of this level is characterized by a view that right behavior means acting in one's own best interests. The second level of moral thinking is that generally found in society, hence the name "conventional." The first stage of this level (stage 2.1) is characterized by an attitude, which seeks to do what will gain the approval of others. The second stage is one oriented to abiding by the law and responding to the obligations of duty. The third level of moral thinking is one that Kohlberg felt is not reached by the majority of adults. Its first stage (stage3.1) is an understanding of social mutuality and a genuine interest in the welfare of others. The last stage (stage 3.2) is based on respect for universal principle and the demands of individual conscience. Kohlberg believed that individuals could only progress through these stages one stage at a time. They could only come to a comprehension of a moral rationale one stage above their own. Thus, according to Kohlberg, it was important to present them with moral dilemmas for discussion which would help them to see the reasonableness of a "higher stage" morality and encourage their development in that direction. The moral development can be promoted through formal education as well as through social interaction.

Mason and Simmons (2011), in a study demonstrate the view that corporate social responsibility (CSR) as essential for business and societal sustainability by drawing insights from the Kohlberg's seminal theory of moral development. In this study CSR was conceptualized as the rationale

behind the development of organization's moral reasoning, and the proposition is illustrated by demonstrating inter-disciplinary similarities in levels of ethical concern within different approaches to the practice of marketing, human resource management (HRM) and performance management. Levels of concern for CSR are related to environmental and firm-specific drivers and constraints that influence the CSR dynamic. Environmental influences on organizational CSR stances emanate from a range of stakeholder constituencies, while the importance accorded to CSR is also influenced by firm-specific factors such as the organization's stage of development, strategy and leadership. The identification of inter-disciplinary similarities in the varying levels of concern for CSR and its delineation of CSR drivers and constraints contribute to CSR theory, and represents the analytical tools that managers can use to assess or to change an organization's CSR stance. The multi-level perspective on CSR links to an organization's overall or 'macro' CSR stance to the 'meso' levels of CSR represented by practice within its specialist functions.

Mason and Simmons (2011) categorized CSR on the basis of five stances that (viewed from left to right across the top) progressively represent greater organizational concern for CSR as illustrated in Table 2.3 below

Table 2.3: Categorization of organization's CSR concern

	Oppose, deny or obstruct the view of CSR as a business responsibility	CSR is largely limited to compliance with legal obligations	Calculative use of CSR for predominantly instrumental reasons	CSR represents the responsibility of business to benefit the disadvantaged	Institutionalised CSR transforms management ideology and purpose
Post & Altman (1994)		Legal/compliance	Marketing/cost benefit		Values based
Lantos (2001)	Profit maximizing	Constrained profit maximisation	Shareholder recognition	Ethical	Altruistic
O'Dwyer(2003)			CSR2 (economic issues prioritized)	CSR1 (normative obligations to wider society)	
Roberts (2003)	CSR squeezed out for economic reasons		CSR as public relations	CSR as assistance to the vulnerable	
Munllia & Miles (2005)		Compliance	Profit driven	Caring	Synergistic/holistic
De los Salmones et al. (2005)	Economic	Legal – ethical		Philanthropic	
Secchi (2007)	Reaction/resistance Defensive	Accommodation	Proactive		

	Free market	Legalistic	Systematic	Active	
Wagner-Tsukamoto (2007)					
Sharin & Zairi (2007)	Profit centred			Social Responsibility	
Agatiello (2008)	Profit maximising		Custodian of wealth (stewardship)	Community service	
Gyves & O'Higgins (2008)	Anti CSR		Business case for CSR		CSR from moral perspective
Maharaj (2008)			Strategic Stakeholder Theory		Moral Stakeholder Theory
Pardo Lorenzo et al. (2008)	Neo classical economic		Hybrid		Based on moral philosophy
Young & Thyil (2008)		Minimalist (regulatory and legal obligations)		Philanthropic (helping the under privileged)	
Peng & Pleggenkuhle – Miles (2009)	Profit maximising				Societal duty

Source: Mason and Simmons (2011)

On the extreme left are CSR stances that deny the legitimacy of CSR as a business activity and oppose organization resources being 'appropriated' for that purpose. Next are stances that represent limited acceptance of CSR but focus mainly on compliance with the organization's legal obligations. The third stance subsumes studies that view CSR as a means of achieving legitimacy, minimizing risk and obtaining the support of powerful stakeholders. The fourth represents acceptance that part of the profits earned should be allocated to philanthropic activity that will assist the disadvantaged. The fifth is when institutionalized adoption of CSR transforms management ideology so that business is viewed from a moral and altruistic perspective.

Sagar and Singla (2004), opined that there is general erosion of trust in business globally and made an attempt to examine Indian foundation for trust. All business in a democratic country begins with public permission and exists by public approval and therefore public relations professionals are the custodians of trust for the corporate world and increase in trust improves company's reputation. Reputation is viewed as an aggregation of two broad parts of a company's deliverables including quantitative (like profitability) and qualitative (like community responsibility) aspects. The parameter for corporate respect is wide ranging and includes overall quality, top management leadership, depth of talent, belief in transparency, ethics, social responsiveness, environmental consciousness etc. The authors viewed that companies were respected not because they were big and powerful, but because they were transparent, stakeholders trusted their policies. The authors cited many examples of quality CSR activities by Indian corporate and viewed that lack of public relations

significantly undervalue many such efforts and commented that public relations whether in formally or informal manner can to great extent capable of bridging the gap between trust and CSR initiatives in India.

Kumar et al. (2001) suggest that four models of social responsibility can be identified as operating in India:

- Voluntary commitment to public welfare based on ethical awareness of broad social needs: the Gandhian model

- Nehruvian Model suggesting state-driven policies including "state ownership" and "extensive corporate regulation and administration"

- Corporate responsibility primarily focused on owner objectives: the Milton Friedman model

- Stakeholder responsiveness which recognises direct and indirect stakeholder interests: the Freeman model.

Balasubramanian et al. (2005) conducted a study to understand CSR perceptions of the urban, young managerial community in India under changing phase of Indian economy after liberalization. The paper also examined as how some of the CSR developments in India may affect strategic planning for both local and international corporations. The survey conducted as part of the study indicated that a large number of respondents (70%) believed that social responsibility was not only a government role but also a corporate one. A significantly smaller proportion (17%) agreed with the proposition that social obligations are the responsibility of government, not corporations. This strong indication for

support of CSR was backed up by the belief in integrity systems within corporations. Nearly 80% agreed that codes of conduct are necessary elements to encourage accountability and transparency. Both these responses suggest a significant variation from the Friedmanite view of 'business being in business for businesses. The study suggested that a more educated, urbanized community may lose connection with some of the major social concerns existing in rural India. On the other hand, there is a well-educated community of CSR supporters in India who recognize that it is an important element in building social capital. A broader and deeper education system, supported by CSR initiatives, is essential if the rural–urban divide is to diminish.

Mishra and Suar (2010, a), examined whether corporate social responsibility (CSR) towards primary stakeholders influences the financial and the non-financial performance (NFP) of Indian firms. Perceptual data on CSR and NFP were collected from 150 senior-level Indian managers including CEOs through questionnaire survey. Hard data on financial performance (FP) of the companies were obtained from secondary sources. A questionnaire for assessing CSR was developed with respect to six stakeholder groups – employees, customers, investors, community, natural environment, and suppliers as demonstrated in figure 2.4 below. A composite measure of CSR was obtained by aggregating the six dimensions. Findings indicate that stock-listed firms show responsible business practices and better FP than the non-stock-listed firms. Controlling confounding effects of stock-listing, ownership, and firm size, a favorable perception of managers towards CSR is found to be associated with increase in FP and NFP of firms. Such findings hold good when CSR

is assessed for the six stakeholder groups in aggregate and for each stakeholder group in segregate. The findings recommend that responsible corporate practices towards primary stakeholders is profitable and useful to Indian firms.
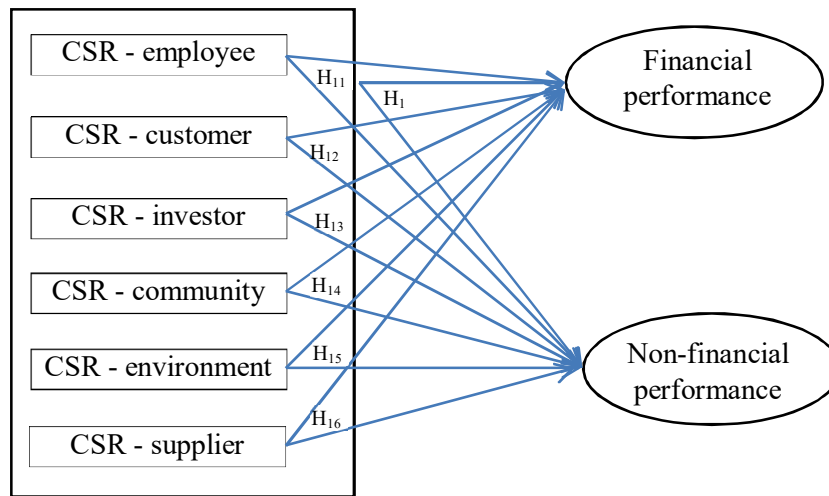
Source: Mishra & Suar (2010a)

Fig. 2.4: Conceptual model depicting the influence of CSR on FP and NFP

Mitra (2011), conducted a study, focusing on the emerging economy context of one of India's largest automotive companies, Tata Motors, analyzes the thematic framing of corporate social responsibility (CSR) and corporate reputation. Five CSR frames are shown: institutionalization, community development, modernization, mainstreaming, and nation-building. Reputation is framed via: heritage, nation building, technological advancement, global footprint, and responsibility. The findings suggest how firms may better align their CSR efforts with regular business, and their larger public relations campaigns with wider social perceptions of their responsibilities.

Mittal et al. (2008) attempted to explore the relationship between CSR and company's profitability in the Indian context. The study explored the link between good financial performance measure and other indicators of corporate responsibility. Studies of few Indian companies who have successfully implemented CSR initiatives have also been analyzed to investigate the level and nature of engagement of Indian companies in social responsibility initiatives. The study could trace out only little evidence that companies with a code of ethics would generate significantly more economic value added (EVA) and market added value (MVA) than those without codes. The study recommended that Indian corporations need to develop a proper strategy to integrate CSR goals with stockholders' goals. Top management should create a dedicated CSR team, which should identify the core areas of CSR and strengthen internal practices such as corporate governance, transparency and disclosure issues.

Mitra (2012), focussed on the Indian context and critically examine mainstream CSR discourse from the perspective of the culture-centered approach (CCA). Five main themes of CSR such as nation-building facade, underlying neoliberal logics, CSR as voluntary, CSR as synergetic, and a clear urban bias stand out in Indian thinking. The author outlined a CCA-inspired CSR framework that allows corporate responsibility to be re-claimed and re-framed by subaltern communities of interest. The study identified three major domains such as culture (Gandhian ethics), structure (State policy, organizational strategy, and global/ local flows), and agency (subaltern reframing of institutional responsibility, engagement with

alternative modes of agency, and deconstructive vigilance) as illustrated in figure 2.5 to decide CSR disclosure in India.
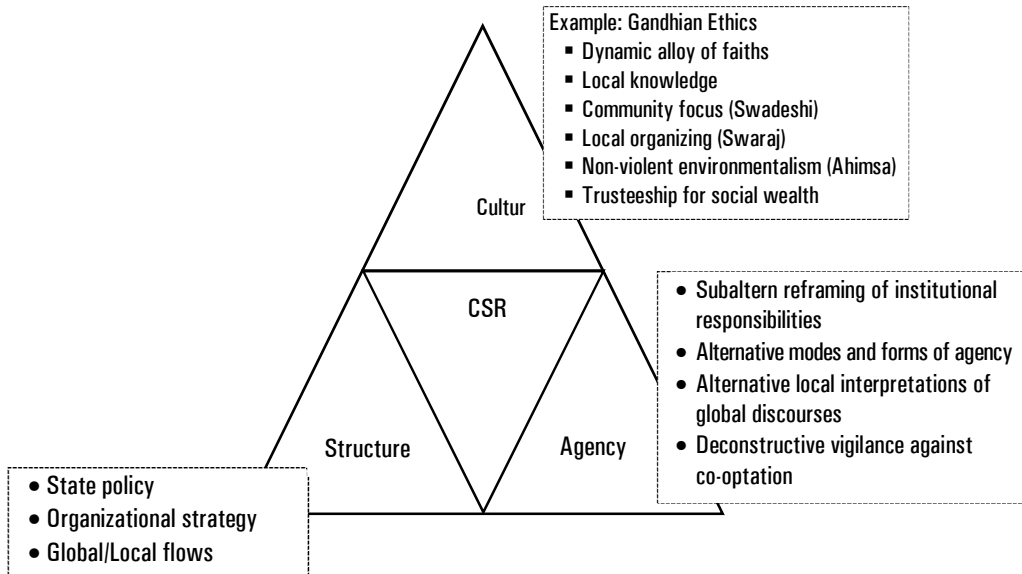
Source: Mitra (2012)

Fig. 2.5: Culture– structure–agency triad of the culture-centered approach

Nandamuri and Gowthami (2011), did a study with the objective to find out the different groups of factors influencing the perceptions of the prospective managers towards CSR. A survey using self-administered questionnaire containing ten statements about CSR beliefs was distributed among 200 post graduate management students belonging to 20 management colleges in Warangal District of Andhra Pradesh state. The analysis resulted in grouping the ten statements into three factors – CSR Practices, CSR Approach, and CSR Viewpoint. The study found that the future managers believe that quality of CSR practices are the influencing success factors of many firms.

Hansen et al. (2011), developed a theory from both corporate marketing and organizational behavior (OB) disciplines to test the proposition how employee perceptions of CSR, impact turnover intentions and organizational citizenship behavior as illustrated in figure 2.6. Here, turnover intention was used as an attitudinal outcome variable and organizational citizenship behavior (OCB) as an additional behavioral outcome variable.
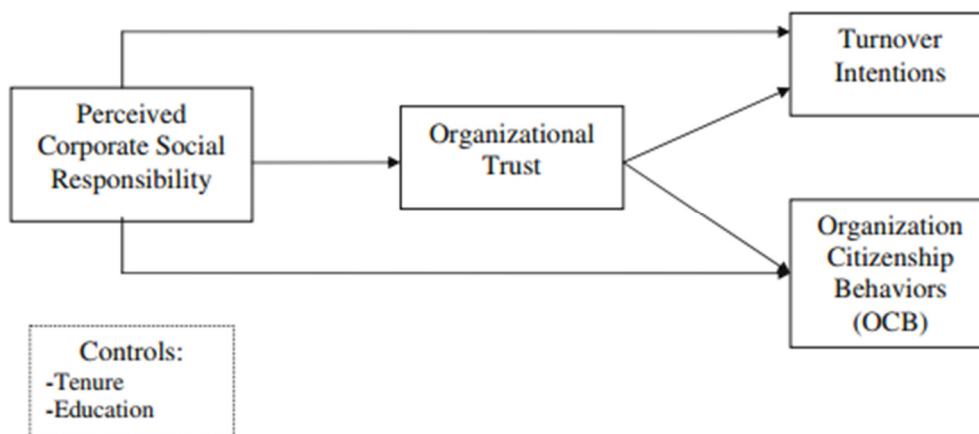
Source: Hansen et al., (2011)

Fig. 2.6: Model on employee perceptions on CSR

The results of the study suggested that employees respond meaningfully to the CSR activities of their employers. Specifically, employees who perceived their employer to be more socially responsible were less likely to consider leaving the company and more likely to engage in OCB. Moreover, the results of both studies highlight the role of organizational trust in understanding attitudinal and behavioral reactions to CSR. Indeed,

relationships between CSR and turnover intentions and OCB were partially mediated by employee trust in their organizations.

Jha and Nanda (2013) conducted a study among employees of different organizations in India to understand their on different aspects like employee benefits, quality policy and customer orientation, societal consideration, legal compliance, ethical aspects, environment, futuristic outlook and charity initiatives. The relationship of above variables was compared with parameters like type of organization, size of organization and hierarchical levels of employees. The results revealed that societal considerations, legal compliance, environment concern and futuristic outlook are significantly correlated with the type of organization, size of organization and hierarchical levels of employees. The findings indicated that larger organizations are more concerned on all these components than smaller organizations. Similarly, all the components mentioned above have been significantly correlated with hierarchical levels indicating that higher levels of employee feel that the organizations are to be more concerned with corporate social responsibility.

Arevalo and Aravind (2011), investigated the drivers and barriers to implementing CSR practices among corporations in India interpret corporate social responsibility (CSR). The study was focused on four commonly known approaches such as ethical, the statist, the liberal, and the stakeholder approach. The study found that the CSR approach that is most favored by Indian firms is the stakeholder approach and that the caring or the moral motive, followed by the strategic or profit motive, are important drivers for Indian firms to pursue CSR. Further, the results

indicated that the most significant obstacles to CSR implementation are those related to lack of resources, followed by those related to the complexity and difficulty of implementing CSR and lack of management support at both top and middle levels. It was observed that ethics and values or the moral motive is an important motivator for pursuing CSR. Also strategic or pragmatic reasons such as enhancing business reputation, satisfying stakeholder demands, and improving profits offer motivation to pursue CSR.

Mishra and Suar (2010b) conducted a study to examine whether strategy towards primary stakeholders and their salience influence corporate social responsibility towards the corresponding stakeholders. Data was collected from senior level managers including CEOs. The study examined whether strategy and salience of six primary stakeholder groups – employees, customers, investors, community, environment, and suppliers – influence the CSR towards the corresponding stakeholder groups (figure 2.7).
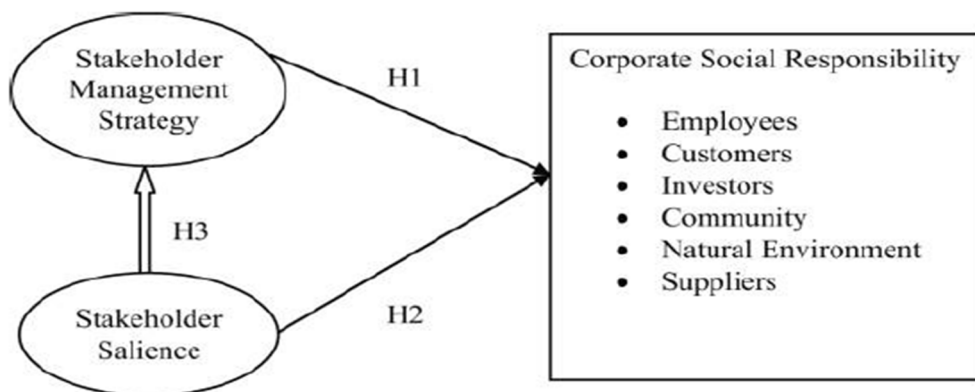
Source: Mishra & Suar (2010b)

Fig. 2.7: Stakeholder management-CSR-Stakeholder salience Model

The findings revealed that a favorable strategy towards the six stakeholders increases the corresponding CSR. Salience of all the six stakeholders also enhances the corresponding CSR. When both salience and strategy are considered, influence of salience of stakeholder groups of employees, customers and suppliers becomes so strong that it nullifies the effect of the corresponding strategy on CSR. This indicates full mediation of salience on strategy towards employees, customers and suppliers. For stakeholder groups of community, natural environment, and suppliers, their salience reduces the influence of the corresponding strategy suggesting partial mediation of salience on strategy.

Kansal and Singh (2012), attempted to design a comprehensive, review-based and statistically tested corporate social responsibility disclosure (CSRD) index to measure item-wise and theme-wise the social performance of the top 82 companies in India. CSRD analysis revealed less satisfactory social performance, mainly narrative, and varies significantly among items and themes. Community development, emerged as the most disclosed theme, followed by HR. The human element is the center of social performance in India. Focus on environment and to emissions, which impact the greater interests of the world were offered inadequate focus by Indian companies. Some burning global issues like water usage, alternative sources of energy, product safety and innovation have not received adequate attention in Indian CSR.

Tingchi et al. (2014) investigated how corporate social responsibility (CSR) performance (i.e. to the environment, society and stakeholders) and perceived brand quality influence brand preference. The mediating effect

of perceived brand quality on the relationship between CSR performance and brand preference is also studied. For the purpose of the study, relationships illustrated in the following (fig 2.8) model was empirically tested. Customers' brand preference can be enhanced by CSR performance. Performance in each of the three CSR domains (i.e. environment, society and stakeholders) positively impacts brand preference, although to different degrees. The impact of CSR on stakeholders has the strongest influence on Chinese customers' brand preference among the three CSR domains. Perceived brand quality was found to be a mediator of the relationship between CSR performance and brand preference
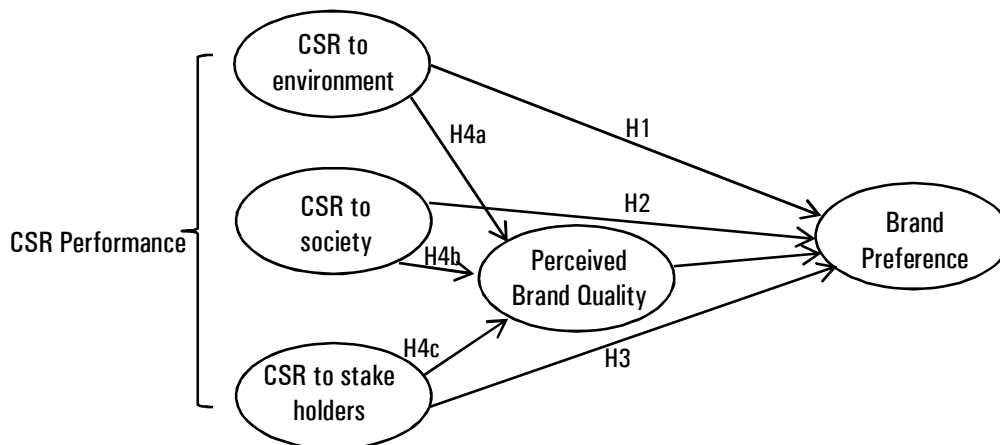
Source: Tingchi et al. (2014)

Fig. 2.8: Model of Brand preference

Giannarakis (2014), investigated the relationship between corporate governance and financial characteristics and the extent of corporate social responsibility (CSR) disclosure in the USA. These corporate governance

and financial characteristics are the board meetings, average age of board members, presence of women on the board, the board's size, chief executive officer duality, financial leverage, profitability, company's size, board composition and board's commitment to CSR. The model developed is illustrated in figure 2.9 below.
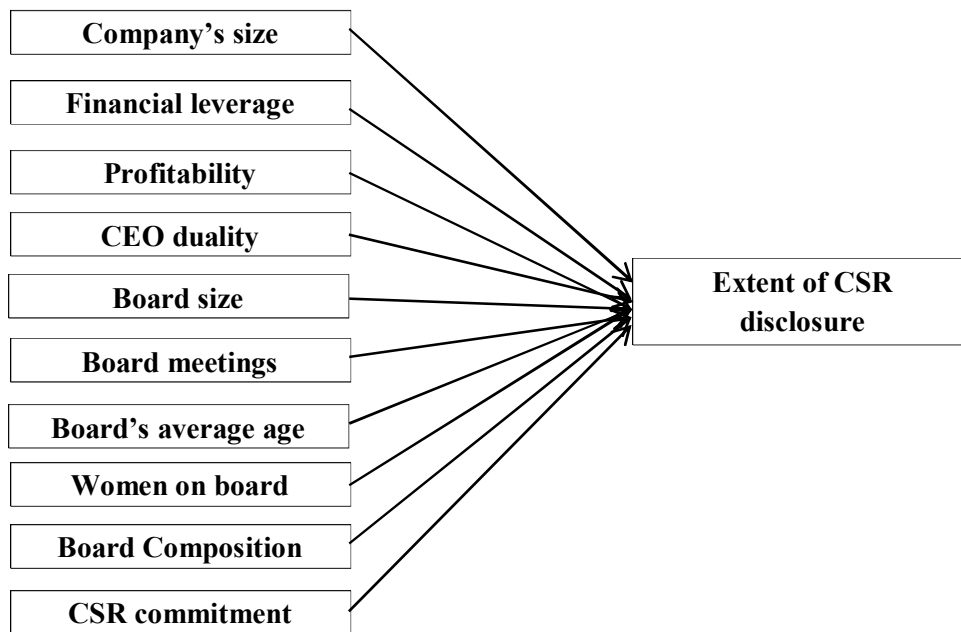
Source: Giannarakis (2014)

Fig. 2.9: Model of CSR Disclosure

Results indicated that the company's size, the board commitment to CSR and profitability were found to be positively associated with the extent of CSR disclosure, while financial leverage is related negatively with the extent of CSR disclosure.

Wu and Chen (2015) examined how meeting various facets of CSR affects the brand satisfaction, brand trust and brand commitment of

consumers. The study categorized respondents by brand attachment and discussed its effect as a moderator variable. The theory behind the study is illustrated in figure 2.10 below
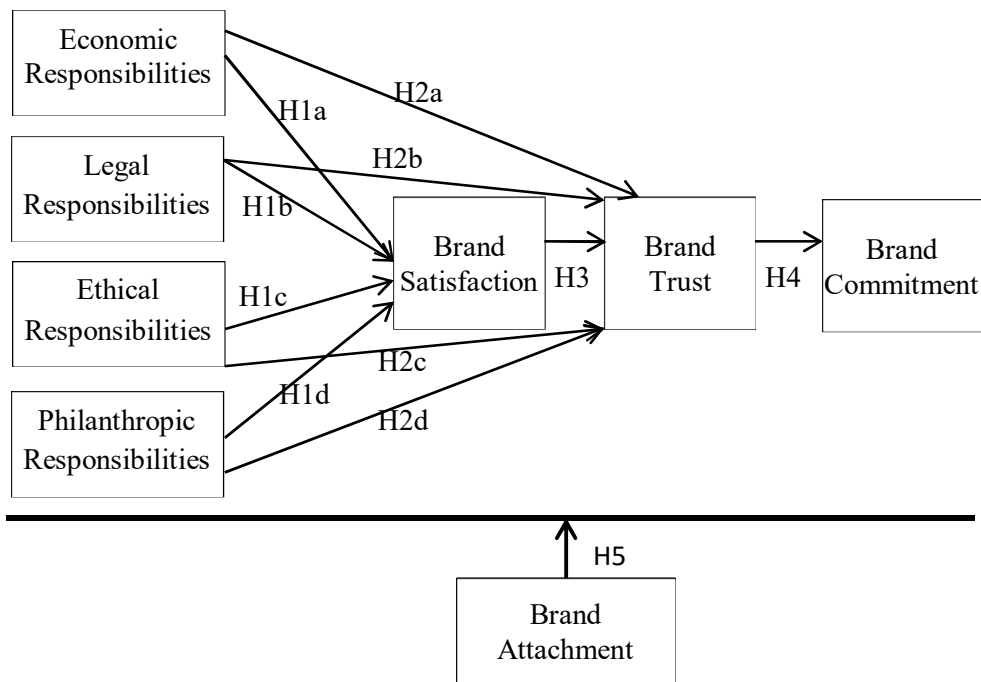
Source: Wu & Chen (2015)

Fig. 2.10: CSR- Brand commitment Model

These results showed that brand attachment has a partially moderating effect. The brand attachment is influencing the relation strength of economic, legal and philanthropic CSR on brand satisfaction. Economic CSR had a significantly positive influence on brand satisfaction on both group having low and high brand attachment. Philanthropic CSR did not have a significant influence on brand satisfaction in either group. The influence of legal CSR on brand satisfaction was not significant

among consumers in the group of low brand attachment; however, this relationship was significantly positive among those in the group of high brand attachment. Conversely, ethical CSR significantly and positively influenced brand satisfaction among those in the group of low brand attachment but had no significant influence among those strongly attached to brands. Economic, legal and philanthropic CSR did not significantly influence brand trust in either group. Brand satisfaction had a significantly positive influence on brand trust in both groups. Brand trust had a significantly positive influence on brand commitment in both groups.

2.4 Discussion

Even though, the concept of CSR was in existence from past decades, its transformation as an integral aspect of business to: "address significant apprehensions of the public about business and society relations" (Carroll, 1999) is relatively new. In India, many companies both in public and private sector has adopted CSR, but it is generally felt that volume of spending was less compared to the potential and the overall impact of whatsoever activities undertaken had remained minimal. Even though a minor deviation in the trend came when the Companies Act, 2013 and the CSR Rules (The Act) came into effect from 1 April 2014, the range of activities mostly remained in relation to eradicating poverty, reducing child mortality and ensuring environmental sustainability.

India has become one of the leading countries in the world to legally mandate the expenditures on CSR. In fact, mandatory CSR regulations are expected to encourage economic, social and sustainable environmental development outcomes. Yet, there is strong disagreement between the

companies and policy makers regarding the legitimacy and effectiveness mandatory provisions on CSR. Many companies view that it is an additional burden on their business and will adversely affect their profitability (Venkatesan, 2013). Majority of studies on CSR fall within the domains of descriptive stakeholder theory, which outlines the views of different stakeholders (Brickson, 2007). Studies have also attempted to explain the rationale behind CSR using different theoretical approaches (Gray, Kouhy, & Lavers, 1995). Many of these and other studies draw on the agency theory and legitimacy theory (Ezhilarasi and Kabra, 2017). By and large, the earlier studies on CSR in the Indian context also followed similar theoretical approaches in profiling and documenting the CSR activities of the companies, classified as economic, social and environmental responsibilities. Most studies explored on the CSR initiatives focused on four areas—education, healthcare, community livelihood, and infrastructure development.

Despite the existing rich volume of literature and studies on CSR activities in India and elsewhere, it emerges that there is a distinct vacuum in the empirical literature that explains practicing manager's perception of effective CSR adoption for long-term benefits to the firm. More crucially, when CSR regime in India is proceeding for a transformation from a mere economic focus of maximizing shareholder value (business profit) to social and environmental perspectives with strong obligation to ethical business practices, understanding of practicing mangers perceptions further gain importance. Further, the prevailing literature with regard to CSR in India is silent on many aspects related to the satisfaction among various critical stakeholders to a business internal as well as external. Understanding such

perceptions is useful to strengthen the policy framework with regard to CSR in India by offering valid suggestions for better compliance and objective orientation for Indian Corporates. The scenario is further worse in Kerala, one of the most literate states in India. Since the studies on practicing managers perception about the benefit feel of CSR is not clear in Kerala, this study is considered relevant. Accordingly, this study fills an important gap in the literature. It asks two main questions: what does CSR mean to practicing mangers in Kerala, and what are their benefit perceptions from CSR.

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Chapter **3**

THEORETICAL FRAMEWORK

Contents

3.1 Introduction

The theoretical framework offers the edifice that can embrace or support a theory behind the research work and leads the researcher in deciding what things to measure, and what statistical relationships to be analyzed to meet the objectives. Theories are constructed to explicate, forecast, and analyse associations between variables of interest in the study. The theoretical framework symbolizes the relationships between variables under study. The conceptual framework, on the other hand, symbolizes the precise direction by which the research should progress to empirically verify the assumed relationships among variables. As with any such studies dealing with associations, development of a conceptual framework will support the researcher by giving a broad scope of thinking

about the research to conceptualize the problem and provides means to link ideas and data for revealing deeper connections (Bliss et al., 1983).

As stated earlier much of the existing research on CSR was mostly based on the experiences of developed countries and the scenario in developing countries are not explored in detail to understand relationships between quality of CSR initiatives of a firms and benefits perceptions of practicing managers. A review of previous research suggested that the relationship between CSR practices and perceived benefits are likely to vary depending on contextual factors. Further, absence of an accepted measurement system for CSR effectiveness or quality relevant to the context develops complexity in understanding the prevailing linkages among variables of interest. The major objective of this study was to develop a valid and reliable scale for CSR quality and to understand its relationship with benefits perceptions of managers in Kerala. Many experts and academicians consulted in the preliminary stages of this study have opined that variables like top management commitment, government regulations and organizational control mechanisms for effective CSR implementation can significantly intervene in the formation of benefit perceptions from good CSR. Thus, this study required development of a scale for perceived CSR quality and other variables of contextual relevance. The perceptions of practicing managers was considered more appropriate for the reasons that their views are more critical in effective implementation of CSR policies and their positive feelings are critical in framing socially relevant CSR programs.

The CSR literature is rich with different theories and approaches that are complex and, in some cases, even contradictory. Various scholars have reviewed the main theories of CSR and classified them into four major groups (Chand and Fraser, 2006).

- Instrumental theories, in which the organizations are viewed as an instrument for wealth creation, and its social activities, are only a means to achieve economic results

- Political theories, which concern themselves with the power of organizations in society and the responsible use of this power in the political arena;

- Integrative theories, in which the organization is focused on the satisfaction of social demands

- Ethical theories, based on ethical responsibilities of organizations to society (Garriga and Mele, 2004; Chand and Fraser, 2006).

These theories are conceptualised to examine the role of business in society (Lantos 2001). The role of business in society as posited by Branco and Rodrigues (2007) as a stakeholder–shareholder debate. Lantos (2001) presented two viewpoints regarding the role of the business in society like classical view and stakeholder view. The classical view has pure profit-making perspective and assumes that a business has no social responsibility and should try to maximise shareholder wealth by obeying the law. McWilliams and Siegel (2001) stated that adequate investment in philanthropy and social activities can also be viewed as an effort that increases shareholder value. The concept of shareholder value maximisation

does not necessarily oppose social responsibility actions by companies (Sundaram and Inkpen, 2004) and therefore relationship between the CSR and corporate performance had positive linkages.

The stakeholder view implies that the interests of other parties, in addition to shareholders demand consideration while designing plans and actions by companies. The other interested parties include various groups and persons who benefit from or hurt by, and whose rights are dishonoured from corporate actions (Freeman, 1984). The term stakeholder includes shareholders, creditors, employees, customers, suppliers, and the society. Freeman (1984) asserted that companies have a social responsibility to consider the interests of all parties affected by their actions. An instrumental approach to stakeholder theory views stakeholder's interests as factors managed while the company engages in maximization of shareholders wealth. The underlying argument that stakeholder's interests are means for achieving higher-level goals, such as profit maximisation, survival, and growth (Donaldson and Preston, 1995). Moir (2001) stated that CSR covers a wide range of issues such as human rights, community relations, employee relations, corporate ethics, and the environment. Holmes (1976) found in a research about executive attitudes to social responsibility that a positive feel develops when business attempt to solve social problems. Therefore, the present study was developed in the stakeholder perspective platform and assumes that employees, shareholders, communities, the environment, customers, and local community etc forms various stakeholders relevant to any business.

In this study, the theoretical framework was developed aligned with stakeholder theory and hence variables selected represented different areas where an organization's CSR activities can be focused to serve important stakeholders. The main rationale behind stakeholder theory is that stakeholders to any organization "have the right not to be treated merely as a means to an end," but should have the right to participate in the direction of the organization, "in which they hold a stake" (Claydon, 2011). Stakeholder theory implies a list of actions as follows: first, organizations must take into consideration the effect of its action on its stakeholders (Freeman, 2004). Second, organizations must understand stakeholders' values, behaviours, and interests (Freeman, 2004). Third, understand stakeholders' relationship with the organization (Freeman, 2004). Fourth, engage in strategic management and planning to take stakeholders' interests into account (Freeman, 2004). The core principle is that, "stakeholders are about the business, and the business is about the stakeholders" (Freeman, 2004). Stakeholder engagement is an important opportunity for businesses to identify the appropriate business behaviour in relation to economic, social and environmental matters (O'Riordan and Fairbras, 2008). Imperfect stakeholder engagement can develop a gap in understanding what stakeholders' needs (Pedersen, 2006) to have adverse impact on sustainability.

3.2 Explanation about constructs used in the study

In defining CSR programs, managers should choose those actions that will maximize the welfare of the community by providing the desired goods and services keeping the financial, social and environmental impacts

minimum. Proper methods, parameters and indicators need to be defined to allow the company to monitor and evaluate CSR for social development. The evaluation needs in comparison with the CSR statement and should focus on use of socially responsive processes, and their impact on social issues (Wartick and Cochran, 1985). Following are the six non-financial areas used to evaluate companies' CSR practices as identified from prior literature.

- Community relations (donations, contribution to the economically disadvantaged, support to job training)

- Minorities and women (corporate hiring and promotion of women and minority employees, health care, child care, elder care)

- Employees (no lay-off plans, hiring and promoting the disabled, work safety programs, cash profit sharing, good union relations, training, and competencies development)

- Environmental (investments in R&D; development, processing and use of products and services that minimize environmental damage or that are environmentally safe)

- Customer relations (quality management programs, customer satisfaction measures)

- Ethical issues.

In management literature, there has been growing interest in investigating the top management commitment towards CSR and actions they may take regarding socially responsible issues. Strong support and

leadership from top management are widely recognized as important drivers of thoughtful CSR policy and its successful implementation. Sibao and Guaer (2009) emphasize that CSR depends on company's management and their belief in importance of CSR. The preliminary explorations offered valid evidence to consider that top management commitment towards CSR as an important consideration that develops CSR orientation among managers. All experts opined that the quality of CSR initiatives to a great extent depends on the commitment from the part of policy makers in the organization.

CSR is an extension of firms' efforts to implement effective corporate governance methods that would enhance sound business practices that ensures accountability and transparency. Internal control systems describe various components that indicate internal controls within the organization for effective implementation of policies. In order to implement CSR plans effectively, companies need to build a structure that enables enhancement of internal control mechanisms mostly related to internal-oriented social responsible actions such as employee training programs (related to employee as stakeholders)or promoting product quality and safety (often considered a proxy for consumers as a stakeholder) or even controlling the supply chain. Creating a CSR culture within the company is a key aspect for its success and this is necessarily implemented through internal control mechanisms (IFAC, 2012). Durden (2008) claims that managers would need an effective internal control system to enable them to regularly monitor whether the business is operating in accordance with social responsibility and as per stakeholder needs. Control systems support the development of an organization's culture with the establishment

of a system of common beliefs and values among its members to determine the direction of the employee's behaviour (Gatewood and Carroll, 1991). According to these arguments, companies with stronger internal control systems are more likely to engage in good CSR. Internal management control can contribute to resolve these conflicts by signalling to shareholders a consistent management behaviour towards the satisfaction of all stake holders that will lead to the benefit of the company.

Legislation, regulation, and taxation have been the favourable tools employed by government to promote and protect social objectives. Various studies suggest that governments need to play a role to encourage and promote the social responsibility of business. World Bank has identified four principal public sector roles in relation to CSR as mandating, facilitating, partnering, and endorsing. Cowe and Porritt (2002) call for 'intelligent' government action to ensure that corporate action will contribute towards sustainable development in the absence of a voluntary corporate action.

The present study considers benefit perceptions of the managers from various CSR initiatives as a dependent variable. Many scholars (McGuire al., 1988; Waddock and Graves, 1997; Dowell et al., 2000; Simpson and Kohers, 2002; Bauer et al., 2005; Mahoney and Roberts, 2007) used indicators such as ROE, ROA and ROS to determine company financial performance and to estimate the level of benefits. Brown and Dacin (1997) denote that CSR influences positively people's beliefs and attitudes, not only regarding the company itself, but also towards its products. Also, consumer shows preference for buying products from companies that

invest in CSR (Bhattacharya and Sen, 2004; Sen and Bhattacharya, 2001; Barone et al., 2000). According to Sen and Bhattacharya (2001), CSR's impact on customer buying intention is stronger and they support all the actions of the firm to address social causes. Creyer and Ross (1997) concluded that consumers are willing to re-compensate the companies that are extremely ethical by willing to paying a higher price for their products.

Employees' commitment is linked to their organizations' concern for community and environment (Peterson, 2004). Organizational commitment has previously been linked to favourable outcomes for companies including increased job satisfaction, reduced intentions to turnover and increased job involvement. Good social actions of an organization encourage employees to discuss about such initiatives to outsiders to create goodwill that results in better corporate reputation (Hess et al., 2002). CSR can enhance a business's reputation (Murillo and Lozano, 2006) and brings more professional image and this can lead to an increase in trust and loyalty from stakeholders. It has also been acknowledged that CSR can provide a competitive advantage through providing a more prominent profile and market position (Murillo and Lozano, 2006). Other benefits include improved word of mouth and public relations, which can then lead to increased sales and revenue.

Considering justifications reported above, the following major constructs identified as relevant in the theoretical framework of this study.

- CSR Quality
- Top management commitment
- Effectiveness of control systems within the firm

- ▪ Regulatory interventions by government
- ▪ Benefit perceptions of managers from CSR

The various variables used in the study are defined as explained in table 3.1 below

Table 3.1: Operational Definitions of Variables

Construct	Definitions
CSR Quality	The quality of CSR activities perceived by the managers of corporate in Kerala
Top Management Commitment	The degree to which the mangers believes in the commitment of top management in bringing better CSR quality
Government Regulation Effectiveness	The degree to which the managers believe that the government regulations are beneficial in CSR activities
Internal Control Mechanism Efficiency	The degree to which the managers believe that the internal control mechanisms are beneficial in CSR activities
Perceived Benefits	The degree to which the managers believe that the corporate benefits in multiple ways from CSR

3.3 Development of a conceptual framework for the study

The focus of every research lies typically in measuring proposed constructs and in identifying the relationships among them. A latent construct is a conceptual term used to describe a phenomenon of theoretical interest to the researcher which is not directly measurable (e.g. perceptions, trust etc.). A measure is a quantifiable assessment to the degree to which the respondent believes in the existence of the construct. The construct requires

certain indicators or items that capture the domain and the context where phenomenon operates, for accurate measurement. The data from selected respondents about their agreement or disagreement to various indicators in the domain that capture the construct is used for measuring. The general feeling emerged from analysis of these responses quantifies the extent to which the constructs are measured. The criteria proposed for assessing the soundness of such measurement are based classical test theory namely, reliability and validity (Nunnally and Bernstein, 1994). A reliable measure is one that measures a construct consistently across time, individuals, and situations; whereas a valid measure is one that measures what it is intended to measure (Joppe, 2000).

Customers, employees, and other stakeholders have expectations for organizations to act in responsible and sustainable ways, and public scrutiny of these activities are rising. Increasing regulations relating to the environment and the workplace are leading to new practices and management systems. In response, organizations are developing performance targets, measurement systems, and reporting systems related to CSR. CSR and Sustainability agenda is perceived to be equally applicable to external and internal stakeholders. Also, a company's CSR covers many routine business operations and activities. To make matters worse, measurement metrics are indefinable and non-uniform as different companies follow different CSR approaches. Therefore, no generic framework exists to evaluate the impact of CSR in the society.

To explore the general frame work of CSR in the context, discussions with few experts and academicians conducted in the initial

stages of the study. The insights, so gathered helped in finalising the constructs included in the study.

The success of every CSR initiative assessed in terms of certain benefits such as improved relations with local community and business partners, better customer loyalty, customer loyalty and increased reputation. The successful culmination of CSR will certainly depend on factors such as overall quality of the program, commitment of top management, effectiveness of control mechanisms within the firm and regulatory interventions by government.

The conceptual framework developed from literature discussed in the previous chapter and based on the insights gained from expert consultations is illustrated in figure 3.1.
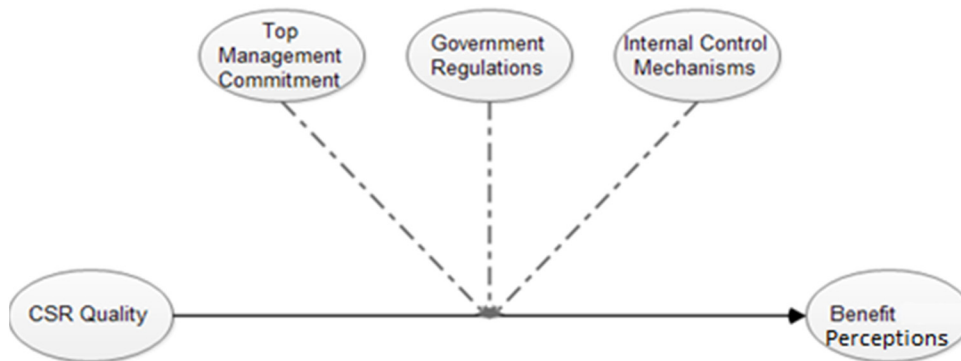
Fig. 3.1: Conceptual Framework

As cited in stakeholder theory, this framework assumes that CSR quality impart benefit perceptions among managers, if intervening variables such as top management commitment, effectiveness of control

systems in the firm and regulatory interventions by government perceived as favourable. As the study was developed to capture the perceptions of the practicing managers, a conflict existed as whether these variables need to be introduced as mediators or moderators in the framework. A mediator specifies a given cause (original predictor variable, IV) that works indirectly through a more direct cause (mediator variable) to a final effect (outcome variable, DV). A moderator is a variable that alters the direction or strength of the relation between a predictor and an outcome (Baron and Kenny, 1986; Holmbeck, 1997). A given variable may function as either a moderator or a mediator, depending on the theory under investigation.

In this study, top management commitment, effectiveness of control systems in the firm and regulatory interventions by government can be conceptualized as moderators in the relation between CSR quality and benefit perceptions. This would be appropriate, since different managers may perceive high and low levels about their feeling about these intervening variables. Moderators are often introduced when there are unexpectedly weak or inconsistent relations between a predictor and an outcome (Baron & Kenny, 1986). Thus, one might look for moderators, if the evidence for the effectiveness of a given intervention is weak, which may be because it is effective only for some people. The choice of moderators should be based on a specific theory regarding why the intervention may be more effective for some people than for others. In contrast, one typically looks for mediators if there already is a strong relation between a predictor and an outcome and one wishes to explore the mechanisms behind that relation. Here, among managers there may be

a possibility that different levels of perceptions from low to high towards intervening variables may exist. Hence treating them as moderators can offer better explanation about the nature of these variables in the framework.

3.4 Conceptualization of "CSR quality" construct

The initial conceptualization of CSR construct was mainly as a unidimensional measure in which activities related to human resource management programs, the reduction of environmentally hazardous substances, philanthropic activities, the production of products integrating social attributes, and support for local businesses (Barnett, 2007; McWilliams and Siegel, 2001) were evaluated and rated to reach at CSR quality. However, several scholars suggested that CSR consists of multiple dimensions, each of which is represented by a group of different voluntary activities (Clarkson, 1995; Godfrey and Hatch, 2007; Waddock and Graves, 1997). First to propose the multidimensionality of CSR was Carroll (1979) and according to him a firm's voluntary activities is divided into two dimensions: ethical and philanthropic responsibilities. Clarkson (1995) demonstrated that the multidimensionality of CSR can be better assessed by a stakeholder framework that evaluates how companies manage their relationships with primary stakeholders. Hence the dimensions included shareholders/ owners, employees, suppliers, customers, and public stakeholders such as community and the natural environment. Kinder, Lydenburg, Domini (KLD) used five dimensions such as employee relations, product quality, community relations, environmental issues, and diversity issues to measure CSR quality.

Dahlsrud (2008) observed that five CSR dimensions such as "environmental, social, economic, stakeholder and voluntariness" are useful in measuring CSR. Ramasamy and Yeung (2009) identified culture as one of the CSR dimensions. Based on various empirical evidences from literature, the perceived CSR quality construct was conceptualized as a multi-dimensional hierarchical one in this study.

The identification of exact number of first order dimensions that will comfortably portray the formation of CSR quality construct required an exploratory factor analysis based on preliminary study. The procedure adopted is illustrated in figure 3.2.
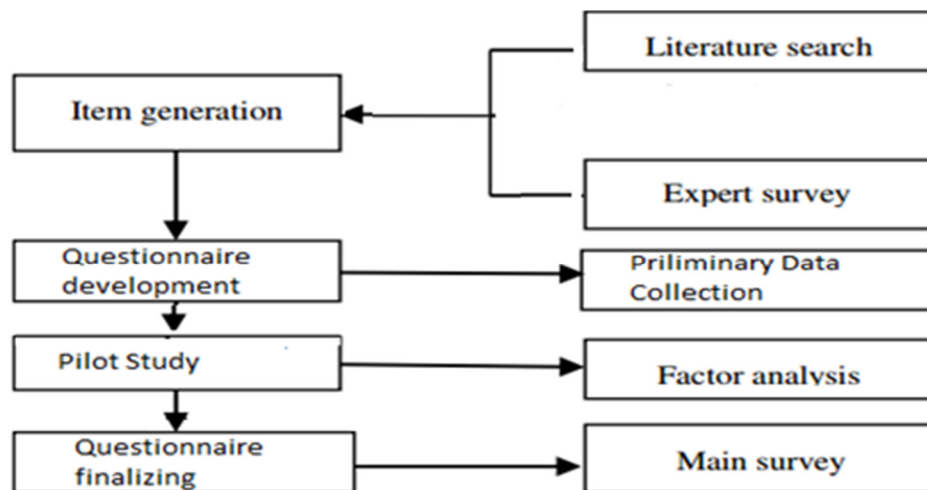
Fig. 3.2: Preliminary stages of the study

The preliminary literature survey and discussions with experts produced an elaborative list of appropriate indicators from the practicing manager's points of view. The "CSR quality" construct is the major one

in this study and was conceived as multidimensional one. A total of 42 items were shortlisted from literature and with the help of experts to measure CSR Quality. Similarly, 20 items to measure other constructs such as government regulations, top management commitment and quality of control mechanisms were borrowed from various established literature.

An exploratory factor analysis of data collected from 88 practicing managers as part of pilot study, using SPSS 20.0 gave an initial feeling of an eight dimensional structure with 35 indicators significantly loading items (> 0.5). These items were assumed as reflective in nature. The perceptions were captured on a five point scale at this stage and this step was considered ideal in assessing the quality of the proposed scale to be used in the final data collection. The loaded items formed an eight-factor structure which was named as follows on content grounds in consultation with experts. The confirmatory factor analysis conducted with full data confirmed the factor structure detected.

1) Social orientation

2) Community development

3) Environmental orientation

4) Employee orientation

5) Philanthropic orientation

6) Economic orientation

7) CSR policy related

8) Customer orientation.

Table 3.2 provides operational definitions of first order dimensions of CSR quality construct.

Table 3.2: Definition of CSR dimensions

Dimension	Definition
Social Orientation	The degree to which the managers believe that the socially oriented activities can develop CSR quality
Community development	The degree to which the managers believe that the community development activities can develop CSR quality
Environmental Orientation	The degree to which the managers believe that the environmental oriented activities can develop CSR quality
Employee orientation	The degree to which the managers believe that the employee-oriented activities can develop CSR quality
Philanthropic orientation	The degree to which the managers believe that the philanthropic activities can develop CSR quality
Economic orientation	The degree to which the managers believe that the economically oriented activities can develop CSR quality
CSR policy Related	The degree to which the managers believe that the CSR policy related clarities can develop CSR quality
Customer Orientation	The degree to which the managers believe that the customer-oriented activities can develop CSR quality

In measurement theory, for assessing latent constructs, researchers use two kinds of measurement models which differ in the underlying assumption about causal relationship between the latent variable (LV) and its indicators. Traditional scale development procedure depends mostly on reflective measurement, where the observed indicators emanate from the

LV (Edwards and Bagozzi, 2000). In the second type of conceptualization referred as "formative construct", the construct acquires its structure from the individual measurement items, that cause changes in the latent construct . These constructs are usually higher hierarchical ones with multiple first order dimensions. A construct can be formative if the following conditions prevail:

- "The indicators define the characteristics of the construct,

- Changes in the indicators o cause changes in the underlying construct,

- Changes in the construct do not result in changes in the indicators,

- The indicators may not form part of a common underlying theme,

- removing one indicator may modify the conceptual domain of the construct,

- A change in the value of one of the indicators may not a change in all the other/any indicators, and

- The indicators may not have same antecedents and consequences" (Edwards and Bagozzi, 2000).

The construct is reflective one, if above conditions are not true or opposite (Jarvis et al., 2003). Similarly, if the construct is complex, higher order models that treat each dimension as a vital constituent of the construct (Ruiz et al., 2008) is ideal. However, as noticed by Chin

(1998), the choice between treating latent constructs as formative or reflective should be on the basis of   objectives of the study, the underlying theory, and the empirical soundness required. A construct is multidimensional when it consists of a number of interrelated attributes or dimensions and exists in multidimensional domains (Diamantopoulos et al., 2008).The multi-dimensional construct can be different manifestations of different dimensions in the reflective manner or can be treated as the outcome of its dimensions (Jarvis et al., 2003; MacKenzie et al., 2004). When dealing with multidimensional constructs two levels of analysis are required, one level relating manifest indicators to (first-order) dimensions, and a second level relating the individual dimensions to the (second-order) latent construct. Since for each level both formative and reflective specifications are applicable, Jarvis et al. (2003) identified four different types of multidimensional constructs such as:-

1) Formative first-order and formative second-order

2) Reflective first-order and formative second-order,

3) Formative first-order and reflective second-order, and

4) Reflective first-order and reflective second-order models

The topic of this study involved many considerations and hence experts suggested that a multidimensional construct is appropriate. Besides, a multidimensional construct having formative relationship with its dimensions is justifiable when multiple sub-constructs capture the entire realm of the construct (Petter et al., 2007). In general, defining whether CSR as "reflective" or "formative" depends on four critical

considerations (Edwards and Bagozzi, 2000; Jarvis et al., 2003; Rossiter, 2002). These are (1) the assumption about the nature of the construct; (2) the assumed relationships among the CSR indicators used for measurement; (3) the causal direction between the CSR construct and indicators; and (4) a theoretic conclusion about real-life existence of theme contained in the CSR concept. Failure incorrectly classifying formed attributes hassled to an inappropriate structure for identifying components and the omission of crucial items (Rossiter, 2002). Accordingly, reflective first-order and formative second-order appeared more suited for multidimensional construct of CSR quality. The following conditions prevailed in this assumption

- the eight dimensions may be separate facets that define characteristics of the CSR construct,

- changes in the eight dimensions cause changes in the higher order phenomenon of CSR,

- Thus, changes in the CSR multidimensional construct are not sufficient to cause changes in the eight dimensions,

- the eight dimensions have independent theme,

- removing a dimension may alter the conceptual domain of the higher order construct of CSR,

- variations in one of the dimensions may not result in the changes in other seven dimensions, and

- eight dimensions may not have the same antecedents and consequences.

3.5   Development of Hypotheses

Although CSR quality can be conceptualized as a formative construct theoretically, empirical testing of the same forms a major enquiry in this study. Therefore, based on the qualitative explorations in the preliminary stages of the study, CSR is modeled as high-order second-order construct with eight dimensions like social orientation, community development, environmental orientation, employee orientation, philanthropic orientation, economic orientation, CSR policy related and customer orientation. If a theoretical model linking CSR quality to perceived benefits were to become established it is necessary to understand why and how CSR is important to various stakeholder groups. Dimensions of CSR quality are measured using indicators identified from literature. This research assumed CSR quality as a second order formative one with first order dimensions as reflective. These observations helped in proposing various hypothesis on the dimensionality of CSR quality as a multidimensional formative construct made up of eight dimensions. Hence, the following hypotheses are proposed.

H1a: Social orientation has a significant positive relationship with CSR quality

H1b: Community development has a significant positive relationship with CSR quality

H1c: Philanthropic orientation has a significant positive relationship with CSR quality

H1d: Economic orientation has a significant positive relationship with CSR quality.

H1e: CSR Policy has a significant positive relationship with CSR quality

H1f: Customer orientation has a significant positive relationship with CSR quality.

H1g: Employee Orientation has a significant positive relationship with CSR quality

H1h: Environmental orientation has a significant positive relationship with CSR quality.

It was also proposed in the study to verify whether the significant first order dimensions of CSR quality construct are significantly linked to perceived benefits construct. Hence the following hypotheses were framed for testing.

H2a: Social orientation has a significant positive relationship with perceived benefits

H2b: Community development has a significant positive relationship with perceived benefits

H2c: Philanthropic orientation has a significant positive relationship with perceived benefits

H2d: Economic orientation has a significant positive relationship with perceived benefits

H2e: CSR Policy dimension has a significant positive relationship with perceived benefits

H2f: Customer orientation has a significant positive relationship with perceived benefits

H2g: Employee orientation has a significant positive relationship with perceived benefits

H2h: Environmental orientation has a significant positive relationship with perceived benefits.

Three variables such as top management commitment, quality of government regulations and effectiveness of control mechanisms in an organization can act as an intervening variable in the linkage between CSR quality and benefits perception. To understand the behavior of these variables, they were introduced in the framework as moderators and following hypotheses were proposed.

H3:   Govt. Regulations/interventions significantly moderates CSR quality to Perceived benefits

H4:   Top Management Commitment significantly moderates CSR quality to Perceived benefits

H5:   Control mechanisms significantly moderates CSR quality to Perceived benefits.

The ability of CSR quality to develop benefit perceptions for the organization was proved in many studies. However, it was also proposed that verification of such linkage in a localized context will be ideal in

offering suggestions in considering effective CSR as a strategic tool for competitive advantage. Hence, the following hypothesis was proposed

H6: CSR quality has a significant positive relationship with perceived benefits.

It was assumed in the study that manager's educational qualifications, turnover levels of the company and experience level of the managers can result in different perceptions about CSR quality and perceived benefits. Hence following hypotheses are proposed

H7: There exist significant difference in perceptions of respondents with different educational qualifications on CSR quality and Perceived benefits

H8: There exist significant difference in perceptions of respondents in corporates having different turnover levels on CSR quality and Perceived benefits

There is a general feeling that government regulations should not be strict with regard to CSR requirements and that CSR should be adopted on a voluntary manner rather than a statutory requirement. To understand whether perceptions of managers with regard to their feeling towards government regulations, the following hypothesis was proposed in the study.

H9: There exists significant difference in perceptions of respondents in corporates having different turnover levels on government regulation.

To test the above hypotheses following research model (figure 3.3) is developed in the study.

Fig. 3.3: Research Model

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Chapter **4**

RESEARCH METHODOLOGY

Contents

4.1   Introduction

This chapter discusses the methodology used to collect and analyse the data to address the hypotheses postulated in the previous chapter, and subsequently to meet the research objectives. The chapter includes description of the research design used in the study, comprising the sample, sampling frame, and data collection techniques, as well as a discussion of the techniques used to analyze the data. The chapter also justifies topics of concepts and measures, reliability, validity, measurement and scaling, and methods adopted for questionnaire design.

4.2 Research Paradigm

Research paradigms are the philosophical views that guide research, specifically A research paradigm is a "collection of opinions that orders scientists as what should be studied, how research should be done, and how results should be interpreted" (Bryman, 1988). Research paradigms consider the philosophy of knowing (epistemology), the philosophy of being (ontology) (Bryman and Bell, 2011), and guide research methodology. A research paradigm fundamentally provides a platform for the study to raise its rigor and soundness. Two distinctive research paradigms grounded on an epistemological framework are the interpretivism and positivism approaches (Weber, 2004). The interpretivism approach is used to interpret a social phenomenon using scientific methods. This approach tends to be more inductive, understands human behavior and helps in developing theories. The inductive process develops a proposition based on observed facts and logic (Bryman, 2008; Sekaran, 2003). This approach emphasizes collecting information for the study directly from the people involved in the phenomenon, as interpretivists advocate that by verifying and generalizing theory, one lose sight of enriched information (Aaker et al., 1998). Interpretivism proponents claim that people can only be better understood by closely conversing with them. Hence, this concept requires less planned, unstructured information collection techniques that enable the researcher to gain an enriched set of data that could show the real reasons for people's behaviour (Bryman, 2008; Bryman and Bell, 2003). As such a qualitative research approach such as observation and in-depth interviews are closely connected to the interpretivism paradigm. Conversely, the positivism approach imitates the natural setting and as such is more deductive (Bryman,

2008; Cavana, Delahaye and Sekaran, 2001). The positivism approach uses methodologies that are highly repetitive as they are structured to accommodate a large number of samples and is often used for verification of theory. This approach collects information on rich and complex social phenomenon and translates the data freely without bias or prejudgments, thus logically generalizing them to the society (Uma and Roger, 2013; Malholtra and Peterson, 2001; Sekaran, 2003).

The basic objective behind this research was to develop a scale to measure CSR quality and verify various hypotheses put forth. Therefore, both inductive and deductive processes were involved, since, only interpretive paradigm was not sufficient. Table 4.1 illustrates basic beliefs pertaining to the positivism, post positivism and interpretive paradigms. The present study, adopted a positivism approach to add knowledge to what exists in management studies. Consequently, this study addressed the relationship issues that have been developed in the previous chapter and verify management theories that already exist.

Table 4.1: Positivistic and Interpretive Paradigms

Component	Paradigm		
	Positivism	**Post –positivism**	**Interpretivism**
1. Ontology	Reality is objective and singular, apart from the researcher	Critical realism-'real' reality but only imperfectly and probabilistically apprehendable	Reality is subjective and multiple as seen by participants in a study
2. Epistemology	Dualistic: The researcher is independent (detached) from that being researched)	Modified dualist/objectivist/critical tradition/community, findings probably true	The researcher invariably interacts with that being researched
3. Axiology	Value – free and unbiased (e.g. omit statements about values from the written report, using impersonal language.	Post – positivism allows for the use of natural settings and the collection of more situational information	Value-laden and biased (e.g. active/ voluntary reporting of the researcher's values and biases, as well as the 'value nature' of information gathered from the field)
4. Methodology	Experimental or statistical control of variables; testing of hypotheses; extensive application of quantitative methods	Modified experimental/manipulative/ critical multiplism/ falsification of hypothesis, may include qualitative approaches.	Analytic-inductive(i.e., building of theory); extensive application of qualitative methods(e.g. participant observation studies, in- depth interviews)

		Reporting on meanings (as opposed to facts) by understanding what is happening.
Reporting facts – arguing closely from evidence gathered in the study	The Liker scale and other closed question techniques (with or without accompanying hypotheses for verification) that are common in methods often employed in the service of the positivist and post – positivist paradigms	
Analysis is based on statistical testing of theories		Analysis is based on verbal, action, and description.
The quality criteria of the methodology are the conventional benchmarks of rigour; internal validity, external validity, reliability and objectivity		The quality criteria of the methodology are less specific: typically the trustworthiness and authenticity of the information furnished by informants (e.g. verification of facts before reporting). Generalisability is not envisaged

Source: Guba and Lincoln, 2005

4.3 Quantitative vs. Qualitative

The epistemological consideration and the positivist research paradigm leads to a quantitative research approach. One of the positivist paradigm features is that it envisages the social behaviour of research participants while the researcher maintains a distance from the participants. The thoroughly organised data collection technique leads to deductive reasoning, which can be achieved using valid and reliable quantitative methods (Bryman, 2008; Bryman and Bell, 2003). Quantitative methods of research require a large sample size, hence a structured research instrument plays an important role, requiring a standard systematic data collection technique, which can be translated into a set of numerical values. These values are then used to develop mathematical models that describe the relationships between the variables that have been derived from the literature review (Bryman, 2008; Sekaran, 2003). This approach will become highly reliable, valid, and generalizable if the sample size is adequate to generalize findings (Hair, Anderson, Tatham and Black, 2006; Cavana et al., 2001).

The qualitative research approach lies within the interpretivist paradigm that draws rich trends or pattern of behaviour. Some of the techniques that can be used for qualitative approach are the use of unstructured and semi-structured questions for interviews, observations, projective techniques, and case studies. These techniques and the themes that emerge will offer the researcher with an enriched knowledge of people's behaviour which is subjective and not quantifiable. However, in qualitative research responses of fewer samples are considered and hence it

lacks generalisability (Sekaran, 2003; Bryman, 1984) when compared to quantitative research. Qualitative research approach employs research questions that are loosely formed, mainly starting with how, why and what rather than does and do, which are more suitable for quantitative research. Qualitative research seeks to address propositions posited using depth of understanding of sometimes a single phenomenon, whereas quantitative research seeks to address hypotheses that are derived using structured questionnaires, large samples, and statistical tools (Bryman, 2008; Hair et al., 2006).

The aim of this research was to understand the benefit perceptions of the managers from CSR quality under certain moderators like government regulations, top management commitment and quality of control mechanisms. To test the hypotheses, a positivism paradigm was employed and quantitative research techniques were used to collect and analyze collected data. Keeping the above observations in the backdrop and on strength of the decision taken to proceed with a quantitative paradigm for this study.

4.4 Research Design

Every research will be using descriptive, exploratory, and casual phases in different stages of the study. In the beginning stages of the study an exploratory approach is needed to bring better clarity on the topics under research and to identify the relevant variables to be considered in the study to meet the research objectives. Exploratory phase had literature review and few qualitative approaches such as informal discussions with important stakeholders, and more formal in-depth interviews with experts

about CSR related beliefs. The primary information gained from the exploratory study was helpful in subsequent descriptive research phase. An exploratory research, is more rigid, pre-planned and structured than an exploratory one, and observations from a large sample is collected (Churchill and Iacobucci, 2004; Hair et al., 2003; Malhotra et al., 1999). This study also adopted a causal investigation for the purpose of understanding and examining the linkages among variables of interest in the study. The research design adopted for this study is illustrated in Figure 4.1.

RESEARCH DESIGN

PHASE I	PHASE II

Literature Survey Exploratory Interviews	Pilot Study Reliability/ Content Validity Factor Extraction Research Model Decision

Construct Finalization Theory development Hypothesis Decisions Scale items Decision Initial Questionnaire	Sampling Design Data Collection Confirmatory Factor Analysis Structural Model Estimation Comparing Means Hypothesis Testing

Fig. 4.1: Research Design adopted in the Study

A sample design is an integral part of the research design that serves as the basis for the selection of a survey sample and affects many other important aspects of a survey as well. In a broad context, survey researchers are interested in obtaining some type of information through a survey from population of interest. One must define a sampling frame that represents the population of interest, from which a sample is drawn. The sample design provides the basic plan and methodology for selecting the sample. A sample design involves six steps (Churchill and Iacobucci, 2002) as illustrated in figure 4.2.

```
┌─────────────────────────────────────┐
│  Define Population and Sample Unit   │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│         Identify Sample Frame        │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│        Select Sampling Method        │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│        Determine Sample Size         │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│          Locate Sample Units         │
└─────────────────────────────────────┘
                  │
                  ▼
┌─────────────────────────────────────┐
│      Collect Data from Sample Units  │
└─────────────────────────────────────┘
```
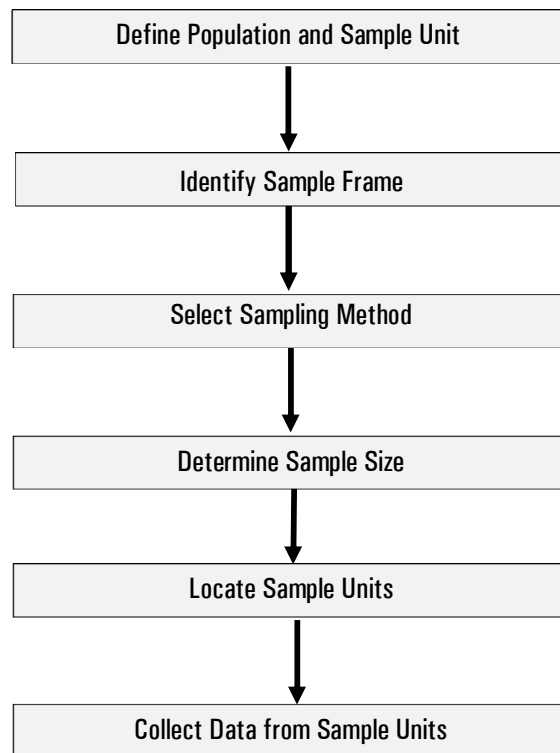
Fig. 4.2: Sampling Design

4.5   Various Elements in a Research Design

4.5.1 Decision on study type

A cross sectional study was preferred over a longitudinal study due to following rationale. Longitudinal study is where data collection is undertaken over a period of time to observe a pattern or trend, whereas cross-sectional study is where the data is collected at a specific time with the intention of studying respondents' purpose, perception or behaviour during that particular time (Aaker et al., 2005; Malhotra and Peterson, 2001). Though longitudinal study is useful for providing a trend that could describe a changing behavioural pattern, the researcher needs to keep in touch with the respondents for monitoring their changing perceptions during study. Also, since the questionnaire used for a longitudinal study is most likely the same for the entire study and therefore ambiguity, if any, noticed in a questionnaire may get rectified in course of time and better internal validity may be resulted (Sekaran and Bougie, 2013; Hair et al., 2007). However, such a study design is costly, time consuming and tedious. Cross sectional study on the other hand, while describing the research variables at a given point of time, provides a replicable research design and retains respondents' anonymity (Nardi, 2006; Bryman and Bell, 2003). As such, the present research employed a cross-sectional quantitative study where manager's perceptions on CSR quality and related benefits were captured at a single point of time. The intervening effect of government regulations, top management commitment and quality of control mechanisms between CSR quality and perception of benefits could contribute to the strategic management of

corporate social responsibility activities to enhance brand reputation and subsequently encourage positive word of mouth.

4.5.2 Decision on unit of analysis

Sample is a subset of a population, where the population is the total number of study subjects or the unit of analysis available (Malhotra, 2007). As it is most probable that in a large-scale social study the exact population is unknown or that an investigation of the population may be impractical, a sample is drawn from the population to conduct the research (Bryman, 2008, Malhotra, 2007). The findings from the sample investigation may then be inferred for the population, depending on the generalisability. The representativeness of the sample is essential for generalisability (Hair et al., 2007; Sekaran, 2003). As this study investigates the perceptions of managers regarding CSR in the context of Kerala, the unit of analysis is individual mangers working in various listed companies located in Kerala. The individuals in the management category of the company working as section heads, department heads, factory heads or unit heads or above formed the sample for the study.

4.5.3 Decision on Sample size and Sampling frame

Sample size is the number of completed useable responses (De Veaux et al., 2009). A common view among researchers is that, sample size should be based on the number of items in the questionnaire (Hair et al., 2010) used for collecting responses. The minimum number of valid responses needed for a sound analysis was recommended as minimum of 10 per question item in the most complex construct (Hair et al., 2010; Field, 2009). When making decisions about sample sizes, a compromise

is made between the need for precision, and time and cost (Bryman and Bell, 2011). Influencing this compromise is the nature of research, type of analysis, and sample sizes used in similar studies (Malhotra, 2010). Generally, exploratory research requires fewer observations, and more observations are required for more sophisticated analysis (Malhotra, 2010). From a practical perspective, as a maximum sample size thumb rule, Bryman and Bell (2011) generalise that due to time and cost constraints and the incremental increases in precision with sample size, sample sizes above n=1000 often become uneconomical. As a minimum sample size rule-of-thumb, Malhotra (2010) highlight while qualitative research may use sample sizes of 6 to 20, quantitative research requires minimums from n=150 to n=500, with the typical sample size ranging from n=200 to n=2500. To refine a sample size from these broad rule-of-thumb base ranges, the sample sizes used in similar studies provides a useful indication of the number of observations required. Also, beyond the rules-of-thumb, a statistical determination of sample size can be taken (Malhotra, 2010). A required sample size can be determined by calculating confidence intervals around means or proportions, known as the confidence interval approach (Malhotra, 2010). Underpinning this approach is the central limit theorem which explains the sampling distribution of any mean becomes more normally distributed as the sample size grows (De Veaux et al., 2009). To determine a sample size under this approach, a level of precision e.g. D=5% and a level of confidence e.g. 95% (Z=1.96) need to be supposed; these are common levels of error accepted (De Veaux et al., 2009). At the confidence level of 95% and confidence interval of 5 considered ideal for research in

social sciences (Cohen, 1988), the sample size was calculated as 384 (www.surveysystem.com).

The sampling frame is a guide that provides the researcher a rough idea of where most respondents matching the description of the study can be located (Hair et al., 2010; Bryman, 2008). This can be any information ranging from phone listings to actual addresses of potential respondents or locations where they are often found (Malhotra, 2007). In this study, the details of 'listed companies in Kerala' were obtained from registrar of Companies (ROC), Kerala. The list contained 79 companies. In order to avoid bias while selecting the respondent, the researcher randomly selected several corporates using a simple lottery method (Hair et al., 2006, Sekaran, 2003). Thus 30 companies were selected at random. The individuals in the management category of the company working as section heads, department heads, factory heads or unit heads or above were considered as respondents. There were 471 such managers in these companies. Questionnaires were distributed to them and finally 385 valid responses could be collected.

4.5.4 Decision on sampling strategy

Sampling techniques are processes by which individuals in a population are selected without bias to become respondents of a research project (Hair et al., 2006; Sekaran, 2003). The sampling technique used depends greatly on the type of population. Sampling techniques take two major forms. For a population size that is unknown or too large, a non-probability sampling technique is commonly used, while for a known population size a probability sampling technique is used (Bryman, 2008).

The findings from research based on a non-probability sampling procedure are not suitable for generalisation (Sekaran and Bougie, 2013; Malhotra, 2007) and hence a probability based sampling procedure is considered for studies that involves statistical estimation.

Common probability sampling techniques are simple random sampling, systematic sampling, stratified sampling, and multistage sampling (Hair et al., 2007; Malhotra, 2007). These techniques are suitable when the population size is known, as this would provide the researcher the opportunity to randomly select individuals, providing each individual an equal chance of being selected. Although the most commonly used phrase in research is 'random choice', in research that is highly valid and reliable, random sampling is used only when the population size is known (Malhotra, 2007).

The population for this study was managers of listed companies in Kerala. A simple random sampling method was used to select 30 corporates from the list of 79 firms in the sample frame. The samples are selected on a random basis after visiting selected firms without any prejudice on considering or rejecting a particular respondent. As mentioned earlier the no of sample size calculated was 384. Each time when a company was selected the cumulative no of respondents available were also calculated. The total no of respondents available in these 30 companies was 471, sufficient enough to meet the required sample size. The randomness was achieved as selection was purely on chance and on the basis of their presence in the firm at the time of visit and no prior decision to include someone was taken by the researcher. However, to test

the assumption of randomness, the expected outcome of a random sampling procedure, a 'runs' test was performed after full data collection.

4.5.5 Decision on Scale Development and Questionnaire design

The questionnaire for this research was prepared in English. To alleviate common variance (common method bias), the sequence of questions were rearranged so that respondents' responses for one construct is not replicated for the following construct (Berneth et al., 2007; Gowen III, McFadden and Tallon, 2006). The final analysis of quantitative data is performed depending on scales used to collect data. Nominal and ordinal data are lower level measurements that are mainly used for demographic data, while ratio is commonly used for studies relating to absolute values such as financial data and actual performance in various units (Sekaran and Bougie, 2013; Hair et al., 2007). By contrast, interval scales are the most used in behavioural and social sciences studies, which deal with abstracts.

The Likert scale is the most conventionally used scale for self-administered personal surveys in marketing research (Sekaran and Bougie, 2013; Malhotra and Peterson, 2001). Several Likert scale responses have been introduced, each with its benefit in measuring a variety of reactions and perceptions. Free choice response has odd numbered options to provide a neutral option for respondent to opt for, while the forced choice response forces the respondents to choose sides, not allowing them to remain in an indecisive spot. Free choice increases reliability (Malhotra and Peterson, 2001) whereas forced choice reduces social desirability by not allowing participants to remain impartial (Souiden et al., 2006).

Likert scales can be developed with several different points on the scale, such as five-point scale, seven-point scale and ten-point scale. It is essential to be clear about the objective of measuring to make the correct choice of point-scale. In general, behavioural sciences are difficult to measure using small differences in point-scales so a smaller point of scale, such as a five-point scale, is preferable. In other words, a ten-point scale would make it difficult for respondents to differentiate between small variations when the subject matter is abstract (Hair et al., 2006). Taking this into consideration, and the fact that the study has multi-item questions for each of the five constructs related to manager's perception of the role played by corporate social responsibility in developing benefit perception, a five point scale where 1 represented strongly disagree and 5 represented strongly agree was selected.

The usage "scale" refer to an instrument developed to measure a phenomenon of theoretical importance which cannot be readily observed or assessed directly (DeVellis 2003). The scale development process is a crucial part of a study and involves many steps for the construct to be reliable and valid for verifying hypotheses putforth about the constructs. Context specific factors affect the reliability of the scales and hence, in this research, attempt was made to develop scales for constructs considering the contextual aspects of importance.

The classic procedure of scale development was based on Churchill's (1979) guidelines illustrated in fig 4.3. The procedure faces many criticisms for being over reliant on on psychometric aspects like reliability and validity. Reliability explains "the degree to which a multi-item

measurement instrument consistently measures different samples from population" (Finn and Kayande, 1997). Churchill's (1979) guidelines is a prominent approach for scale development item procedure and hence, in many stages of scale development in this study, these guidelines are followed.
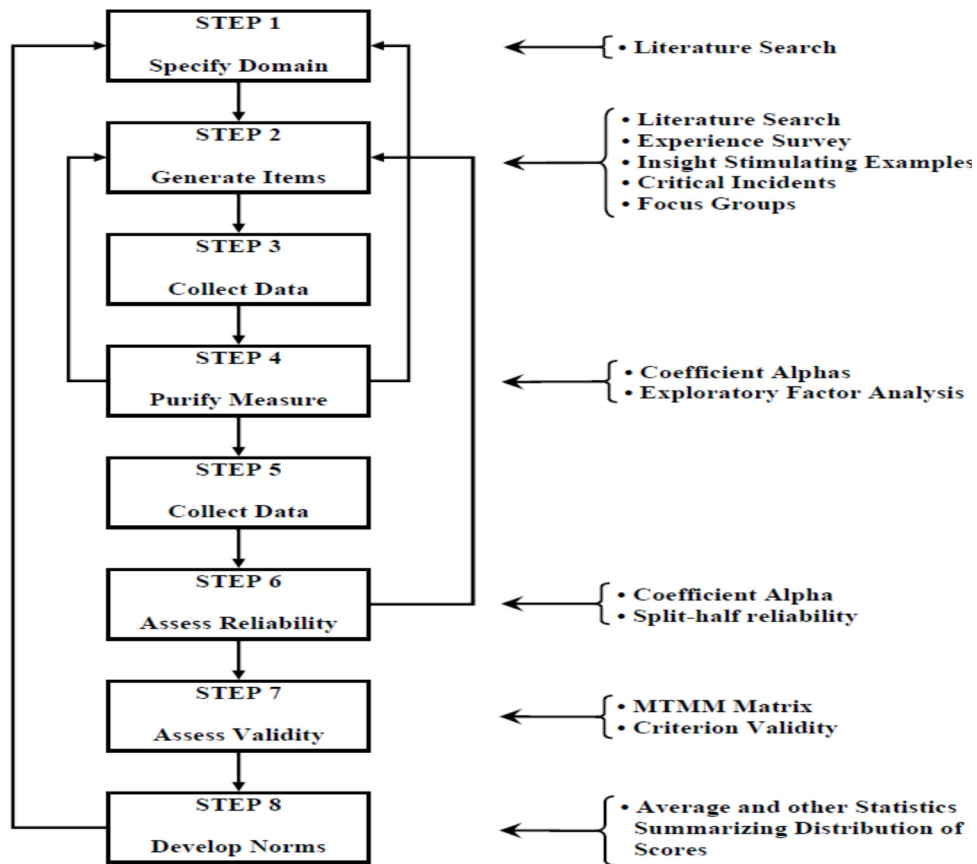
Fig. 4.3: Scale development procedure (adapted from Churchill, 1979)

Researchers have used multiple-item scales to measure attitudes or reported behaviours. The primary advantages of a multiple item scale based on psychometric theory are

1. A set of multiple items can represent the construct (attitude or behavioural report) more completely than can a single item.

2. Combining items reduces potentially idiosyncratic influences of any single item.

3. Aggregating across items increases the reliability (or precision) of measures.

4. Using multiple items more finely distinguishes among respondents, potentially providing a measurement scale appropriately treated as continuous (Nunnally, 1978).

5. Latent variables are usually complex and not easily measured with a single item.

6. A single item often cannot discriminate between fine degrees of an attribute.

A scale is uni-dimensional, if all the items of the scale measures a common variable. Gerbing and Anderson (1988) advocated the use confirmatory factor analysis (CFA) for assessing uni dimensionality rather than "item-to-total correlations" (cron-bach alpha) and proposed that an exploratory factor analysis (EFA) is useful in the preliminary analysis as an item reduction technique. DeVellis (1991) opined that expert's review of initial poos of items for significance, clearness, and conciseness is advisable, and that based on their view's, items may be modified or removed. Spector (1992), proposed an initial pilot test with the pool of items to a small   number of respondents is beneficial and the feedback so obtained, to be used while administering to a bigger sample. Many scale

development procedures explained in the literature are modifications of Churchill's approach. Verification of the content validity of the items used for measurement is an pre-requisite in the construct validation of the scale (Schriesheim et al., 1990).

Rossiter (2002), proposed a better approach which is more rational, content-validity based, and based on expert judgment for scale development. The procedure termed as C-OAR-SE procedure consists of six steps such as

1) "Construct definition

2) Object classification

3) Attribute classification and identification of components

4) Rater entity classification

5) Scale (item type and answer format) selection

6) Enumeration (scoring)".

Finn and Kayande (2005), suggested that empirical validation using multivariate generalizability theory is essential while using C-OAR-SE procedure to develop scales for a construct. Generalizability theory uses statistical concepts for evaluating the dependability of measurements. Researchers viewed that no scale development procedure is perfect and flawless. Hence, this study tried to include the best practices of the top scholars to develop scales for constructs. Proper measurement guarantees specific domain of the constructs (Churchill 1979), if the construct definitions are contextual. Hence, the definition of constructs was based on

the contextual background of the study as explained in the previous chapter.

An attribute that expresses a construct has different values depending on how it is used in a study. This study focused on analysis of relationships between variables which are abstract and not directly measurable. Hence treated as latent variables. Latent variables (LV) are "hypothetical constructs invented by researcher for the purpose of understanding a research area" (Bentler, 1980). Since LVs are unobservable and directly not measureable, researchers use observable indicator variables (also referred to as manifest variables (MVs)) to estimate LVs in the model. The variables (constructs) explain phenomenon of interest in a study. The connections between the constructs and indicators used to measure them follows some "epistemic relationships" or "rules of correspondence" (Bagozzi, 1984). Two basic types of relationships about association between the construct and indicators used measure it is

1. Reflective
2. Formative

Constructs forms reasons for causes of indicators, and when variation in a construct leads to variation in its indicators, they are termed ''reflective''. In the case of reflective indicators, they represent reflections, or manifestations, of the underlying construct. The "formative" indicators develop constructs as construct is formed or induced by the joint effect of its indicators (Edwards and Bagozzi, 2000). The rationale behind selection of reflective /formative conceptualization is narrated in section 3.4

Use higher order models useful if the phenomenon under investigation is assumed as developed through multiple dimensions that are measured using multiple indicators. Such models consider each dimension as an important element of the construct (Ruiz et al., 2008). According to Chin (1998), the choice between latent constructs treated as with formative or reflective indicators should be based (1) research objectives, (2) theory depicting the latent construct, and (3) empirical aspects. In order to avoid mistakes (Kinner and Taylor, 1996), a nine-stage procedure was adopted in this study. An expert review and pilot survey helped in finalizing the questionnaire used for the study.

1. Specification of the information need to be obtained

2. Determination of type of questionnaire and method of its administration

3. Finalization of content for qualitative questions

4. Determination of response scheme for questions

5. Decision of wording style for questions

6. Decision on physical characteristics of questionnaire

7. Re-examine physical characteristics of questionnaire

8. Re-examine Steps 1-7 and revise if necessary

9. Pre-test questionnaire and revise accordingly.

The constructs used in this study were relatively new in the context and much empirical evidence regarding appropriate indicators were not readily available. The preliminary discussions with experts in the

exploratory stage produced an elaborative list of appropriate indicators from the practicing manager's points of view. The analysis about the relevance and contextual applicability of such indicators gave insights into the nature and structure of various constructs to be developed for the study. The conceptualization of each of the construct used in the study is narrated below.

The "CSR quality" construct is the major one in this study which was conceived as multidimensional one as reported in section 3.4. For developing a valid scale to measure CSR quality perceptions of practicing managers in Kerala, it was thought ideal to follow the classic procedure similar to one explained above. The different stages in the process are narrated below.

Stage 1: The initial task of conceptualizing the operational definition for the construct as mentioned in the previous chapter was done based on contextual factors. The selection of initial pool of relevant indicators capable of capturing the domain of interest contained in the definition of the construct was made from the literature survey. 48 items for CSR quality and 20 items for other variables were shortlisted from the prior literature on content grounds for evaluating their suitability for including in the scale.

Stage 2: In this stage, shortlisted items were reviewed by the 5 experts and they have eliminated 6 items from 48 items identified for CSR quality for not being contextually relevant.

Stage 3: The items were suitably framed into statements that will portray the theme behind the definition of the construct under investigation

Stage 4: A pilot test was conducted using the first version of the questionnaire. An exploratory factor analysis conducted at this stage, to understand the factor structure of CSR quality construct and to make selection of items to be included in the final questionnaire.

Stage 5: Scale items showing loading more than 0.5 being the accepted threshold limit for interpretation were retained in the final questionnaire.

On the strength of findings from the initial exploration, CSR quality construct was assumed as a formative second order one formed with eight first order dimensions measured using 35 reflective indicators. This study used for four other constructs such as government regulations, top management commitment and quality of control mechanisms. As all these constructs are abstract in nature, they are best measured by using an interval measurement scale. The items chosen to measure these constructs were borrowed from various established literature. The multiple item scales so developed was further validated based on expert suggestions.

CSR quality was represented by 35 items, government regulations, efficiency of control mechanisms, top management commitment and Perceived benefits were measured using 5 items each. The questionnaire included eight demographic questions, which provided the description of

respondents' characteristics. The final questionnaire is provided in annexure 1.

4.5.6 Decision on data collection methods

The quality of the data collected and the ability to collect data from a large sample size are influenced by the data collection instrument. Therefore, the data collection process for quantitative approach needs careful consideration. A questionnaire survey may be undertaken by using face-to-face interviews, postal interviews, email interviews, or telephone interviews (Sekaran and Bougie, 2013; Malhotra, 2007; Aaker et al., 2005). Each of these methods is assessed, based on their advantages and disadvantages. Face-to-face interviews have proven to be most effective as it has a personal persuasive effect (Sekaran and Bougie, 2013; Zikmund et al., 2013; Malhotra, 2007). This method gives the interviewer more power to persuade the interviewee to participate in the survey, which postal, e-mail and telephone methods do not have. Furthermore, the method is relatively cheap and the response is immediate and assured.

The various methods of collecting data were carefully considered prior to deciding on the personal face-to-face method for this study. One can conduct the personal survey using interviewer-administered method or self-administered method. The interviewer-administered method where the interviewer reads the questions and records the responses, allows the interviewer to explain the questions to the respondent to avoid possibility of confusion and biases. A self-administered method is more viable as it saves response time and questionnaire distribution time, and respondents tend to feel less discomfort. In this study the questionnaires were

distributed to managers of selected corporates and they were provided with a brief introduction about the purpose of the study and the variables used in the study. The data collection was completed in a self-administered manner.

4.6 Data Analysis Strategy

After the descriptive study, causal research followed. Descriptive studies may show that two variables are related but are insufficient for examining cause and effect relationships (Malhotra et al., 1999). Causal research is most appropriate when the functional relationship between the causal factors and the effect predicted on the performance variable is under investigation (Hair et al., 2003). A three-stage approach was adopted to analyze the data as illustrated in figure 4.4 below. In the first stage, after screening the data for missing values and outliers, statistical tests were performed to verify whether the collected data meet all statistical assumptions regarding normality at univariate and multivariate level, randomness, independence, multicollinearity etc. The next attempt was to identify the existence of distinct factors with regard to CSR quality construct by performing an exploratory factor analysis of 35 indicators used for measurement followed by confirmatory factor analysis. In this stage, firstly measurement models for all latent constructs were developed and then confirmatory factor analysis of full model was conducted. The structural model for perceived CSR quality construct was confirmed based on goodness of fit criteria. Test for validity and reliability of the scales developed was done at this stage.

Stage - I	Verifying Data Quality and Statistical Assumptions about Normality, randomness, Independence, etc.
Stage - II	Scale Validation for all constructs using Confirmatory Factor Analysis approach Validity and Reliability Checks
Stage - III	Research model estimation with Structural Equation Modeling approach Hypothesis Testing with SEM and mean Comparisons

Fig. 4.4: Analysis Stages

In the Third stage, the structural model was estimated to examine the linkages among variables using a PLS based SEM approach. The difference in perceptions about variables of interest among various categories of population was done by comparing the means statistically using ANOVAs and t-tests. The main method used to test the hypotheses in this study was by structural equation modelling approach. The following section provides a description of the approach adopted.

4.7 Structural Equation Modelling (SEM)

The purpose of many empirical studies is to understand the causal relationships between variables. SEM is a statistical technique for testing and estimating causal relationships based on statistical methods. SEM is confirmatory in nature and useful to determine whether the developed model is adequately explained by the data collected. SEM

contains both factor analysis and multiple regressions to verify the linkages among constructs in the model. The constructs included in SEM are measured using observed or manifested variables (indicators). The SEM contains two parts. The first part is measurement model which relates to observed indicators and constructs. The second part is the structural model which explains the relationship between latent constructs in the model. The first task in every model estimation is verifying whether the model is having perfect fit with data. SEM estimations produce many fit criteria to understand the comprehensive overall goodness-of-fit.

Two complementary schools related to Structural Equation Modelling are namely covariance-based SEM and component-based SEM.

- The first school developed by Karl Joreskog is covariance-based which is usually used when the objective of model validation is generalization and hence requires a large sample. The various methods of estimation included in the covariance-based SEM. The Maximum Likelihood (ML) and the Unweighted Least Squares (ULS) are full information methods. The various software tools performing covariance-based SEM are AMOS, LISREL, EQS etc.

- The second school developed by Herman Wold uses the "PLS" (Partial Least Squares) approach which adopts a partial information method. It involves a two-step process; (1) computation of latent variables scores using the PLS algorithm

and (2) performing OLS regressions on the LV scores for estimating the structural equations. Various software tools for performing this type of SEM are PLS-Graph, SmartPLS, WarpPLS etc.

The PLS estimations is ideal, if the conditions relating to sample size, independence, or normal distribution are not perfectly met, and if prediction is more important than parameter estimation. In this study both approaches are used in different stages of analysis.

Confirmatory factor analysis of the perceived CSR quality construct was done using CBSEM based software Amos. 22 and for the analysis related to research model representing all the constructs, PLS based software WarpPLS5.0 was used. The choice of PLS was justified as PLS does not require any priori distributional assumptions and relatively small sample size is acceptable (Chin et al., 2003).

4.7.1 Covariance Based Structural Equation Modelling

There are five distinct steps involved in analyzing a dataset using covariance-based SEM. They are:

1. "Model specification;

2. Model identification;

3. Measure selection, data cleaning and preparation;

4. Model analysis and evaluation; and

5. Model re-specification" (Kline 2005).

Model specification comprises of mathematically or diagrammatically expressing the hypothesized relationships amongst a set of variables (Kline, 2005). A model is assumed as theoretically identifiable, if a unique solution is possible. Similarly, a model is not identifiable, if no unique solution is possible, and SEM software will fail to converge. Such models requires re-specification for identification (Kline, 2005). The third step contains sub steps such as (1) measure selection, (2) data cleaning and (3) data preparation. For measuring each latent construct, at least two observed variables (Joreskog, 1977) are essential. Therefore, such verifications are done in this stage. Maximum Likelihood (ML) estimation is the default and most preferred estimation procedure for SEM. The data quality in terms of outliers, normality, missing variables etc is essential to bring robustness in the estimation process.

In Model estimation with AMOS software performs significance tests to assess the adequacy of model fit. A fit refers to the ability of a model to represent the data (i.e., usually the variance-covariance matrix). The fit measures generated by Amos output are classified as shown in the table 4.2. There exist varied difference among researches regarding the most appropriate fit indexes to report. Jaccard and Wan (1996), recommend use of at least three fit tests, one from each of the first three categories represented in table 4.2 for perfection and statistical validity. Kline (2005) recommended the use of least four tests, such as "chi-square; GFI, NFI, or CFI; NNFI; and SRMR".

Many indices are influenced by sample size and for this reason "CMIN, GFI and AGFI" is not widely preferred measure of goodness of

fit. The Parsimonious Fit Measures are useful basically to compare models on based on some criteria that take parsimony. Literature suggest that many other goodness of fit measures are useful to assess acceptable models and parsimony measures are useful to select the best among the set of acceptable models. As the indices placed in the same group in the table measure about the same aspect of the model fit, it is decided to adopt most accepted fit indices from each of the categories for evaluating fit criteria in this study.

Table 4.2: Model Fit Measures

Consideration	Fit indices
Absolute for measure Reference to other models relevant in the situation)	CMIN,CMIN/df, RMR,l SRMR,GFI, AGFI, PGFI
Relative fit measures (reference to an explicit basis model through unrealistic)	NFI, RFI, IFI, CFI, TLI
Parsimony measures (Introduced by penalizing for lack of parsimony)	PRATIO, PNFI, PCFI
Fit measures based on non-central chi-square distribution	NCP, FMIN,FO, RMSEA
Information theoretic fit measures (to choose among several realistic but different models)	AIC, BIC, BCC, ECVI
Fit measures based on sample size	HOELTER

David Garson (1998) endorses that reporting chi-square (CMIN), RMSEA, and one of the baseline fit measures (NFI, RFI, IFI, TLI, CFI); and if there is model comparison, also report one of the parsimony measures (PNFI, PCFI) and one of the information theory measures (AIC, BIC, CAIC, BCC, ECVI, MECVI). Relative chi-square, also called normal or normed chi-square, is the chi-square fit index divided by degrees of freedom, to make it less dependent on sample size. Kline (2005) says 3 or

less is acceptable. Some scholars allow values as high as 5 to consider a model adequate fit (Schumacker and Lomax 2004), while others insist relative chi-square be 2 or less. Less than 1.0 is poor model fit. AMOS lists relative chi-square as CMIN/DF.

Standardized root mean square residual (SRMR) is the average difference between the predicted and observed variances and covariance in the model, based on standardized residuals. Standardized residuals are fitted residuals divided by the standard error of the residual (this assumes a large enough sample to assume stability of the standard error). The smaller the SRMR, the better the model fit. SRMR = 0 indicates perfect fit. A value less than 0.05 is accepted as a good fit and below 0.08 adequate fit. The comparative fit index (CFI), also known as the Bentler Comparative Fit Index compares the existing model fit with a null model which assumes the indicator variables (and hence also the latent variables) in the model are uncorrelated (the "independence model"). CFI and RMSEA are among the measures least affected by sample size (Fan et al., 1999). CFI varies from 0 to 1 (if outside this range it is reset to 0 or 1). CFI close to 1 indicates a very good fit. By convention, CFI should be equal to or greater than .90 to accept the model.

Root mean square error of approximation, RMSEA, is also called RMS or RMSE or discrepancy per degree of freedom. By convention (Schumacker and Lomax, 2004) there is good model fit if RMSEA less than or equal to .05. There is adequate fit if RMSEA is less than or equal to .08. Hu and Bentler (1999) have suggested RMSEA ≤ .06 as the cut-off for a good model fit. RMSEA is a popular measure of fit, partly because it

does not require comparison with a null model and thus does not require the author posit as plausible a model in which there is complete independence of the latent variables as does, for instance, CFI. In a well-fitting model, the lower 90% confidence limit is very close to 0, while the upper limit is less than .08. PCLOSE tests the null hypothesis that RMSEA is not greater than .05. If PCLOSE is less than .05, we reject the null hypothesis and conclude that the computed RMSEA is greater than .05, indicating lack of a close fit. Hoelter's critical N is used to judge if sample size is adequate. By convention, sample size is adequate if Hoelter's N > 200.

The following Table 4.3 gives the accepted values for each of the above indices as considered for the study.

Table 4.3: Accepted values for each of indices considered in the study

Sl. No	Fit Index	Acceptable Value
1	Normed chi-square (CMIN/df)	<3
2	Standardized RMR (SRMR)	<0.08)
4	Comparative fit index (CFI)	>0.9
5	Root mean square error of approximation (RMSEA)	<0.08
6	PCLOSE	>0.05
7	Hoelter's critical N	>200

The model re-specification is required when goodness of fit is not achieved in the initial evaluation. Re-specification is done based on modification indices to finalize a good-fitting model. The re-specification

of bad-fitting models was done by (Saurina and Carme Germà Coenders, 2002).

- Dropping loadings which are not substantively interpretable.

- Adding loadings which are both interpretable and statistically significant.

- Splitting dimensions for which interpretable clusters of positive residual Correlations appear.

- Adding error correlations which are both interpretable and statistically significant.

- Dropping items which would load on nearly all dimensions.

- Merging dimensions whose correlation is close to unity.

- Dropping non-significant regression coefficients among latent variables.

Further, identification of formative indicator constructs in Amos 22 required following procedures (Jarvis et al., 2003; MacCallum and Browne, 1993).

(1) The scale of measurement for the latent construct was established by constraining a path from one of the construct's indicators to be equal to 1 or by constraining the residual error variance for the construct to be equal to 1 and

(2)   To resolve the indeterminacy associated with the construct level error term, a formative Construct should emits paths to

- at least two unrelated latent constructs with reflective indicators

- at least two theoretically appropriate reflective indicators, or

- one reflective indicator and one latent construct with reflective indicators.

4.7.2 PLS Based SEM

A structural equation model with all constructs used in the study was analyzed using Warp PLS 5.0 for identifying significant relations between variables of interest in the study. In a structural equation modelling (SEM) analysis, the inner model is the part of the model that describes the relationships between the latent variables considered in the model. The outer model is the part of the model that describes the relationships between the latent variables and their indicators. The inner and outer models are also frequently referred to as the structural and measurement models, respectively. Therefore the path coefficients are inner model parameter estimates whereas weights and loading are measurement model parameter estimates depending on whether the measurement model is formative or reflective. Warp PLS 5.0 estimates enables evaluation of measurement model as well as structural model simultaneously. To assess the model fit with the data, following fit measures shown in table 4.4 is adopted. The significant paths in the model are utilized for drawing various conclusions in the study.

Table 4.4: Fit Indices for Warp PLS 5.0

Sl. No	Fit Criteria	Condition
1	Average path coefficient (APC)	P<0.05
2	Average R-squared (ARS)	P<0.05
3	Average adjusted R-squared (AARS)	P<0.05
4	Average block VIF (AVIF)	<3.3
5	Average full collinerarity VIF (AFVIF)	<3.3
6	Tenenhaus GoF (GoF),	Small>=0.1,medium>=0.25, large>=0.36
7	Sympson's paradox ratio (SPR)	>0.7
8	R-squared contribution ratio (RSCR)	>0.9
9	Statistical suppression ratio (SSR)	>0.7
10	Nonlinear bivariate causality direction ratio (NLBCDR)	>0.7

4.8   Validity and Reliability

The two most important and essential characteristics of any measurement procedure are reliability and validity. Patton (2001) opined that validity and reliability are two factors which any quantitative researcher should be concerned while designing, analysing results and judging the quality of the study.

4.8.1 Validity

According to Davis et al. (1993) "A measurement scale is valid if it does what it is supposed to do and measures what it is supposed to measure". According to Hardy and Byrman (2004), there are different types of validity:

- Face/Content validity – requires a thorough examination of the wording of the items included in the instrument and their

connection to the relevant frame of reference used in the study. Face validity can also be examined using the opinion and judgment of experts concerning the items and wording used

- Criterion-related validity – evaluates a scale in terms of a criterion on which people tend to differ. This includes concurrent and predictive validity

- Construct validity – requires "an examination of the theoretical inferences that might be made about the underlying construct".

Content validity ensures that the measures include an adequate and representative set of items and the clarity of the definition and concept used. A major threat to content validity is ill-defined terms and concepts. The variable measurements in the study were consistent with prior studies and hence there did not seem to have any threat to content validity. The pilot study conducted to determine whether any alterations or rewording of questionnaires was necessary due to any jargon, inconsistencies, or leading questions. Criterion-related validity deals with the instrument's ability to measure an item accurately and analyze it. Scale used in the study was mainly five-point Likert-type scale. This is a popular scaling technique and is used widely in management research. To ensure criterion validity throughout the questionnaire a common scale is used for measurement. Construct validity explains how well the results obtained from the use of the measure fit in the theories around which the test was designed. This was assessed through convergent and discriminant validity. Convergent validity is established when the scores obtained with two different instruments measuring the same concept are highly correlated. Discriminant

validity is established when based on theory two variables are predicted to be uncorrelated and the scores obtained by measuring them are indeed empirically found to be so.

4.8.2 Reliability

Reliability is the extent to which measurements of the test are repeatable. In other words, the measuring procedure should yield consistent results on repeated tests. The more consistent the results given by repeated measurements, the higher the reliability of measurement procedures. Kirk and Miller (1986) identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period in order to test reliability. There are two aspects of the reliability issue: external and internal reliability. According to Hardy and Bryman (2004), external reliability means that the studied variable does not fluctuate greatly over time which means that it is stable. This kind of reliability can be tested through test-retest reliability, which means measuring the same scale twice in different time frames and see to what extent the two sets of data have yielded the same replies of the respondents. In this study, Cronbach coefficient alpha value was above 0.7 showing scale reliability for all reflective constructs but for formative constructs reliability may not be a correct criterion as the indicators are not correlated each other. Various validity /reliability considerations and corresponding guidelines are reported in table 4.5 below.

Table 4.5: Validity/reliability guidelines from Amos output

	Validity/Reliability Guidelines	
1	Multicollinearity	VIF is less than 10(Hair et al 1998).
2	Absence of Common Method Variance	first factor of EFA should not explain more than 50% the variance in the variables (Podsakoff and Organ 1986)
3	convergent validity	1. Standardized Regression estimates in CFA should be > 0.5 (Byrne,2001) 2. All indicators should be significant with critical ratios(C.R)>1.96 3. standardized residual co-variance should be less than 2.58 (Barbara M. Byrne 2010)
4	discriminant validity	Correlations <0.85
5	construct reliability	squared multiple correlation R^2 ("smc") greater than 0.5, moderate if between 0.3 and 0.5 and poor if less than 0.3 (Holmes-Smith 2001)

It is necessary to establish convergent and discriminant validity, as well as reliability, when doing a CFA. The following measures such as composite reliability score (CR), average variance extracted (AVE), maximum shared variance (MSV), and average shared variance (ASV) are useful for establishing validity and reliability. The thresholds for these values are as follows:

▪ For Reliability, CR > 0.7

▪ Convergent Validity, AVE > 0.5

▪ Discriminant Validity, MSV < AVE; ASV < AVE; and square root of AVE should be greater than inter-construct correlations.

If convergent validity issues are noticed, then variables do not correlate well with each other within their parent factor; i.e., the latent

factor is not well explained by its observed variables. If discriminant validity issues noticed, then variables correlate more highly with variables outside their parent factor than with the variables within their parent factor; i.e., the latent factor is better explained by some other variables (from a different factor), than by its own observed variables.

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Chapter **5**

DATA ANALYSIS

This chapter discusses about various analyses performed on collected data to gather insights about perceptions of practicing managers towards critical variables in the CSR framework. The chapter begins with a description of the data characteristics and is followed by assessment of quality of data for various statistical tests in SPSS and structural equation modelling (SEM).

Responses from 418 managers from various corporates in Kerala was entered into SPSS version 20 under different variable names for verifying the quality of data for further analysis. The questionnaires were completed with few issues of missing values but patterned responses could not be

noticed. After eliminating questionnaires having serious issues related to missing values and other problems 385 responses were used for the data analysis. Sample size of 384 is adequate to enrich the validity of the data (Bitner, 1990) and the normality of the data is easier to achieve (Nisel, 2001). The data was checked for possible mistakes while entering in the SPSS spread sheet by thorough scrutiny for minimizing all possible errors at the stage of data entry.

5.1   Preliminary Examination of Data Quality

This section involves procedures adopted in verifying and cleaning of data for further analysis. This included steps such as

- Verification of missing values

- Identification of Outliers

- Analysis of Normality

- Verifying various assumptions behind proposed analyses

- Analysis of Validity and Reliability.

5.1.1 Verification of Missing Values

The data collected from 418 respondents using structured questionnaire was analyzed using frequency test to detect missing values. Missing responses were noticed in 15 cases where respondents fail to mark their responses to certain questions which were critical in analysis point of view and hence these cases were deleted. After deletion of missing responses, 403 responses were shortlisted.

5.1.2 Verification of outliers

Outliers represent cases whose scores are substantially different from all others in a particular set of data. A univariate outlier has an extreme score on a single variable, whereas a multivariate outlier has extreme scores on two or more variables (Kline, 2005). Detecting outliers is one of the most important steps in the preparation of data in SPSS. Outliers are created due to various reasons such as data entry errors, sampling errors as well as biased responses from the respondents. Statisticians have devised several ways to detect univariate outliers. Z-scores (standardized values) are commonly used for detecting univariate outliers. Z-scores are transformed observations of variables so that the mean equals 0 and standard deviation equals 1. Hair et al., (1998) suggest that as common rule of thumb, z scores can range from ± 3 to ± 4 for samples of more than 80.Hence in this study a cut-off value of 4 was used as the threshold limit to consider an observation as outlier. Thus 18 observations were removed on the basis of z-scores computed from "descriptives" menu of SPSS to limit sample size to 385.

A common approach for detection of multivariate outliers is the computation of the squared Mahalanobis distance (D2) for each case. This statistic measures the distance in standard deviation units between a set of scores for one case and the sample means for all variables (cancroids). Typically, an outlying case will have a D2 value that stands distinctively apart from all the other D2 values. Thus, squared Mahalanobis distance (D2) was verified from the Amos output and confirmed absence of multivariate outliers.

5.1.3 Verification of Normality

Many of the statistical methods require the assumption that the variables observed are normally distributed. With multivariate statistics, the assumption is that the combination of variables follows a multivariate normal distribution. Since there is no direct test for multivariate normality, we generally test each variable individually and assume that they are multivariate normal, if they are individually normal. In a SEM model, estimation and testing are usually based on the validity of multivariate normality assumption, and lack of normality will adversely affect goodness-of-fit indices and standard errors (Baumgartner and Homburg, 1996; Hulland et al., 1996; Kassim, 2001).

Analysis for univariate normality done using Kolomogorov-Smirnov test with Lillefors significance correction revealed that none of the variables are normally distributed. To assess the extent of non- normality, skewness and kurtosis are commonly used by the statisticians. Skewness refers to the symmetry of a distribution whereas kurtosis relates to the peskiness of a distribution. A distribution is said to be normal when the values of skewness and kurtosis are equal to zero (Tabachnick and Fidell, 2001). However, there are few clear guidelines about how much non-normality is problematic. It is suggested that absolute values of univariate skewness indices greater than 3.0 seem to describe extremely skewed data sets (Chou and Bentler 1995). Also kurtosis index greater than 10 may suggest a problem. As in this study, all the variables fall under the skewness value of 3 and kurtosis index of 10, inferring non-normality doesn't exist to a problem level. Amos 22.0 provides normality checks for

data including skewness, kurtosis indexes and Mardia's coefficient. Critical ratios provided in the Amos output as attached to kurtosis represents Mardia's normalized estimate of multivariate kurtosis. Bentler (2005) has suggested that, in practice, values > 5.00 are indicative of data that are non-normally distributed. To correct for non-normality in the underlying database, use of Bollen-Stine bootstrap and associated p-value was considered. For all constructs to moderate the effect of multivariate non-normality, the maximum likelihood (ML) estimation, which is relatively robust against departures from multivariate normality even in a small manner (Anderson and Gerbing, 1988; Sweeney, 2000; Tabachnick and Fidell, 2001), was applied with Bollen-Stine bootstrap procedure in this study. The boot strap sample of 500 was adopted in this study.

5.1.4 Verifying Various Assumptions behind Proposed Analyses

The following analyses were required in this study to test various hypotheses proposed.

- One-way ANOVA
- Exploratory Factor analysis
- Confirmatory Factor Analysis
- Structural Equation Modelling

The basic assumptions underlying One-way ANOVA are

   a) Each sample is independent from each other,

   b) Each sample is random,

   c) Each population is normally distributed and

   d) Each population has equal variances.

Durbin- Watson statistics in the range of 1.5 to 2.5 confirmed proof of independent observations and "Runs" test was performed to examine the randomness in sample. Similarly, outcome of Levene's test confirmed equal variances.

The following assumptions are deemed as essential in the case of an exploratory factor analysis (Hair et al., 2010; Field, 2009):

1. Normality: Statistical inference is improved if the variables are multivariate normal

2. Linear relations among variables

3. Factorability is the assumption that there are at least some correlations amongst the variables so that coherent factors can be identified. Basically, there should be some degree of collinearity among the variables but not an extreme degree or singularity among the variables. Factorability can be examined Measures of sampling adequacy (MSAs):

    ▪ Kaiser-Myer-Olkin (KMO) (should be > 0.5) and
    ▪ Bartlett's test of sphericity (should be significant)

4. Sample size: The sample size should be large enough to yield reliable estimates of correlations among the variables:

Confirmatory Factor Analysis (CFA) plays a similar role to EFA and helps in testing validity and reliability of the data (Kline, 2005; Schumacker and Lomax, 2004). CFA utilises theoretically robust measures to relate to the relevant constructs, while EFA eliminates the measures that do not load well to the constructs. However, these methods have the same objective. While CFA confirms measurements, EFA reveals new relationships

between measures and constructs (Byrne, 2001). The current study uses EFA and CFA to confirm the factor structure of CSR quality and pattern of relationships within the model (Hair et al., 2006).

CFA helps to determine construct validity and used to strengthen the data's validity (Kline, 2005; Schumacker and Lomax, 2004). CFA output is analysed using factor loadings, and Byrne (2001) advocated that at least four of the model fit statistics should be fulfilled to confirm CFA and model fit. Standardised estimates in CFA should be > 0.5 is considered ideal, but > 0.7 would indicate convergence validity. Structural Equation Modelling used to confirm model fit and rebuild a robust model. Because SEM has the ability to model complex relationships between multivariate data and hence sample size is an important issue. Two popular assumptions are that you need more than 200 observations, or at least 50 more than 8 times the number of variables in the model. A larger sample size is always desired for SEM. Like other multivariate statistical techniques, most of the estimation techniques used in SEM require multivariate normality and absence of univariate and multivariate outliers. Linear relationships can be explored in covariance based SEM using AMOS whereas non-linear linkages can alsobe estimated in Warp PLS tool.

5.1.5 Analysis of Validity and Reliability

In undertaking a statistical analysis, unidimensionality should be always assessed first, prior to examining reliability and validity (Hair et al. 1995). This step reduces the possibility of misspecifications (Gerbing and Anderson 1988), because the analysis of reliability and validity is based on the assumption of unidimensionality (Nunnally and Bernstein 1994).

Validity determines whether the scale truly measures what it was intended to measure. The multiple item scales used in this study were tested for validity and reliability to establish their quality for further analysis. Testing the reliability of survey data is the pre-requisite for data analysis and inference. Reliability analysis tests whether a scale consistently reflects the subset it measures (Churchill 1979; Nunnally and Bernstein 1994). By consistency it is firstly meant that a respondent should score questionnaire the same way at different times. Secondly, two respondents with the same attitude should identically score the survey. According to Field, (2005), values between 0.7 and 0.8 of Cronbach's α are acceptable values of consistency. The approaches to test reliability of for reflective and formative constructs are different. The reliability of reflective constructs was ascertained using the above criterion. As formative constructs are composed of different aspects of a construct, their indicators are not necessary to correlate with each other. Diamantopoulos and Winklhofer (2001), stated that "it is not clear that reliability is a concept that applies well to formative constructs". Diamantopoulos and Siguaw (2006) and Rossiter (2002) concluded that no reliability tests are mandatory for formative indicators. Reliability evaluation for formative constructs is in ascertaining the absence of multicollinearity. The guidelines applied in this regard were as follows:

- VIF should be less than 3.3 (Diamantopoulos and Siguaw 2006).
- If VIF is less than 10 explains the absence of Collinearity (Hair et al 1998).

The purpose of the validity test is to evaluate if the items generated managed to measure what they intended to measure (Bryman, 2008). It is common to use face validity (content validity), convergent, discriminant

and nomological validity to perform the abovementioned assessments (Bryman, 2008; Cavana et al., 2001). Content validity was achieved by means of a literature review, as this establishes the theoretical underpinning of the research and helps with development of the constructs. This study has adopted Confirmatory factor analysis using AMOS22 for validating the scales developed for measuring perceived CSR quality construct. Also to evaluate the research model structural equation modelling analysis using Warp PLS 5.0 was used.

5.2 Descriptive Statistics of Respondents

The summary of demographic profile of the respondents was listed below.

- The Gender profile of the respondents were analysed. It was found that 95.06% of the respondents are male.

Table 5.1 Gender profile of respondents

No	Gender	Nos	Percentage
1	Male	366	95.06
2	Female	19	4.94
	Total	385	100
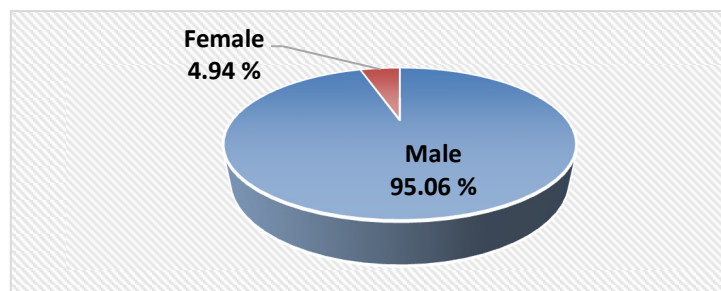
Fig. 5.1: Gender profile of respondents

- 21.6% of the respondents were managers of organizations with less than 100cr turnover 37.1% were managers of organizations turnover between 100cr and 500cr and 41.3% were from above 500cr turnover companies.

Table 5.2: Turn Over of Organizations

No	Turn Over	Nos	Percentage
1	Less than 100 cr	83	21.6
2	100 to 500 Crores	143	37.1
3	Greater than 500 Cr	159	41.3
	Total	385	100
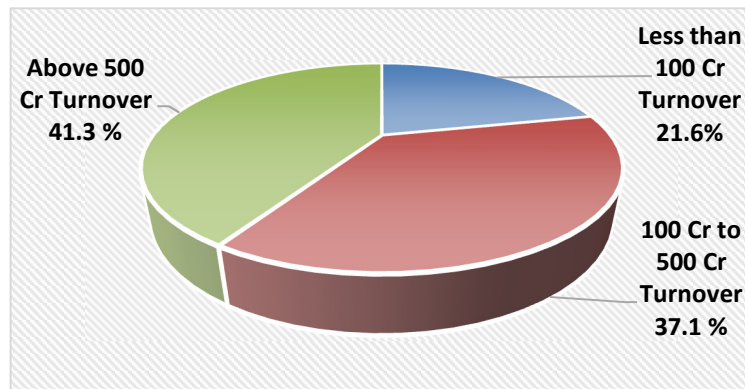
Fig. 5.2: Turn over of Organizations

▪ 19.2% of the respondents in the age group of 25-30, 36.1% in the age group 30-40, 32.2% between 40-50 and 12.5% above 50 yrs.

Table 5.3: Age Group of respondents

No	Age	Nos	Percentage
1	25 to 30 Years	74	19.2
2	30 to 40 Years	139	36.1
3	40 to 50 years	124	32.2
4	Above 50 years	48	12.5
	Total	385	100
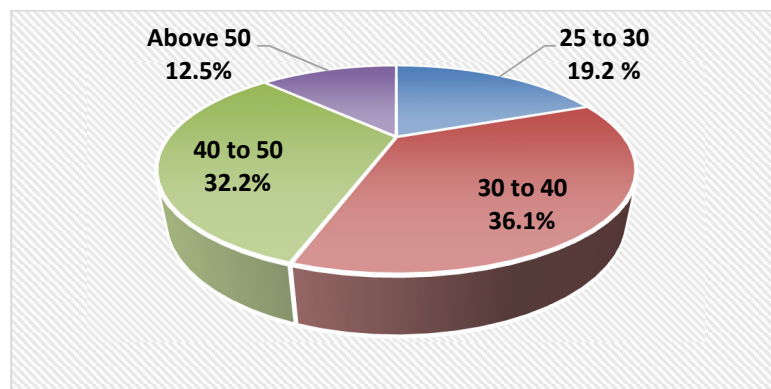
Fig. 5.3: Age Group of respondents

- 35.58% were graduates, 32.21% were post-graduates and 32.21% were professionals

Table 5.4: Educational Background of respondents

No	Age	Nos	Percentage
1	Graduates	137	35.58
2	Post Graduates	124	32.21
3	Professionals	124	32.21
	Total	385	100
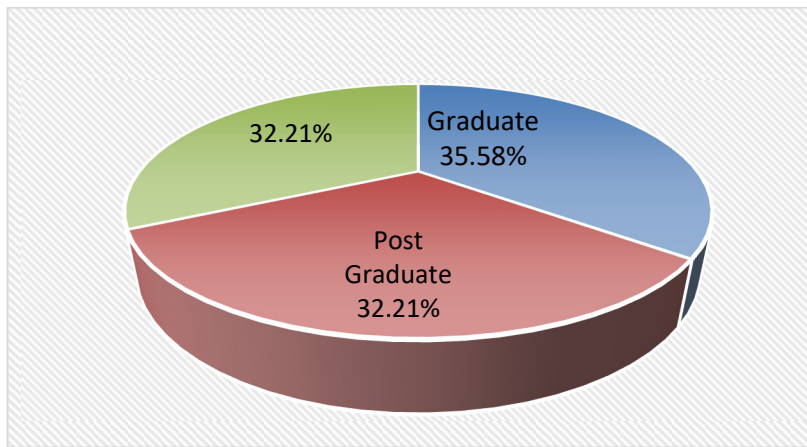
Fig. 5.4: Educational Background of respondents

5.3 Exploratory Factor Analysis

The next step in the analysis procedure was to explore the dimension structure of CSR quality construct using exploratory factor analysis of 35 scale items using SPSS 20. This approach was recommended in the literature as a means of identifying actual, rather than perceived, factor groupings (Rosen and Surprenant, 1998). The role of factor analysis is to identify the components or factors that derive from a set of variables, i.e. to identify the subset of correlated variables that form a subset which is reasonably uncorrelated with other subsets (Hair et al., 1998; Tabachnick and Fidell, 2001). An Exploratory Maximum Likelihood factor analysis with varimax rotation was performed as it incorporates common, specific and error variance and was appropriate when the objective was to identify the minimum number of factors associated with the maximum explanation of variance (Hair et al., 1998). The items that load higher than 0.5 are retained while low loading items are dropped. In general, higher factor loading are considered better, and typically loadings below 0.30 are not interpreted. As general rule of thumb, loadings above 0.71 are excellent, 0.63 very good, 0.55 good, 0.45 fair, and 0.32 poor (Tabachnick and Fidell 2007).

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was 0.849 and the Bartlett Test of Sphericity was significant ($p<0.001$) with a Chi Square value of 7311.44 with 595 degrees of freedom as shown in table 5.1, confirmed the goodness of data good for further analysis and provided support for the factorization. The Exploratory Maximum Likelihood factor analysis identified eight components with an Eigen value

greater than 1, which together explained over 66.716 percent of the variance (Table 5.2).

Table 5.5: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.849
Bartlett's Test of Sphericity	Approx. Chi-Square	7311.436
	Df	595
	Sig.	.000

Table 5.6: Total variance extracted

Total Variance Explained									
Compone nt	Initial Eigenvalues			Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulative %
1	8.376	23.931	23.931	8.376	23.931	23.931	5.227	14.936	14.936
2	3.632	10.378	34.309	3.632	10.378	34.309	3.099	8.854	23.790
3	2.884	8.241	42.550	2.884	8.241	42.550	2.770	7.914	31.704
4	2.421	6.916	49.466	2.421	6.916	49.466	2.727	7.791	39.494
5	1.794	5.125	54.591	1.794	5.125	54.591	2.712	7.748	47.243
6	1.677	4.792	59.382	1.677	4.792	59.382	2.548	7.281	54.523
7	1.474	4.212	63.595	1.474	4.212	63.595	2.217	6.335	60.859
8	1.092	3.121	66.716	1.092	3.121	66.716	2.050	5.857	66.716

The factor structure emerged after EFA was having items with adequate loadings converging to each identified factor with marginally less evidence for conflicting cross loadings. All the 35 items could be classified into eight dimensions in alignment with the pre-conceptualized pattern as shown in table 5.6. The following conclusions were drawn from the exploratory factor analysis conducted.

- There existed eight underlying factors that represent the CSR quality in the perceptions of practicing Managers working in listed companies in Kerala.

- Each item was mainly related to only one factor except for relatively lower cross loading shown by certain indicators. It can be theoretically justified as correlations among reflective measures are expected. Also the possibility of respondents to conceive a different factor perception for certain indicators cannot be ruled out.

Table 5.7: Factors extracted after EFA

	Rotated Component Matrix[a]							
	Component							
	1	2	3	4	5	6	7	8
soci1	.663							
soci2	.681							
soci3	.810							
soci4	.741							
soci5	.645							
soci6	.684							
soci7	.750							
soci8	.766							
soci9	.708							
econo1				.714				
econo2				.592				
econo3				.701				
econo4				.621				
emp1							.746	
emp2							.758	
emp3							.769	
csrp1					.845			
csrp2					.534			
csrp3					.870			
csrp4					.875			
commu1		.803						
commu2		.816						
commu3		.769						
commu4		.699						
commu5		.526						
cust1						.900		
cust2						.923		
cust3						.882		
phila1			.784					
phila2			.782					
phila3			.817					
phila4			.586					
envior1								.654
envior2								.805
envior3								.833

The identified factors were named on the basis of the theme behind the items that formed a group as shown in table 5.8. All the factors had acceptable levels of reliability.

Table 5.8: Factor structure after EFA

Sl No:	Factor name	No. of Items	Alpha' Value
1	Social Orientation	9	0.9
2	Economic Orientation	4	0.813
3	Employee Orientation	3	0.801
4	CSR Policy	4	0.809
5	Community Development	5	0.826
6	Customer Orientation	3	0.894
7	Philanthropic Orientation	4	0.81
8	Environmental Orientation	3	0.752

The next step was to conduct a confirmatory factor analysis of the CSR quality dimensions identified.

5.4 Confirmatory Factor Analysis-CSR Quality Dimensions

The primary objective of conducting CFA was to determine the ability of a predefined factor model to fit an observed set of data. It provides estimates for each parameter of the measurement model. CFA is useful in

- Testing the significance of a specific factor loading.

- Testing the relationship between two or more factor loadings.

- Testing whether a set of factors are correlated or uncorrelated.

- Assessing the convergent and discriminant validity of a set of measures.

CFA has strong links to structural equation modelling and hence the procedures demand verification of certain assumption explained in sec 5.1 above. CFA requires validation of measurement models of each identified factors from EFA followed by Validation of structural model containing all factors. The measurement model is the part of a SEM model that deals with the latent variables and their indicators. The measurement model was evaluated for validity like any other SEM model, using goodness of fit measures. Maximum likelihood (ML) estimation method was used in all analysis using Amos.22. Maximum likelihood estimation aims to find the parameter values that make the observed data most likely (or conversely maximize the likelihood of the parameters given the data) (Brown, 2006). It has several desirable statistical properties:

- it provides standard errors (SEs) for each parameter estimate, which are used to calculate p -values (levels of significance) and

- it provides confidence intervals, and its fitting function is used to calculate many goodness-of-fit indices

The first stage in confirmatory factor analysis was validating the measurement model for all first order dimensions of CSR quality construct.

5.4.1 Measurement Model for "Social Orientation" Dimension

The nine indicator variable model of "Social Orientation" dimension was suggesting poor fitting model in the first estimate. The normed alpha, RMSEA and CFI were above the permissible level. On verification of modification indices two indicator variables " soci3" and "soci8" were showing cross loadings to many other variables and was found to be a major cause for poor fit and hence were removed. The resulting model was found to be good fitting model with recommended indices as illustrated in Figure 5.5. All the paths shown in the model are significant as critical ratios were above 1.96.
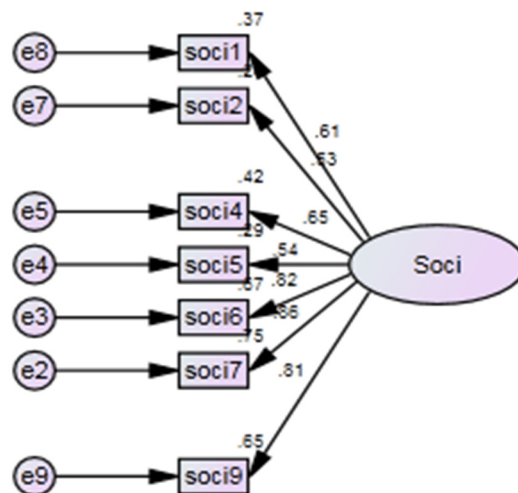
CMIN/df-2.12,CFI-0.89,GFI-0.91,SRMR-0.048,
RMSEA-0.076,Pclose0,08,Hoelter Nat0,05-212

Fig. 5.5: Measurement Model for "Social Orientation "dimension

5.4.2 Measurement Model for "Economic orientation" Dimension

The four indicator variable model of "Economic orientation" dimension was a valid model in the first estimate with normed alpha, RMSEA, and NFI above the permissible level as illustrated in Figure 5.6. All the paths shown in the model are significant as critical ratio were above 1.96.
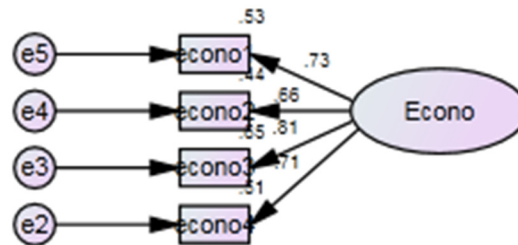
CMIN/df-2.08,CFI-0.91,GFI-0.93,SRMR-0.042,
RMSEA-0.066,Pclose0,08,Hoelter Nat0,05-231

Fig. 5.6: Measurement Model for "Economic orientation " dimension

5.4.3 Measurement Model for "Employee Orientation" Dimension

The three indicator model reported recommended indices as illustrated in Figure 5.7. All the paths shown in the model are significant as critical ratio were above 1.96.
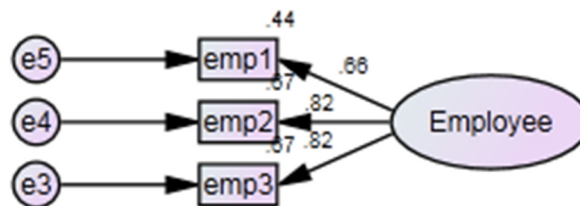
CMIN/df-3.18,CFI-0.92,GFI-0.95,SRMR-0.044,
RMSEA-0.068,Pclose0,06,Hoelter Nat0,05-203

Fig. 5.7: Measurement Model for "Employee Orientation "dimension

5.4.4 Measurement Model for "CSR policy" Dimension

The four indicator variable model of "CSR policy" dimension was suggesting a well fit model with all indices considered above the desired level and with significant paths as illustrated in Figure 5.8.

CMIN/df-4.05,CFI-0.99,GFI-0.98SRMR-0.032,
RMSEA-0.064,Pclose0,11,Hoelter Nat0,05-222
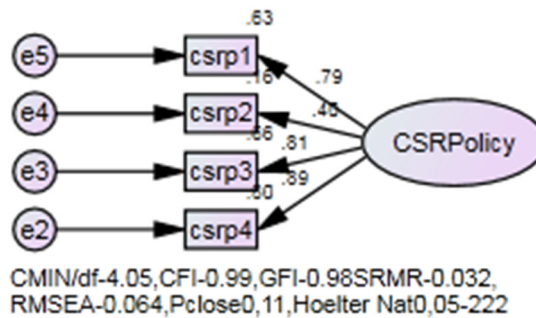
Fig. 5.8: Measurement Model for "CSR policy" dimension

5.4.5 Measurement Model for "Community development" Dimension

The initial five indicator variable model reported recommended indices as illustrated in Figure 5.9. All the paths shown in the model are significant as critical ratio were above 1.96

CMIN/df-3.13,CFI-0.94,GFI-0.94SRMR-0.036,
RMSEA-0.072,Pclose0,12,Hoelter Nat0,05-202
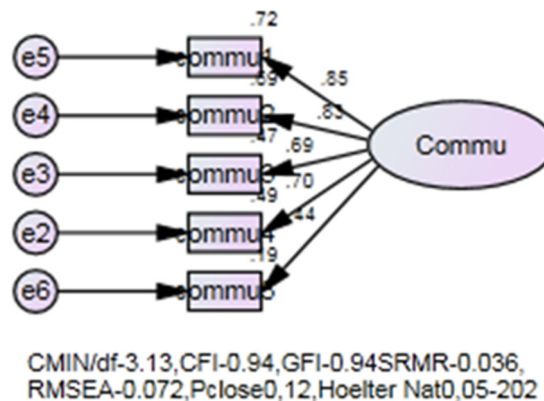
Fig. 5.9: Measurement Model for "Community development" dimension

5.4.6 Measurement Model for "Customer Orientation" Dimension

The three-indicator model reported recommended indices as illustrated in Figure 5.10. All the paths shown in the model are significant as critical ratio were above 1.96.

CMIN/df-3.22,CFI-0.94,GFI-0.96,SRMR-0.046, RMSEA-0.071,Pclose0,12,Hoelter Nat0,05-209
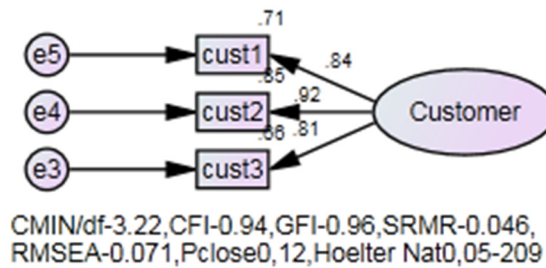
Fig. 5.10: Measurement Model for "Customer Orientation" Dimension

5.4.7 Measurement Model for "Philanthropic Orientation" Dimension

The four indicator model reported recommended indices as illustrated in Figure 5.11. All the paths shown in the model are significant as critical ratio were above 1.96.

CMIN/df-3.58,CFI-0.92,GFI-0.91,SRMR-0.042, RMSEA-0.075,Pclose0,08,Hoelter Nat0,05-199
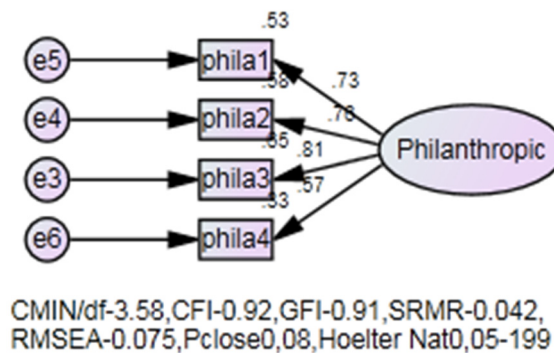
Fig. 5.11: Measurement Model for "Philanthropic Orientation" Dimension

5.4.8 Measurement Model for "Environmental Orientation" Dimension

The three indicator model reported recommended indices as illustrated in Figure 5.12. All the paths shown in the model are significant as critical ratio were above 1.96.

CMIN/df-2.52,CFI-0.96,GFI-0.92,SRMR-0.05,
RMSEA-0.072,Pclose0,22,Hoelter Nat0,05-211
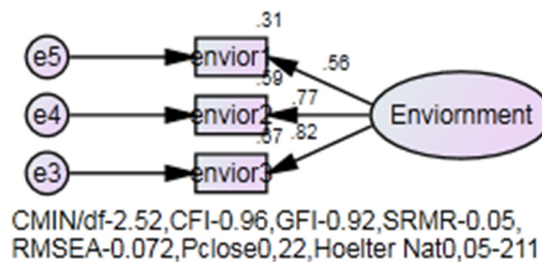
Fig. 5.12: Measurement Model for "Environmental Orientation" Dimension

5.5 Structural Model for CSR Quality Construct

The statistical significance of relationships among CSR quality and its extracted dimensions were of interest to this study. The well-fit measurement models of CSR quality dimensions are taken together to arrive at a fitting structural model for CSR quality. The model developed is illustrated in Figure 5.13. The primary task in this model-testing procedure is to determine the goodness-of-fit between the hypothesized model and the sample data. Various fit criteria proposed in the previous chapter were used for this purpose.

The first model developed needed re-specification as many fit indices were above permissible limits. The model re-specification on the basis of modification indices was adopted to finalize a good-fitting model explaining the CSR quality construct. However, scientific theory based reasoning was used in adopting suggestion offered by modification indices in finding a better fit for the structural model. The indicator

variable "Phila4" attached to "Philanthropic Orientation" dimension was selected for removal at re-specification stage based on modification indices a the item was showing substantial cross loadings with many other items which could not be theoretically justified. Similarly the indicator variable "csrp4" was also removed

CMIN/df-1.94,CFI-0.93,GFI-0.89,SRMR-0.048,
RMSEA-0.049,Pclose0.556,Hoelter Nat0,05-222
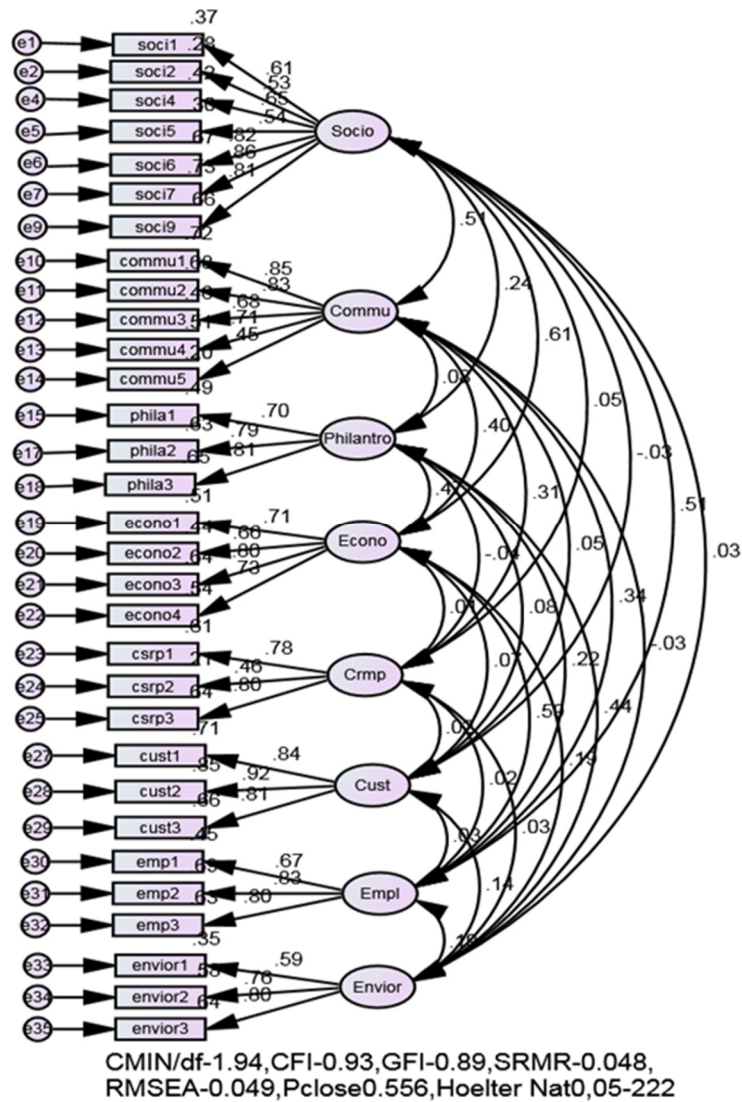
Fig. 5.13: Confirmatory model for CSR quality construct

Table 5.9 provides RMSEA value for the above hypothesized model and was found as 0.049, with the 90% confidence interval ranging from 0.044 to .055 and the p-value for the test of closeness of fit equal to 0.556. Interpretation of the confidence interval indicates that, 90% confidence can be assigned that the true RMSEA value in the population will fall within the bounds of 0.044 and 0.055, which represents a good degree of precision(Table 5.9). Given that (a) the RMSEA point estimate is < 0.08 (.048); (b) the upper bound of the 90% interval is also within permissible limits; and (c) the probability value associated with this test of close fit is >0 .50 (p = 0.556), it can be concluded that the initially hypothesized model fits the data well.

Table 5.9: RMSEA estimates

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.049	.044	.055	.556
Independence model	.171	.167	.175	.000

The proposed structure of the hypothesized model on the sample data need to be tested to find how well the observed data fit this restricted structure. Because it is highly unlikely that a perfect fit will exist between the observed data and the hypothesized model, there will necessarily be a differential between the two; this differential is termed the residual. The model-fitting process can therefore be summarized as follows:

Data = Model + Residual, where

- Data represent score measurements related to the observed variables as derived from persons comprising the sample.

- Model represents the hypothesized structure linking the observed variables to the latent variables and, in some models, linking particular

- Residual represents the discrepancy between the hypothesized model and the observed data.

The discrepancy between the restricted covariance matrix, demonstrated by the hypothesized model, and the sample covariance matrix is captured by the residual covariance matrix reported in the AMOS output. The standardized residual co-variance should be less than 2.58 to conclude statistically significant co-variance between two variables (Byrne 2010). Hence observations were standardized residual co-variance more than 2.58 can be considered for exclusion in further analysis. Another criterion for identifying significant items is verification of critical ratio reported in AMOS output along with estimates. The critical ratios (C.R.), are to be > ±1.96 for concluding statistical significance of items used for measuring latent variables. Non-significant parameters, with the exception of error variances, can be considered unimportant to the model; in the interest of scientific parsimony they should be deleted from the model (Byrne, 2010). Here, all standardized residual co-variances among items were below 2.58 and critical ratios above 1.96, to confirm satisfactory completion of the estimation process to draw conclusions on relationship among variables. The Amos output for confirmed model illustrated in figure 5.13 is provided in annexure- 2.

5.6   Validation of the CSR Quality Scale

To demonstrate the soundness of measurement scale developed, first of all, it was necessary to address the issue of Common method variance (CMV). Common method variance can be a major source of measurement error in data collection when variables are latent and measured using the same survey at one point of time. CMV may inflate the true correlations among latent constructs and threaten the validity of conclusions. Harman's single-factor test is most widely known approach for assessing CMV in a single-method research design (Podsakoff and Organ, 1986). In single-factor test, all of the items in the study are subjected to exploratory factor analysis (EFA). CMV is assumed to exist if

- a single factor emerges from un rotated factor solutions, or

- a first factor explains more than 50% the variance in the variables (Podsakoff and Organ, 1986).

The EFA conducted with all variables in the study yielded eight distinct factors with an Eigen value above one. The first factor accounts for 14.93% of the variance at un-rotated stage and all factors together account for 66.71% of the total variance to confirm that CMV was not a major concern in this study.

Convergent validity was established when the relationship between measurement items and the factor were significantly different from zero. Based on this criterion, critical ratios were used to evaluate the statistical significance. Parameters which have a critical ratio greater than 1.96 were

considered significant based on the level of p=0.05 (Anderson and Gerbing, 1988). In this study, all of the measurement items represented their factors significantly, as the critical ratio of every item exceeded the 1.96 value; hence, all of the measurement items satisfied the convergent validity test. Also, the standardized regression weights should be significantly linked to the latent construct and have at least loading estimate of 0.5 and ideally exceed 0.7 (Hair et al., 2006). In this study the factor loading ranged from 0.45 to 0.922 and all loadings except two were found more than recommended value of 0.5. The convergent validity assessment also included the measure of construct reliability and average variance extracted. According to Fornell and Larcker (1981), variance extracted refers "the amount of variance that is captured by the construct in relation to the amount of variance due to measurement error". Further, Fornell and Larcker (1981), suggested that variance extracted to be a more conservative measure than construct reliability. As a rule of thumb good reliability is suggested if, Cronbach's alpha estimate is higher than 0.7. Further, variance extracted (AVE) for a construct should be larger than 0.5 indicate reliable factors (Hair et al., 1995). Another rule of thumb for checking composite reliability is in comparison with squared multiple correlations provided in the Amos output. Composite reliability is considered high if squared multiple correlation R2 ("smc") greater than 0.5, moderate if between 0.3 and 0.5 and poor if less than 0.3 (Holmes-Smith, 2001). In this study, the squared multiple correlations reported more than 0.5 for 20 indicators, between 0.3 to 0.5 for seven items and below 0.3 for four items to generally conclude adequate composite reliability.

Discriminant validity was confirmed by examining correlations among the constructs. As a rule of thumb, a 0.85 correlation or higher indicates poor discriminant validity in structural equation modelling (David, 1998). None of the correlations among variables were above 0.85. The results suggested adequate discriminant validity of the measurement.

The validity statistics can be determined using Microsoft Excel based Validity Concerns Toolkit developed by Prof. Gakingston. The table 5.10 reports the composite reliability (CR), average variance extracted (AVE), maximum shared variance (MSV) and average shared variance (ASV) of the dimensions.

Table 5.10: Quality assessment details for dimensions

	CR	AVE	MSV	ASV
Empl	0.811	0.590	0.350	0.117
Socio	0.866	0.490	0.378	0.138
Commu	0.836	0.515	0.259	0.092
Philantro	0.811	0.590	0.225	0.077
Econo	0.819	0.531	0.378	0.165
Csrp	0.731	0.489	0.099	0.015
Cust	0.896	0.742	0.019	0.005
Envior	0.764	0.523	0.192	0.041

Dimensions were with CR more than 0.7 to meet reliability criteria. All AVE's were found more than 0.5 except for two cases marked in red. The values in red are also close to 0.5 and hence serious dilution of quality is not expected. Thus convergent validity and since MSV < AVE and ASV < AVEs, discriminant validity could be established (Hair et al., 2010). Further, all standardized residual co-variances among items were below

2.58 and critical ratios above ±1.96, to confirm significance of items used in the measurement (Byrne, 2013). All standardized regression coefficients were above 0.50 suggesting that each of the items should remain in the model (Hair et al., 2010). From the above observations, it was confirmed that the scale developed was having adequate psychometric soundness for measuring perceived CSR quality.

5.7 Testing the multidimensional structure of CSR quality construct

This study required to verify the psychometric soundness of the CSR quality construct, which is conceptualized as multi-dimensional formative one with eight first order dimensions. Identification of formative indicator constructs in Amos 22 required modifications as proposed by Jarvis et al., (2003) as explained in section 4.5.1 above. Accordingly, two theoretically appropriate reflective indicators were introduced and paths were constructed. The estimated model is presented in figure 5.14 and the estimates are presented in annexure -3.

The validity statistics can be determined using Microsoft Excel based Validity Concerns Toolkit developed by Prof. Gakingston. Dimensions were with CR more than 0.7 to meet reliability criteria. All AVE were found more than 0.5 to confirm convergent validity and since MSV < AVE and ASV < AVEs, discriminant validity could be established. From the above observations, it was confirmed that the multi-dimensional formative structure of CSR quality is psychometrically justifiable.

CMIN/df-2.23,CFI-0.90,GFI-0.864,SRMR-0.052,
RMSEA-0.057,Pclose0.116,Hoelter Nat0,05-200
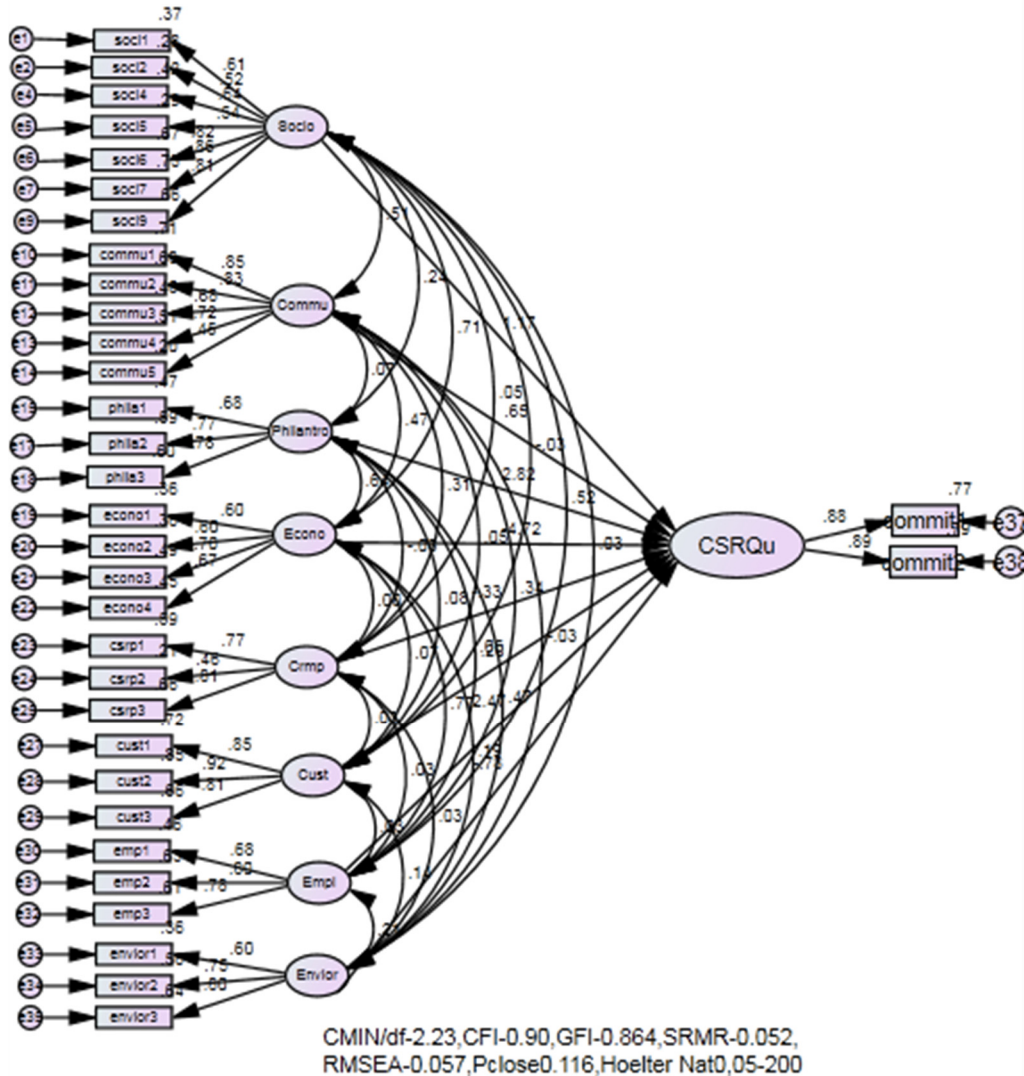
Fig. 5.14: Multi-dimensional formative model of CSR quality Construct

It was confirmed from the confirmatory factor analysis was that Perceived CSR quality is a multidimensional hierarchical one formed with eight first order dimensions namely Social Orientation, Community development, Environmental Orientation, Employee orientation,

Philanthropic orientation, Economic orientation, CSR policy and Customer Orientation. The item structure is illustrated in table 5.11.

Table 5.11: Item structure of CSR quality construct

Sl No:	Factor name	No. of Items
1	Social Orientation	7
2	Community development	5
3	Environmental Orientation	3
4	Employee Orientation	3
5	Philanthropic Orientation	3
6	Economic Orientation	4
7	CSR Policy Related	3
8	Customer Orientation	3

5.8 Testing of Hypotheses-Research Model Estimation

For the analysis of the research model, instead of covariance based structural equation modelling, a variance based or component based Partial least square (PLS) approach was adopted in this study. PLS-based SEM has several key advantages over covariance-based SEM, including the following:

- it always yield a solution, even in complex models

- it does not require variables to meet parametric analysis criteria, such as multivariate normality and large sample sizes

- it enables the estimation of parameters in models with formative LVs as well as reflective and doesn't give rise to identification problems as the case in Amos 22.0.

Most relationships between variables describing natural and behavioural phenomena seem to be nonlinear, with U-curve and S-curve

relationships being particularly common (NedKock, 2009). WarpPLS5.0 identifies nonlinear (or "warped", hence the name of the software) relationships among LVs and corrects the values of path coefficients accordingly. Hence in this study, Warp PLS 5.0 was used for analysis of relationships among latent variables. The main features of Warp PLS 5.0 are

- It estimates P values for path coefficients automatically and hence significance can be easily established.

- It estimates several model fit indices for checking whether data is well represented by the model.

- It enables evaluation of measurement model as well as structural model simultaneously

- The software allows users to view scatter plots of each of the relationships among LVs together with the regression curves that best approximate those relationships.

- It calculates variance inflation factor (VIF) coefficients for LV predictors associated with each LV criterion.

- It pre-process the data before SEM analysis and hence make it easy to correct problems with the data, such as identical column names, columns with zero variance, and missing values.

To assess the model fit with the data, it was recommended that the p-values for average path coefficient (APC), average r-squared (ARS) and average adjusted R-squared (AARS) should be with $p < 0.05$. In addition, it was recommended that the average variance inflation factor (AVIF) be lower than 5 (Ned Kock, 2012). The various quality criteria for assessing the psychometric soundness of the model is reported in table 5.12.

Table 5.12: Fit and Quality Guidelines for PLS Models

Sl. No	Consideration		Guideline (WarpPLS 5.0)	
			Reflective constructs	**Formative constructs**
1	Goodness of fit criteria	1	"p" values for Average path coefficient (APC), Average R-squared (ARS) and Average adjusted R-squared (AARS) to be less than 0.05	
		2	Average full collinearity VIF (AFVIF) ok if <= 5, good <= 3.3	
		3	Average block VIF (AVIF), ok if <= 5, good <= 3.3	
		4	Tenenhaus GoF ;small >= 0.1, medium >= 0.25, large >= 0.36	
		5	Sympson's paradox ratio (SPR) acceptable if >= 0.7, ideally = 1	
		6	R-squared contribution ratio (RSCR) acceptable if >= 0.9,	
		7	Statistical suppression ratio (SSR) acceptable if >= 0.7	
		8	Nonlinear bivariate causality direction ratio, good if >= 0.7	
2	Cronbach alpha coefficient		>0.7	NA
3	Composite reliability		>0.7	NA
4	Average variance extracted		>0.5	>0. 5
5	Convergent validity		p values associated with the loadings be lower than .05; and that the loadings be equal to or greater than 0.5; cross loading less than 0.5	VIF<5:all indicator weights should be with p<0.05
6	Discriminant validity		The square root of the average variance extracted should be higher than any of the correlations involving that latent variable	The square root of the average variance extracted should be higher than any of the correlations involving that latent variable
7	Effect sizes of Path Co-efficient		Effect sizes (f-squared) of 0.02, 0.15, and 0.35, respectively for small, medium, or large effect (Cohen, 1988)	
8	Predictive Validity		Positive higher value of Stone-Geisser Q-squared co-efficients	

The research model estimated using WarpPLS 5.0is illustrated in figure 5.15. The significant indicators identified after confirmatory factor analysis was only used for model estimation. The model emerged as a well fit model with admissible fit criteria and other quality guidelines. Except two paths all other paths emerged as significant as p values were less than 0.05. Various fit criteria are reported below.

Average path coefficient (APC)=0.194, P<0.001

Average R-squared (ARS)=0.327, P<0.001

Average adjusted R-squared (AARS)=0.320, P<0.001

Average block VIF (AVIF)=1.083, acceptable if <= 5, ideally <= 3.3

Average full collinearity VIF (AFVIF)=1.204, acceptable if <= 5, ideally <= 3.3

Tenenhaus GoF (GoF)=0.397, small >= 0.1, medium >= 0.25, large >= 0.36

Sympson's paradox ratio (SPR)=1.000, acceptable if >= 0.7, ideally = 1

R-squared contribution ratio (RSCR)=1.000, acceptable if >= 0.9, ideally = 1

Statistical suppression ratio (SSR)=1.000, acceptable if >= 0.7

Nonlinear bivariate causality direction ratio (NLBCDR)=1.000, acceptable if >= 0.7

It was found that, all the above fit criteria were met and that the model has acceptable predictive and explanatory quality as the data is well represented by the model. The loading of all items used to measure various latent variables were found adequate with p values less than 0.05.Various other quality criteria's were found above threshold limits as illustrated in table 5.13 below.
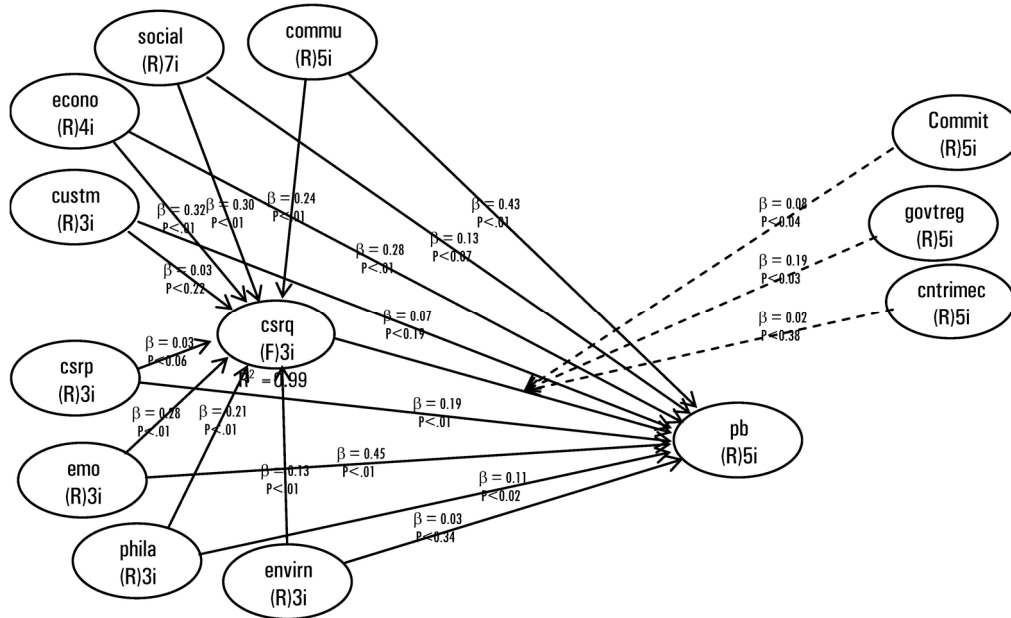
Fig. 5.15: Estimated Research Model

Table 5.13: Various quality criteria's of PLS model

	social	econo	emp	commu	phila	envirm	csrq	pb	commit	govtreg	cntrlmec	csrp	custm
R-squared							0.993	0.422					
Adj. R-squared							0.993	0.403					
Composite reliab	0.899	0.879	0.886	0.880	0.887	0.859	0.739	0.952	0.866	0.826	0.887	0.839	0.934
Cronbach's alpha	0.867	0.817	0.807	0.827	0.809	0.753	0.619	0.937	0.790	0.737	0.840	0.709	0.894
Avg. var extrac	0.561	0.646	0.722	0.600	0.724	0.671	0.594	0.798	0.602	0.494	0.610	0.637	0.826
Full Collin. VIF								1.680	1.231	1.266	1.248		
Q-sqiared							0.993	0.433					
Min	-3.680	-3.002	-3.164	-3.572	-2.580	-2.764	-2.781	-3.391	-3.967	-3.266	-2.702	-3.531	2.514
Max	2.007	1.920	1.228	1.873	2.111	1.420	2.329	1.121	0.685	0.653	1.637	1.279	1.661
Median	0.101	-0.019	-0.087	0.206	0.126	0.025	0.061	-0.134	0.589	0.167	0.027	0.064	-0.003
Mode	2.007	0.594	-0.087	0.512	0.938	0.025	-2.781	1.121	0.637	1.140	0.273	1.279	0.406
Skewness	-0.308	-0.170	-0.66	-0.462	-0.154	-0.641	-0.163	-0.545	-1.880	-0.588	-0.367	-0.791	0.050
Exc. kurtosis	0.259	-0.079	0.054	0.578	-0.157	0.164	-0.103	-0.548	3.149	0.120	-0.226	0.434	-0.536

The reliability of reflective constructs could be established as composite reliability score and Cronbach alpha coefficient values were above 0.7. Reliability is not an essential consideration for formative constructs. Observation that all values of average variance extracted were above 0.5 and that p values associated with the loadings be lower than 0.05; and that the loadings be equal to or greater than 0.5with cross loading less than 0.5 confirmed convergent validity of reflective constructs. The only formative construct in the model namely perceived CSR quality also demonstrated adequate convergent validity as corresponding AVE was more than 0.5 and VIF was found less than for all formative indicators with weights significant at p<0.05. The discriminant validity was confirmed, as the square root of the average variance extracted should be higher than any of the correlations involving that latent variable. The output of PLS model estimation is furnished in annexure – 4. The details of paths coefficients and significance are presented below in table 5.14.

Table 5.14: Strength and Significance of paths in the research model

No	Path	Beta	P value	Significance
1	Social Orientation to CSR Quality	0.30	<0.01	Yes
2	Community development to CSR Quality	0.24	<0.01	Yes
3	Philanthropic Orientation to CSR Quality	0.21	<0.01	Yes
4	Economic orientation to CSR Quality	0.32	<0.01	Yes
5	CSR Policy to CSR Quality	0.03	0.06	Yes
6	Customer orientation to CSR Quality	0.03	0.22	Rejected
7	Employee Orientation to CSR Quality	0.28	<0.01	Yes
8	Environmental Orientation to CSR Quality	0.13	<0.01	Yes
9	Social Orientation to Perceived Benefits.	0.13	0.07	Yes
10	Community development to Perceived Benefits.	0.43	<0.01	Yes
11	Philanthropic Orientation to Perceived Benefits.	0.11	0.02	Yes
12	Economic orientation to Perceived Benefits.	0.28	<0.01	Yes
13	CSR Policy to Perceived Benefits.	0.19	<0.01	Yes
14	Customer orientation to Perceived Benefits.	0.07	0.19	Rejected
15	Employee Orientation to Perceived Benefits.	0.45	<0.01	Yes
16	Environmental Orientation to Perceived Benefits.	0.03	0.34	Rejected
16	Govt. regulations/interventions to CSR quality -Perceived benefits link	-0.19	0.03	Yes
17	Top Management Commitment to CSR quality -Perceived benefits link	-0.08	0.04	Yes
18	Control mechanisms to CSR quality -Perceived benefits link	0.02	0.38	Rejected
19	CSR quality to perceived benefits	0.47	0.02	Yes

On the basis of above identified relations results of the hypotheses can be concluded as shown in table 5.15.

Table 5.15: Results of hypothesis related to research model

No	Hypotheses	Results
H1a	There is significant relationship between Social Orientation and CSR Quality	Supported
H1b	There is significant relationship between Community development dimension and CSR Quality	Supported
H1c	There is significant relationship between Philanthropic Orientation dimension and CSR Quality	Supported
H1d	There is significant relationship between Economic orientation dimension and CSR Quality	Supported
H1e	There is significant relationship between CSR Policy Related dimension and CSR Quality	Supported
H1f	There is significant relationship between Customer orientation dimension and CSR Quality	Rejected
H1g	There is significant relationship between Employee Orientation and CSR Quality	Supported
H1h	There is significant relationship between Environmental Orientation and CSR Quality	Supported
H2a	There is significant relationship between Social Orientation and Perceived Benefits.	Supported
H2b	There is significant relationship between Community development dimension and Perceived Benefits.	Supported
H2c	There is significant relationship between Philanthropic Orientation dimension and Perceived Benefits.	Supported
H2d	There is significant relationship between Economic orientation dimension and Perceived Benefits.	Supported
H2e	There is significant relationship between CSR Policy Related dimension and Perceived Benefits.	Supported
H2f	There is significant relationship between Customer orientation dimension and Perceived Benefits.	Rejected
H2g	There is significant relationship between Employee Orientation and Perceived Benefits.	Supported
H2h	There is significant relationship between Environmental Orientation and Perceived Benefits.	Rejected
H3	Govt. Regulations/interventions significantly moderates CSR quality to Perceived benefits	Supported
H4	Top Management Commitment significantly moderates CSR quality to Perceived benefits	Supported
H5	Control mechanisms significantly moderates CSR quality to Perceived benefits	Rejected
H6	There is a significant linkage between CSR quality and perceived benefits	Supported

This study was aimed to investigate the moderation effect of top management commitment, government regulation and internal control mechanisms. The estimation of the structural model revealed that top management commitment and government regulation has significant moderation effects whereas internal control mechanisms do not have significant moderation effect. Moderation effects are difficult to interpret without a graph. Graphs help in evaluating the effect of the independent variable at different values of the moderator. Figure-5.16 and Figure-5.17 illustrates the relationship among three latent variables. The moderation effect also known as interaction effect depends on the sign and the power of the path coefficient of a moderated relationship. The path coefficient of the moderating effect of top management commitment has a value of -0.08 at $p<0.05$. The negative path coefficient of an effect that moderates a positive direct relationship conclude that causal power of CSR quality to develop benefit feel will go down in value as favourable perceptions about top management commitment occurs. Figure 5.17 illustrates the relationship among these three latent variables. In case of managers with low level of feeling about management commitment, the formation of benefit feel from CSR quality is relatively less in comparison with customers having high impact towards modifier. A steady development of benefit feel is found for managers who perceive high levels of top management commitment.
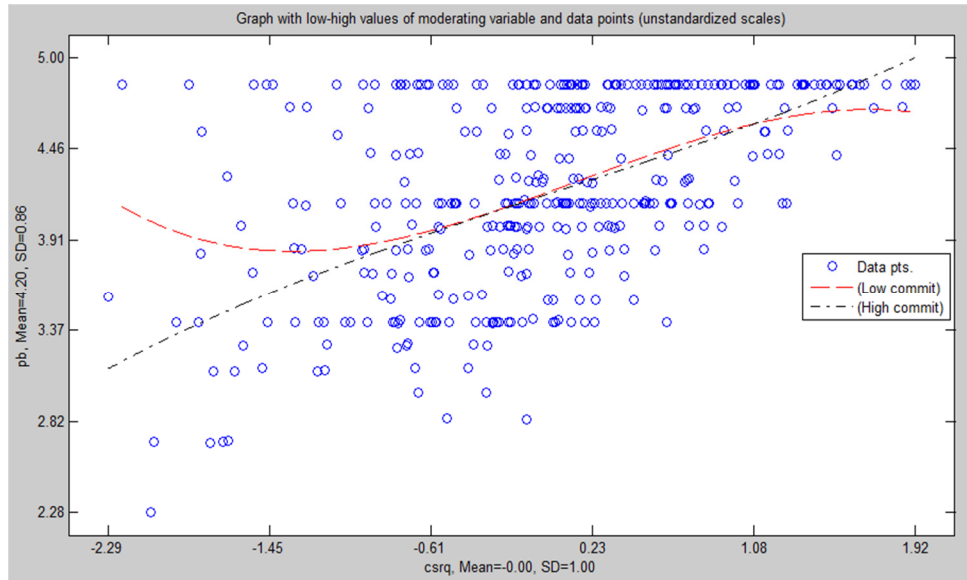
Fig. 5.16:   Relation between Perceived benefits and CSR quality vs Topmanagement Commitment

The path coefficient of the moderating effect of Govt regulation has a value of -0.19 at p<0.05. The negative path coefficient of an effect that moderates a positive direct relationship conclude that causal power of CSR quality to develop benefit feel will go down in value as favourable perceptions develop about government regulations. Figure 5.17 illustrates the relationship among these three latent variables. In case of managers with low level of feeling about government regulations, the formation of benefit feel from CSR quality is relatively less in comparison with customers having high impact towards modifier. A steady development of benefit feel is found for managers who perceive high levels of inclination to government regulations.
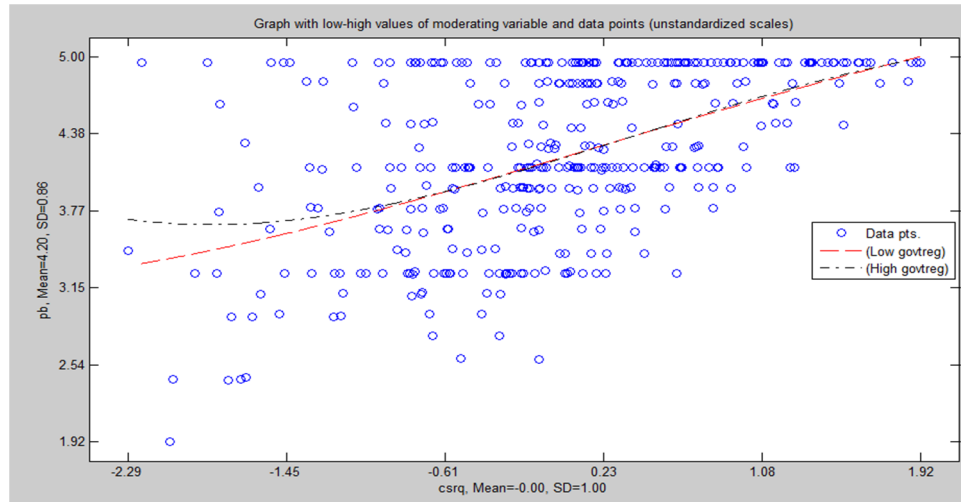
Fig. 5.17: Relation between Perceived benefits and CSR quality vs Govt. regulations

5.9 Testing of Other hypotheses-One way ANOVA

To explore the difference in perceptions of respondents with different educational qualifications on CSR quality and Perceived benefits, one-way analysis of variance was done in SPSS 20. The results are reported below.

5.9.1 Educational qualification Vs. CSR quality and Perceived benefits

A test of Homogeneity was performed to check whether the assumption of homogeneity is violated to make valid inferences. Levene's test for homogeneity was not significant (p>0.05) as shown in Table 5.16 and 5.17. The results concluded that population variance of each group are approximately equal. In order to find out the significant difference in the perception towards CSR quality among the respondents with different educational qualifications, one-way analysis of variance was administered. The resulted 'F' statistics are illustrated in Table 5.18 suggested that no

significant difference in perceptions of managers about CSR quality at 0.05 levels

Table 5.16: Descriptive statistics based on qualification

| | | | | | Interval for Mean | | | |
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
gradu	137	3.4863	.41834	.03574	3.4157	3.5570	2.47	4.56
postgrad	124	3.5388	.46225	.04151	3.4567	3.6210	2.30	4.56
profess	124	3.4240	.48636	.04368	3.3375	3.5104	2.15	4.54
Total	385	3.4832	.45643	.02326	3.4374	3.5289	2.15	4.56

Descriptives — csrq

Table 5.17: ANOVA output-1: Educational qualification Vs. CSR quality

Test of Homogeneity of Variances

csrq

Levene Statistic	df1	df2	Sig.
1.459	2	382	.234

Table 5.18: ANOVA output-2: Educational qualification Vs. CSR quality

ANOVA

csrq

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.820	2	.410	1.978	.140
Within Groups	79.178	382	.207		
Total	79.997	384			

The output of one-way ANOVA confirmed that there is no significant difference in perception of practicing managers about quality of CSR practices. The following tables 5.19 and 5.20 present tests related to perceived benefits for same categories

Table 5.19: ANOVA output-1: Educational qualification Vs. Perceived benefits

Test of Homogeneity of Variances			
pb			
Levene Statistic	df1	df2	Sig.
.277	2	382	.758

Table 5.20: ANOVA output-3: Educational qualification Vs. Perceived benefits

ANOVA					
pb					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.021	2	.010	.016	.984
Within Groups	244.143	382	.639		
Total	244.164	384			

The output of above two one-way ANOVA's confirmed that there is no significant differences in perception of practicing managers with different qualifications about perception of benefits feel from CSR practices. The table 5.21 shows the general feel of the sample about CSR quality and Perceived benefits.

Table 5.21: Mean scores of CSR quality and Perceived benefits based on qualification

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
pb	385	1.40	5.00	4.1039	.79740
csrq	385	2.15	4.56	3.4832	.45643
Valid N (listwise)	385				

On verifying the mean values, it was evident that respondents in general perceives both the aspects positively with mean values 4.1 and 3.4 out of 5. ANOVA results also confirmed that categories in the sample does not have any perceptional difference in their agreement towards above attributes of CSR. Hence the hypothesis H7 was rejected.

5.9.2 Turn over level of the organization Vs, CSR quality and Perceived benefits

In order to find out the significant difference in the perception towards CSR quality and perceived benefits among mangers incorporates having different turnover levels, one-way analysis of variance was administered. The resulted 'F' statistics are illustrated in Table below suggested that no significant difference in perceptions of managers about CSR quality at 0.05 levels. Table 5.22 and 5.23 illustrate the related descriptive statistics.

Table 5.22: Descriptive statistics based on Turnover levels vs CSR quality

| | | | | | Interval for Mean | | | |
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
less than 100cr turnover	83	3.4529	.46313	.05084	3.3517	3.5540	2.23	4.56
100cr-500cr turnover	143	3.4503	.46377	.03878	3.3737	3.5270	2.30	4.56
more than 500cr	159	3.5285	.44516	.03530	3.4588	3.5982	2.15	4.52
Total	385	3.4832	.45643	.02326	3.4374	3.5289	2.15	4.56

Descriptives (csrq)

Table 5.23: Descriptive statistics based on Turnover levels vs Perceived benefits

| | | | | | Interval for Mean | | | |
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
less than 100cr turnover	83	3.9277	.76991	.08451	3.7596	4.0958	2.00	5.00
100cr-500cr turnover	143	4.0280	.87391	.07308	3.8835	4.1724	1.40	5.00
more than 500cr	159	4.2642	.70990	.05630	4.1530	4.3753	2.40	5.00
Total	385	4.1039	.79740	.04064	4.0240	4.1838	1.40	5.00

Descriptives (pb)

The following tables 5.24 and 5.25 presents output of ANOVA tests related to CSR quality for same categories

Table 5.24: ANOVA output-1: Turnover levels Vs. CSR quality

Test of Homogeneity of Variances			
csrq			
Levene Statistic	df1	df2	Sig.
.395	2	382	.674

Table 5.25: ANOVA output-1: Turnover levels VsCSR quality

ANOVA					
csrq					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.557	2	.279	1.340	.263
Within Groups	79.440	382	.208		
Total	79.997	384			

ANOVA results confirmed that there is no perceptions difference about CSR quality among manager's organizations depending on their annual turnover. The following tables 5.26 and 5.27 shows the results of ANOVA between Turn over level of the organization and Perceived benefits.

Table 5.26: ANOVA output-1: Turnover levels Vs. Perceived benefits

Test of Homogeneity of Variances			
pb			
Levene Statistic	df1	df2	Sig.
2.428	2	382	.090

Table 5.27: ANOVA output-1: Turnover levels Vs. Perceived benefits

ANOVA					
pb					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.484	2	3.742	6.040	.003
Within Groups	236.680	382	.620		
Total	244.164	384			

As "F Statistics was found significant, multiple comparisons as shown in table 5.28 was performed to identify the group with significant difference

Table 5.28: ANOVA output for multiple comparisons: Turnover levels Vs. Perceived benefits

Multiple Comparisons						
Dependent Variable: pb						
1. Organizations with turnover levels		Mean Difference (I-J)	Std. Error	Sig.	Interval	
					Lower Bound	Upper Bound
less than 100cr turnover	100cr-500cr turnover	-.10026	.10862	.626	-.3558	.1553
	more than 500cr	-.33644*	.10659	.005	-.5872	-.0856
100cr-500cr turnover	less than 100cr turnover	.10026	.10862	.626	-.1553	.3558
	more than 500cr	-.23618*	.09072	.026	-.4496	-.0227
more than 500cr	less than 100cr turnover	.33644*	.10659	.005	.0856	.5872
	100cr-500cr turnover	.23618*	.09072	.026	.0227	.4496
*. The mean difference is significant at the 0.05 level.						

The results revealed that managers of organization have significantly different feeling towards perceived benefits from CSR initiatives. Verification of second table above confirmed that managers of organizations having more than 500cr turnover perceive better benefits (mean= 4.26) from CSR. Hence, hypothesis H8 was partially accepted.

5.9.3 Turn over level of the organization Vs, Perception about Government regulations

One-way ANOVA was performed to test whether mangers of three different categories of organizations on the basis of their annual turnover have different perceptions about the role of government regulations on the

CSR framework. The results are presented in the following tables 5.29, 5.30 and 5.31.

Table 5.29: Descriptive statistics based on Turnover levels vs Government regulations

Descriptives								
govtregu								
			Std. Deviation	Std. Error	Interval for Mean		Minimum	Maximum
	N	Mean			Lower Bound	Upper Bound		
less than 100cr turnover	83	3.9006	.86597	.09505	3.7115	4.0897	1.00	5.00
100cr-500cr turnover	143	3.9423	.77748	.06502	3.8138	4.0708	2.00	5.00
more than 500cr	159	3.9623	.84484	.06700	3.8299	4.0946	1.00	5.00
Total	385	3.9416	.82334	.04196	3.8591	4.0241	1.00	5.00

Table 5.30: ANOVA output-1: Turnover levels vs Government regulations

Test of Homogeneity of Variances			
govtregu			
Levene Statistic	df1	df2	Sig.
.144	2	382	.866

Table 5.31: ANOVA output-2: Turnover levels vs Government regulations

ANOVA					
govtregu					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.207	2	.104	.152	.859
Within Groups	260.103	382	.681		
Total	260.310	384			

ANOVA results confirmed that there are no perception difference between mangers of three different categories of organizations on the basis of their annual turnover has different perceptions about the role of government regulations. Also generally managers perceive that regulations have positive impact on benefit feel (mean=3.94). Hence hypothesis H9 was rejected.

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Chapter **6**

DISCUSSIONS, FINDINGS AND CONCLUSIONS

In this chapter, the main findings with regard to the research objectives are summarized and conclusions based on the findings of the studies are presented and discussed with empirical evidences. Furthermore, the strengths and limitations of this thesis are considered and suggestions for further research are presented. This chapter concludes with recommendations for corporate to strategically use CSR initiatives for gaining competitive advantage and to remain socially responsible in the perceptions of various stakeholders of the firm. A secondary analysis to understand the prevailing trends of CSR in India were conducted as part this study. The purpose of such an exploration was to gather adequate details to substantiate the need for this study and define the research

Chapter 6

problem clearly. The details of secondary analysis is presented in the following section

6.1 Analysis of Prevailing CSR Trends in India

Even though the focus of this research was on Kerala, it was assumed that a wider exploration will give a better clarity to the proposed study. Further, secondary data about CSR expenditure of companies listed in Kerala is not compiled during the time of doing this research. This secondary research was based on various reports related to CSR performance of corporate in the country. In order to streamline the philanthropic activities and to ensure more accountability and transparency, the government of India made it mandatory for companies to undertake CSR activities under the Companies Act, 2013. The concept of CSR is defined in clause 135 of the Act, and it is applicable to companies, which have an annual turnover of ₹ 1,000 crore or more, or a net worth of ₹ 500 crore or more, or a net profit of ₹ 5 crore or more. Under this clause, these companies are supposed to set aside at least 2% of their average profit in the last three years for CSR activities. The prevailing trends in CSR expenditure by the top firms in the country in the last three years were analyzed to understand the changes that have occurred in the wake of the enactment of the new Act. Fig. 6.1 provides the average CSR expenditure trends for the period 2011 to 2013.
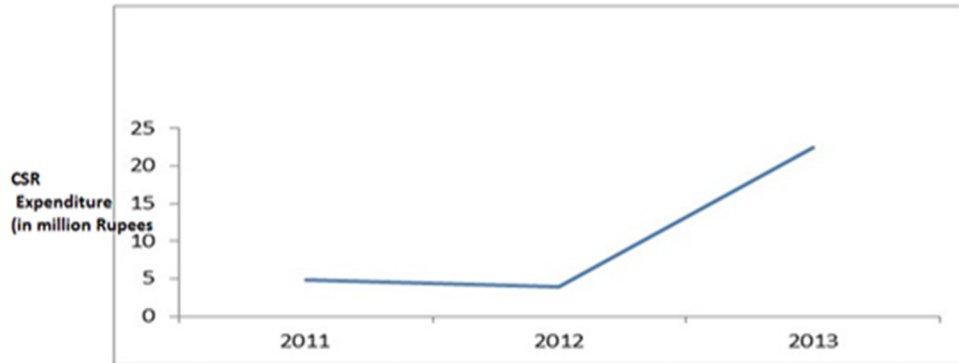
Source: CMIE data

Fig. 6.1: Trend of average CSR expenditure

The trends clearly indicate a sudden increase in CSR spending after new amendments in company's act. However, from the Fig. 6.2, it is evident that the significant increase in spending on CSR is visible among public sector companies and only marginal change can be seen with regard to private companies.
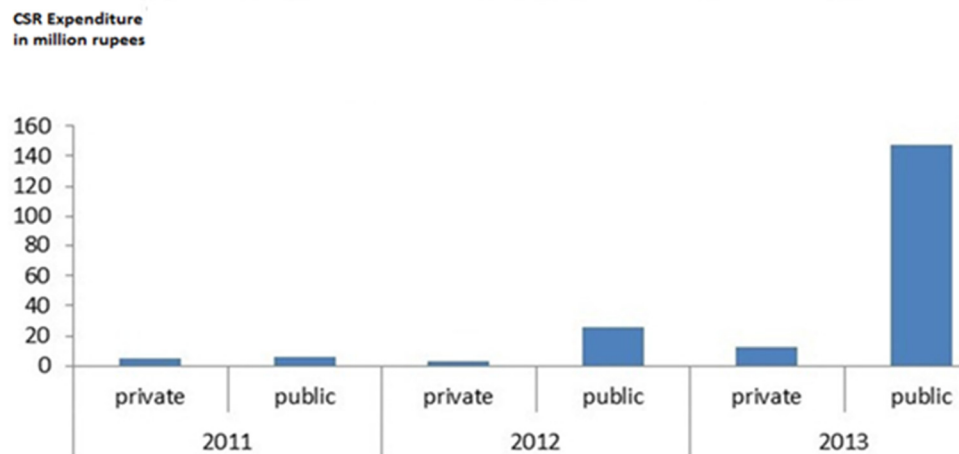
Source: CMIE

Fig. 6.2: Average CSR expenditure with respect to ownership

The above observation clearly indicates that the message new policy changes are more absorbed by public sector companies. CSR expenditure by public sector firms increased considerably in 2012-13 compared to 2011-12. The increase in the average CSR spending of public sector firms was from ₹ 25.72 million in 2012 to ₹ 147 million in 2013. Fig 6.3 illustrates the trend of average CSR expenditure with respect to Foreign and Domestic companies in India.
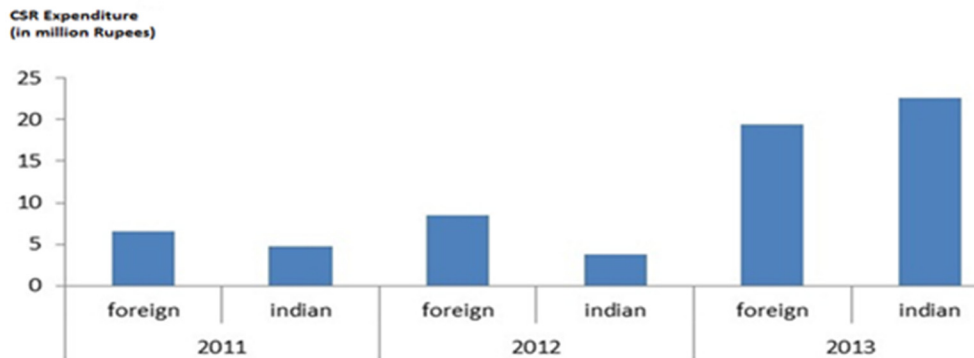
Source: CMIE

Fig. 6.3: Average CSR expenditure by Indian and Foreign firms

There has also been a significant increase in the average CSR expenditure by domestic firms as compared to foreign firms. Average CSR expenditure by domestic and foreign firms was ₹ 3.79 and 8.5 million respectively in 2011-12, but this increased to ₹ 22.6 million and 19.5 million respectively in 2012-13. Foreign firms increased their expenditure, because they might have been driven by the need to protect their brand name. Anticipated future pressure from consumers, investors and NGOs may also have been the driving force for foreign firms to invest in socially responsible activities. The passing of the Act also led to a steep rise in the number of

firms disclosing their CSR expenditure. In 2010-11, 336 firms had disclosed their donations and expenditure on community and environment related activities. This number rose to 504 in 2011-12, and to 1,470 in 2012-13. There was an increase in environmental reporting by firms as well. In 2010-11, only 35 firms had complied with environmental reporting, while 52 had filed reports in 2011-12. But in 2012-13, there was an increase of 211.5%, with 162 firms disclosing their environmental performance information. In 2012-13, 760 firms had crossed the threshold of ₹ 5 crore net profit, but their total CSR contribution was lesser than the 2% criterion as laid down by the Act. The total CSR spending by firms was ₹ 33,668 million, but the required spending should have been ₹ 45,154 million. Fig. 6.4 below illustrates the required and actual expenditure by firms meeting the threshold limit prescribed in the act.
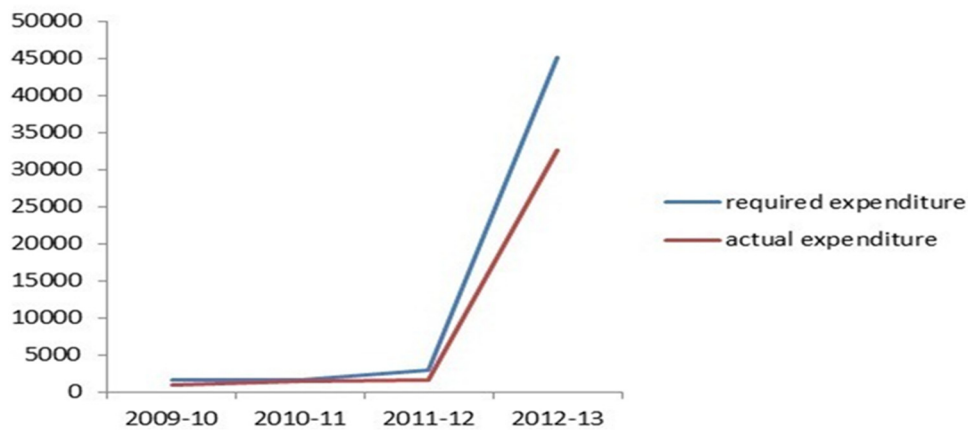
Source: CMIE

Fig. 6.4: Gap between required and actual CSR expenditure

The pattern of CSR activities undertaken by the top 200 firms was examined by going through their annual reports for the year 2012-13 in order to better understand the nature of those activities. Until 2013, many firms had disclosed the activities undertaken by them, but not the exact amount they spent on each activity. Most of the firms undertake CSR expenditure for the welfare of rural communities, especially around their areas of operation. Contrary to the developed countries where CSR activities are undertaken mainly in the area of environment, in India it is mainly undertaken in the social sector. After community development, education (including skill development) attracts the largest share of CSR expenditure. Health is also a major area where firms like to invest. Table 6.1 gives an industry-wise breakup of the major CSR activities undertaken by each industry.

Table 6.1: Industry-wise segregation of major CSR activities undertaken by firms in 2012-13.

Industry	Health	Education	Communi	Environm	Total
Oil & Gas	23.50%	35.29%	29.41%	11.76%	100%
Automobile	40.00%	10.00%	40%	10%	100%
Consumer Durables	24.76%	21.34%	15.25%	28.75%	100%
Iron & Steel	35.29%	23.53%	35.29%	5.88%	100%
Banking & Financial Services	8.57%	20.00%	48.57%	35%	100%
Power	10.00%	10.00%	45%	35%	100%
Infrastructure	8.35%	30.55%	44.44%	16.66%	100%
Cement	22.20%	25.00%	29%	23.80%	100%
Paper &Pulp	19.90%	24.10%	18%	38%	100%
Pharmaceutical	30.00%	28.00%	22.00%	20.00%	100%

Source: Shachi and Sangeetha (2014)

A unique combination of regulatory as well as societal pressure has made it necessary that companies have to persue their CSR activities more professionally. According to Indian Institute of Corporate Affairs, a minimum of 6,000 Indian companies will be required to undertake CSR projects in order to comply with the provisions of the Companies Act, 2013 with many companies undertaking these initiatives for the first time. Further, estimates indicate that CSR commitments from companies can amount to as much as 20,000 crore INR. According to the Annual reports of top 100 companies of Pan India origin having Domestic as well as global operations; the PAT during the FY 11, 12, 13 indicates their CSR mandate; engrossing information and mammoth numbers in terms of the mandatory CSR spending for FY 2014-15.

The major chunk of the CSR corpus comes from the Private players operating in various field's like Steel, Power, Oil, Infrastructure etc., followed by PSU's like ONGC, SAIL, BHEL, IOCL etc., major Financial Institutions like State Bank Of India, ICICI Bank, HDFC Bank etc., followed by FMCG's and Pharmaceutical Companies. On the basis of percentage Private Companies share the largest share of CSR funds at 38%, followed by PSU's at 29% which is further followed by Banks, FMCGs and Pharmaceuticals contributing 24%, 5% and 2% respectively as explained in table 6.2.

Table 6.2: CSR funds expected in 2014-15

Sector	No. of Companies in Top-100 CSR	Funds available in INR Cr for FY 2014-15
PSUs	13	2230
Private Compar	54	2889
Banks	21	1823
Pharmaceutical	7	167
FMCG	5	346.81

Most of the CSR funds are utilized for the education and health sectors with an approximate spending of 23.88% and 21.66% respectively. It is noticeable that out of 100 corporate examined, as many as 86 have made interventions in education sector and 78 CSR are intervening in health issues. The trends are now changing and the interventions are being made to associate with the government to enhance education in the rural areas at a much broader level. Another intervention is relating to skill enhancement, where almost 12.22% of CSR programmes are focused. Surprisingly only around 8.096% CSR programmes are formally undertaking projects relating to women empowerment.

6.2   Framing of Objectives

The secondary analysis revealed that, even though, in 2013 the Companies Act was amended with the mandatory CSR provision to spend 2% of every company's net profit on CSR programs, if net profit after tax exceeds 5 cr, the spending has not reached the desired level in terms of volume. A noticeable negligence was observed among corporate in identifying socially responsible programs and allocating funds for execution of such projects. The lethargy exhibited in implementation of such CSR initiatives can be assigned to the lack of clarity among practicing managers about the potential benefits of CSR. The enquiry into perceptions of practicing managers towards CSR was considered essential due to growing significance of CSR as strategic tool for competitive advantage. Extensive review of literature was conducted to have detailed understanding about CSR with regard to changing trends. The review of the literature

provided certain valuable observations. The first important observation was that the profitability of an organization depends to a great extent on meeting the expectations of the stakeholders and they expect the firm to behave in a socially responsible manner to people and environment. Even though, consensus was visible among researchers in properly defining CSR, there exist issues with regard to proper measurement of CSR performance. The most popular method to measure CSR performance of a firm was to obtain responses of the critical stakeholders with regard to certain indicators considered relevant to capture the domain of CSR. The necessity to develop a more country–context specific measure of CSR quality exposed as a gap in the literature that needed attention. Another important observation was that CSR quality has strong linkage with corporate performance and corporate image. Hence, researchers argued that improving CSR performance can bring various benefits to the firm in multiple ways like improved customer loyalty, better employee satisfaction and retention, enhanced profitability, improved corporate reputation and image etc. These observations helped to specify the landscape for study proposed. The objectives for the study were finalized keeping the above mentioned observations in the backdrop. They were:

- To identify important variables that significantly captures CSR quality in the perceptions of practicing mangers in Kerala

- To develop valid and reliable scales for all variables identified to effectively capture the CSR quality in the perceptions of the managers from the listed companies in Kerala

- To examine the moderating role of internal control systems in the firm, regulatory interventions by government and top management commitment in the relationship between CSR quality and benefit perceptions of managers

- To estimate a structural model that theoretically link dimensions of CSR quality and other moderating variables to benefits perceptions of managers from listed companies in Kerala about CSR initiatives.

6.3 Findings of the Study

The important findings of the study were

- CSR quality has a multi-dimensional structure having facets related to social orientation, community development, environmental orientation, employee orientation, CSR policy, philanthropic orientation, customer orientation and economic orientation etc.

- Practicing managers in Kerala perceive that CSR initiatives of firms are beneficial to them. Good CSR develops better customer loyalty, improved relation with all stakeholders and goodwill.

- With joint impact of other variables, customer and environmental dimension orientations fail to significantly develop benefit perceptions among managers in Kerala.

- The most important dimension of CSR Quality was found as economic orientation. Economic orientations through innovative technology applications and by effective quality management will help firms to meet social obligations.

- Employee orientation of the firm is important for good CSR and in this regard managers expect sufficient freedom to take part in social activities. Internal policy of encouraging socially responsible behaviour from employees improves CSR quality significantly.

- Managers believe that environmental orientation of the firm can be properly conveyed to the stakeholders, if the firm engages in designing and manufacturing of products that will leave minimum ecological foot print.

- Giving managers an upper hand in designing, developing and participating in socially responsible activities are viewed as an important policy measure for better results from CSR.

- The managers believe that by helping disabled, child & women and deployment of employees for socially responsible activities, a firm can significantly improve its social orientation.

- Important philanthropic activities in the perception of the employees include arranging blood camps and free health check-ups.

- Emphasis for local community development is regarded by managers as an essential CSR initiative for benefits. Active employee participation to provide social amenities to local

community brings better relation that are beneficial to firm in long-run.

- Top management commitment and government regulations significantly moderates benefit perceptions from CSR quality.

- There is no difference in perception with regard to CSR quality or perceived benefits based on educational qualification of the managers.

- Managers working in organizations having different turnover levels, there is no difference in perception towards CSR quality.

- Managers of organizations having more than 500 crore turnover perceive better benefits when compared to organizations with less than 100 crore turnover and organizations having turnover between 100 and 500 crore.

- Managers perceive that regulations are positive but no perceptional difference in this regard among managers of different categories of organizations could be statistically detected.

- Govt controls are perceived significant by managers but internal control mechanisms were not perceived important in moderating benefit feel.

Analyzing all the insights from the analysis, it is evident that the scope of CSR initiatives in creation of benefits to the firm is well understood by the managers and they strongly believe that good CSR quality can develop better customer loyalty and improved relation with all

stakeholders. On a critical thinking, the sustainability equation behind every firm's existence is through CSR activities that will effectively help in up-lift of the local community.

6.4   Discussions

The important attempt in this study was to identify suitable dimensions capable of explaining the domain of CSR quality. Qualitative procedures involving interviews with experts could successfully list down 35 attributes that are relevant in CSR domain. The exploratory factor analysis conducted to understand the factor structure of the CSR quality construct, revealed an eight factor structure having total of 31 CSR quality attributes in the perceptions of practicing managers in Kerala. The significant items (variables) related to each dimensions are presented in the table 6.4.

The eight CSR dimensions need strategic focus rather than considering as an area where best practices can be positioned. Use of these dimensions as stimuli for designing strategically viable and prudent CSR initiatives aligned with organization's vision and mission, may help in building corporate reputation. There appears to be considerable disagreement among organizational strategists concerning the kind of activities a business should undertake to achieve socially responsible behaviours accepted by all stakeholders. In such a scenario, the relative importance of each items used in measuring CSR quality will offer proper direction for initiating policies.

Table 6.4: Item level loadings

Sl.No	CSR Policies	Loading
1	Ethical, legal and social responsible policy	0.851
2	Local community development oriented policy	0.671
3	Health and safety policy for local community	0.858
	Economic Aspects	
1	Quality certifications in meeting social obligations	0.813
2	Cash flow to meet shareholder expectations	0.758
3	Creating spin-off technologies to meet social obligations	0.848
4	Financial stability to initiate socially responsible actions	0.793
	Customers	
1	Adherance to policies aimed at customer well fare	0.904
2	Socially responsible approach to customer requirements	0.93
3	Transperency in product descriptions	0.892
	Employees	
1	Educating employees about social responsibilities	0.806
2	Offering freedom to employees to take part in social initiatives	0.871
3	Encourages socially responsible behaviour of employees	0.871
	Environmental Protection Initiatives	
1	Voluntarily compliance of environmental regulations	0.744
2	Environmental concern in planning	0.848
3	Developing eco-friendly products	0.86
	Social Involvement	
1	Empowering underprivileged groups of the society	0.695
2	Improving the general well-being in the society	0.656
3	Financial assistance to support for infrastructual development	0.743
4	offering drinking water to the nearby residents	0.654
5	Providing irrigation facilities to local agricultural land	0.81
6	Helping disabled, child and women	0.842
7	Deploying employees on socially responsible activities	0.818
	Community Relation Development	
1	Encouragingvemployees participation in community development	0.86
2	Providing social amenities	0.856
3	Participating with local NGO/villages in social projects	0.765
4	Offering scholarship schemes for local students	0.795
5	Infrastructural development for the benefit of local community	0.558
	Philanthropic Activities	
1	Oraganising health check-ups	0.822
2	Organizing blood donation camps	0.859
3	Providing skill development activities to local students	0.871

The three significant items in the "CSR policy" dimension expressed the desire of practicing managers about the need for an ethically bound and legally sustainable policy. The aspirations of managers are in favour of extending services to local community that ensure healthy and safety benefits. The clear policy always offers proper direction for organizations initiatives. It removes ambiguity among various decision makers in matters related to the direction of CSR initiative. Evidence of poor contribution of CSR policy to CSR quality (β=0.03 at p<0.1), offers an initial feeling that a clear CSR policy is missing for many firms in Kerala. The findings, concludes that many CSR initiatives are developed in the absence of clear polices.

The economic dimension was successfully captured by four indicators wherein top loadings was noticed for technology aspects (β=0.85) and quality considerations (β=0.81). The managers feel that use of better technology and adherence to quality through proper certifications is a major step in extending social responsibility. The managers attach significant importance to financial stability (β=0.793) and adequate cash flow (β=0.758) to ensure initiatives that develop CSR quality. Technology focus in social responsibility offer abundant scope for firms to extend their social orientation.

Customer, an important stakeholder to every firm, is always considered as an important domain in which a firm's responsible action should focus. Initiatives aimed at meeting customer requirements (β=0.93) and their welfare (β=0.90) are viewed by managers as most loading indicators. An important observation from the analysis of multivariate

linkage of customer dimension to CSR quality was that, managers from Kerala doesn't perceive that actions aimed at customer significantly form part of CSR quality. Transparency in product descriptions was also found to be one top loading indicator ($\beta=0.892$). A clear lack of awareness about the potential of customer oriented CSR initiatives in assessing CSR quality and related benefits to firm was found here.

Employees are critical in developing and implementing quality CSR initiatives. Managers perceive that CSR quality from this dimension develops mostly through encouraging employees in social responsible activities ($\beta=0.871$) and by giving freedom to take part in social activities ($\beta=0.871$). Managers feel that providing proper education about social responsibilities ($\beta=0.806$) will significantly help in shaping their behaviour and will impart better CSR quality to firms.

Firms generally lack a clear vision on when and where their environmental concerns will be incorporated for better CSR quality. Managers perceive that such concerns should be incorporated even from the planning stage ($\beta=0.848$).Developing eco-friendly products was identified as the top loading indicator in this dimension ($\beta=0.86$). Also, voluntary compliance is still regarded as an acceptable option by managers ($\beta=0.744$) in exhibiting their environmental concerns.

"Social involvement" has emerged as a major significant dimension that critically develops CSR quality. Seven significant indicators could reliably measure social orientation of firms. Helping disabled, child and women ($\beta=0.84$) emerged as the top priority indicator in the dimension and providing drinking water to local community became the least loaded one

(β=0.65). A scrutiny of significant items in the dimension, gave an impression that prevailing social issues in Kerala has influenced the managers perceptions significantly. Deploying employees on socially responsible activities (β=0.818), providing irrigation facilities to local agricultural land (β=0.81) and financial assistance for infrastructure development (β=0.743) are some of the top loading indicators.

Managers also feel that CSR has the potential to effectively intervene in some of the major issues and can make a positive change. There are five significant indicators that could measure the community relation development. Providing social amenities to local community (β =0.856) and encouraging employees to engage in community development (β=0.86) were identified as top loading indicators of community development focus of the firms. Offering scholarships (β =0.795), participating with local NGO (β =0.765) are some of the other important indicators considered by Managers.

Making sense of the differences between Philanthropy and CSR has become difficult challenge for both managers. Many managers believe that these are two different concepts that co-exist. Companies engage in philanthropic activities because they are convinced that by doing so they will be able to gain a significant advantage in terms of reputation, social capital and business development etc. Philanthropic activities can be different and continuity of episodes not expected and gives more freedom for firms to select and implement. This dimension forms part overall CSR initiatives of the firm. Designing and offering skill development programs (β=0.871) and blood camps (β=0.86) are considered as top rated philanthropic initiatives in the perceptions of mangers in Kerala. The ongoing health

check-ups are also considered of higher importance with loading (β =0. 765).

Other variables considered in the study were

- Top management commitment
- Effectiveness of control systems in the firm
- Regulatory interventions by government
- Perceived Benefits from CSR

The validated scale for these variables contained items listed in table 6.5

Table 6.5: Item loadings of other variables

Sl.No	Top Management Commitment	Loading
1	Importance to CSR in Vision/mission statements	0.861
2	Periodic review of CSR policies	0.922
3	Clariity on CSR options	0.834
4	Stakeholder perspective in CSR policy	0.842
5	Transperancy in CSR policy	0.125
	Control effectiveness	
1	Internal system to monitor social projects	0.755
2	Internal system to evaluate the CSR activities	0.791
3	Proper reports of social projects undertaken	0.771
4	Efforts to align with international accepted practices	0.77
5	Fast rectification of mistakes in implementation of CSR activities	0.819
	Governmental Interventions	
1	willing to spend 2% of Net profit for CSR	0.77
2	Trust in Govt regulations	0.812
3	Useful feel about Govt regulations	0.775
4	Support to statutory provisions	0.546
5	Confidence about benefit to society	0.564
	Perceived Benefits	
1	Improved relations with local community	0.877
2	Increased customer loyalty	0.918
3	Improved relations with business partners or investors	0.913
4	Increased employee loyalty with the company	0.885
5	Improved company's reputation and goodwill	0.874

It was evident from the perceptions of the managers that to have effective control over CSR activities, fast rectification of mistakes and regular evaluation of CSR activities etc. are important. Periodic review of CSR policies (β=0.922) and due mentioning of CSR on the basis of vision/mission statements of a firm (β=0.861) provide a positive picture to managers about top management commitment. However, the observation that employees least regard transparency as a priority indicator of top management commitment (β=0.12) implies the lack of communication in CSR matters among top management and others.

A complex picture about the role of government interventions as perceived by the employees was observed from the relative loadings of different indicators used in measuring. Even when managers trust in such regulations (β=0.81) but their perceptions on social benefits from interventions is relatively low (β=0.56). Even when managers are in favour of spending 2% of net profit on CSR (β=0.77), they have less support for statutory provisions (β=0.55).

All the indicators used to capture benefit perceptions of managers were emerged as significant with loading ranging from 0.92 to 0.87. A slightly higher importance was assigned to loyalty enhancement of customers (β=0.92) and better relation with business partners (β=0.91). Other indicators related to employee loyalty (β=0.885), better reputation and goodwill for the company (β=0.874) and better relation with local community (β=0.877) were also regarded by managers as reliable indicators of benefit perceptions.

Most of the relations conceptualized in the theory except few, emerged as significant ones. The reasons for insignificant relations can be attributed to lack of clarity among managers in fully capturing the determinants of CSR quality related benefit perceptions. It was observed that various dimensions of CSR quality have different importance perception among managers. The dimensions of economic (β=0.32), social (β=0.30) and employee orientations (β=0.28) are viewed as more important by the managers. In managers perceptions, better CSR quality leads benefits for the firm (β=0.47). The evidence about such a strong linkage justifies the rationale behind promoting CSR as an important tool for sustainability.

Among the three moderators used in the study, only top management commitment and governmental interventions were found to have significant role. Normally, SEM requires linear relations among constructs. Linearity means that there is a straight line relationship between independent variables and dependent variables suggesting that rate of increase in one variable will be same as rate of increase in other variable. However, most of the relationships between quantitative variables are non-linear (Oswald and Price 2006; Ned Kock 2009). Neither PLS-based nor covariance based SEM software available at present, estimate coefficients of associations taking nonlinear relationships between LVs into consideration except in case of moderating variables (Ned Kock, 2009). This observation was the deciding consideration to use warp PLS 5.0, which is stated as capable of identifying non-linear relationships among latent variables (Ned Kock, 2009), for estimation of the thesis model. All the plots depicting relationship among variables are provided in annexure - 5.

Analysis of moderation results revealed that, commitment of top management towards CSR initiatives is essential for creating favourable perceptions among managers. Managers tend to trust CSR, when top management incorporates in their objectives, a strong CSR orientation. Feeling of higher commitment from top management, an extra confidence develops among managers to regard CSR as essential activities to get an edge in competition. Traditionally, CSR is viewed as a top-management driven initiative (Inyang et al., 2011) that is executed through middle level and lower level managers. From the policy formulation stage, the key player and driving force in undertaking such activities in the organizations has been top management (Sharma et al., 2009). Hence, the commitment shown by top management to lead and educate organizational members about the value of CSR can definitely motivate them. Top management should provide requisite training opportunities for employees to identify with the CSR activity and provide the necessary support during implementation. As leaders of an organization, the top management can have a wide- ranging influence on the attitudes of other employees (George and. Forret, 2015). Employees perceive psychological meaningfulness (Kahn, 1990) in CSR when they realize top management commitment. Top management commitment to CSR enhances employee engagement (George and Forret, 2015). Various studies have identified a positive and significant relationship between organizational support perceptions of employees and CSR (Glavas and Kelley, 2014; Shen and Benson, 2014; Ditlev-Simonsen, 2015). Top management commitment significantly portrays organizational support for CSR actions (Morsing et al., 2008). Commitment from top managers and taking care of middle managers are

important Raps (2005) proper involvement of these two levels bring better the decisions with regard to CSR initiatives. It is important to engage and involve top managers in order to get the CSR implementation towards a vision (Hohnen, 2007) that will strategically benefit firms.

Similarly, employees perceive that governmental interventions significantly moderate benefit perceptions and a steady increase in benefits was observed for managers shows higher support to government regulations. Government actions are essential for creating an enabling environment for CSR to effectively engage in social actions aimed at development. A major role of government to engage in support of CSR agenda is by enforcing various laws, regulations and associated measures to control adverse impact of business on society and environment (Tom et al., 2002). Governments define minimum standards for business performance embedded within a legal framework that ensures mandatory environmental friendly systems and social obligations. Government also facilitates to create maximum benefits from CSR by providing necessary information about responsible business practices and setting bench marks for evaluation. Governments should work with business to create the incentives that will encourage companies to take further action at the instrumental level for the mutual benefit of business and society (Olsen, 2003). Such pro-active involvement is regarded by managers as positive in imparting benefits to the firm.

The internal processes through which CSR performance is managed and linked to other business processes portrays the effectiveness of internal control mechanisms within the firm. When stakeholders demand more

information about CSR performance firms will need to become more proactive and transparent in their management processes (Burnett and Hansen, 2008; Perego and Hartmann, 2009) and need effective control systems in place. Managers use control systems to push organizations in the direction of sustainability (Gond et al., 2012). The observation that managers in Kerala doesn't perceive significant role for internal control systems implies their lack of awareness in this regard. Management control systems are formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities (Simons, 1995). These will provide necessary clarity and direction for all actions aimed at certain objectives. Control systems provide information to managers for use in decision-making, regardless of whether the company's objective in implementing a CSR strategy is competitive advantage, legitimacy, reputation management, compliance or statutory pressures (Schaltegger and Burritt, 2010). A serious attention to place quality control systems and to provide adequate awareness to managers about the use of such systems is needed in Kerala.

The outcome of one way ANOVA's conducted by way of comparing means to understand the difference in perceptions about CSR quality and perceived benefits on the basis of educational qualification of managers revealed no significant difference. Similarly, the practicing managers with different educational qualifications have similar perceptions about the benefits from the CSR practices. One-way ANOVA test regarding perception of CSR quality and perceived benefits among managers working in organizations having different turnover levels, revealed no difference for CSR quality. However, with regard to benefit perceptions, managers in

organization having more than 500 crore turnover perceive better benefits when compared to organizations with less than 100 crore turnover and organizations having turnover between 100 and 500 crore.

The latest governmental intervention was enforcing the statutory condition that every corporate which makes a net profit after tax of ₹ 5 crore or more should spend 2% of the profit on CSR. This study had attempted to check the perception of managers of organization having different turnover levels on such government interventions. One way ANOVA was performed to test whether the managers of different categories of organization on the basis of their annual turnover have different perceptions about the role of governmental interventions on CSR framework. Results revealed that generally managers perceive that regulations are positive but no perceptional difference in this regard among managers of different categories of organizations could be statistically detected.

6.5 Conclusions and Suggestions

Major conclusion from the empirical research was the confirmation of the multidimensional construct for CSR quality in Kerala context. The eight CSR quality dimensions were social orientation, community development, environmental orientation, employee orientation, CSR policy, philanthropic orientation, customer orientation and economic orientation. CSR quality in Kerala contained only 31 items classified under eight dimensions as above. The insights obtained from the study clearly demonstrated that CSR quality develops benefit feel even when moderators act significantly. Realization of benefit to organization as perceived by managers can be viewed as good indicator that can accelerate the growth to

the firm. The study could portray the channels of formation of the benefit feel. Managers feel that most important dimension of CSR quality as the social orientation and employee orientation that significantly develops perceived benefits directly. The study also underlines the fact that economic orientation of the firm will significantly develop CSR quality and benefit feel. The employees perceive that financial stability of the firm in initiating socially responsible actions is a critical determinant of economic orientation.

Based on the findings from this study the following recommendations can be made for a CSR promotion policy in Kerala.

- It is felt that, a combination of statutory, facilitating, partnering and endorsing activities needs to be included in a policy framework for holistic CSR promotion in the state. Implementation measures are also embedded in the kind of the role that government chooses and hence is inherent to CSR promotion.

- Investments in social enterprises and social entrepreneurship are to be streamlined to create an environment that boost CSR orientation in the state.

- Creation of a CSR hub, which functions like a focal point for information, informal discussions, formal conferences and meetings between interested parties, can be set up in the state to serve as a knowledge platform.

- Creation of a multidimensional policy framework dealing with a variety of policy and implementation issues to mobilize active

support of companies to develop CSR activities having state focus.

- Research to facilitate smooth functioning, data generation, monitoring and development of expertise in core areas of CSR, public policy, business case for CSR, social entrepreneurship, civil society involvement and societal development.

- A stakeholder participative approach in policy making with regard to CSR. This will give businesses, civil society and even individual citizens a chance to get involved in decisions pertaining to social welfare and helps in inculcating CSR orientation.

6.6 Contribution to Theory, Practice and Society

The industry has widely accepted the importance of CSR initiatives in successfully facing the challenges from increased competition, changes in government regulations and high level of technological advancements. To remain competitive in today's environment (Angur et al., 1999) CSR activities offers a distinct marketing edge to all industries irrespective of manufacturing and service sector. The cardinal link between customer loyalty and critical determinants of a success of a firm such as higher revenues, increased cross-sell ratios, higher customer retention, loyalty intentions of the customer, word of mouth advertising, higher market shares and lower operating costs are established beyond any doubt. The formation of loyalty is normally expected to develop from improved satisfaction emanated from better product quality in the case of manufacturing sector and better service quality in the case of services. The

critical link established in the study between CSR quality and benefits to the firm by way of increased customer loyalty and related benefits offer a new light of hope to the firms for augmenting their effort in a separate domain that serve the firms interest as well as social interest.

The body of knowledge pertaining to CSR quality had several areas unattended in the Indian scenario. The role of expectations on attributes that develop CSR quality and its causal effect on perceived benefits was empirically tested in this study. The study could contribute to the body of knowledge regarding antecedent role of certain CSR dimensions relevant in the Indian context and reflecting CSR directions with its relative importance are matter of importance to all concerned people. Literatures on CSR quality in Indian context have considered various dimensions that are significant in the conventional philanthropic format of CSR. This study considered emerging stream of CSR activities like environmental protection, reduced carbon emission and more technology adoption for sustainability along with traditional philanthropic dimensions. From a practical perspective, this study provides feedback to company managers that all stakeholders are beneficial to them. Even though many CSR activities are cost-based, in the long term they bring financial benefits to shareholders and thus managers will be encouraged to implement CSR activities on a voluntary basis. Mandatory requirements are needed to improve the implementation of activities related to environmental, employee and customer constructs. As a CSR framework has yet to be identified in the developing countries, the framework developed in this study provides a useful model that could be employed to facilitate the discussion of CSR in other developing countries.

The study offered a new outlook regarding CSR quality by attempting to measure it as a multi-dimension, hierarchical one. This study has contributed to theory by developing a CSR index that can be used to calculate the level of a company's CSR practices. This framework comprised all major categories of stakeholder relations. This study used a rigorous and scientific method to develop a CSR index which can be used by future researchers in their studies. The statistically sound justification regarding the structure of the multi dimension construct of CSR quality, confirms the generalisability of the index. The multiple indicators used in the validation procedure provide an idea about various focus areas of CSR. The attempt to analyze the data pertaining to different type of measures without creating problems in specification can help the practicing scholars and researchers in their endeavours. Firms are intrinsically social institutions. The growth of firms brings social well-being and eliminates discrimination and offers every citizen equal opportunity to prosper. In India, when the theme of "Make in India" is in underway, the new company law with regards to CSR expenditure has become a statutory provision. This study could bring in a relaxed feel to the policy makers by understanding the favourable perceptions of the employees of listed companies in Kerala towards CSR. The backbone to such policy interventions are certainly the empirical findings emerging from similar studies. Hence, this research offers valid outputs to equip the corporate sector of Kerala to face the emerging challenges and to remain competitive and successful.

6.7 Limitations of the Study

This research was conducted within the context of firms in Kerala. The application of the findings can be comfortably limited to Kerala and extension to other parts may not be assumed completely relevant. As the study is developed based on the perception of managers about CSR and its benefits, it may not be applicable at all times as perceptions can change. Since Government made provisions in companies' act 2013 which came into effect in only 2014, the perception of managers may likely to change during the years to come. CSR policies in India are still under evolution and hence solid conceptual foundation to evaluate policy initiatives may suffer clarity problems. In addition, many provisions are nascent and hence early evaluation might be subject to changes.

Other limitation may emerge from the fact that this research was based on a cross-sectional study, where respondent's view was collected at one time, and most likely providing views on their perceptions about CSR. A longitudinal study could have enhanced the quality of the research providing views over a period, monitoring the changes formulated in the employee mind set over period. However, this may require a panel of participants who will provide a pattern of changes.

6.8 Scope for Future Research

Several issues associated with the limitations of this study can be considered for future research. An attempt can be made to test the applicability of the scale developed in this study to a different industry or same industry in a different setting. The relative role of certain decision-

making variables such the quantum of money spent on CSR, the personality traits of the employees and the relative ranking of various CSR activities can be considered for future research. The present study used three moderators such as top management commitment, government interventions and control effectiveness; however, there may be many other intervening variables that may influence of CSR and perceived benefits. In fact, there may be other constructs such as corporate image that could mediate the abovementioned relationships. Furthermore, a mixed methodology approach could have brought out new associations and relationships that are more prominent in phenomenon of interest.

Further related research might consider developing items for CSR that are more suitable for the type of industry being examined. Consideration might also be given to interviewing a group of customers in order to provide a comparison of CSR knowledge of customers and their perceptions about benefits from CSR. Lastly, future research might consider investigating whether loyalty intentions are developed due to customers' knowledge about CSR initiatives of the firm.

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║║║Annexures║║║

Dear Sir,

I am doing a study to explore Corporate Social Responsibility practices among limited companies in Kerala as a scholar of School of Management studies, CUSAT. I would like to get some information on the perception of Managers related to various aspects of CSR and it's benefit feel. I request you to fill the enclosed questionnaire and send it back to me.

It may be noted that the information given by you will be kept strictly confidential and will not be used for any other purposes. I do hereby assure you that neither your name and nor your company's name will be disclosed for any purpose. I also assure you that any specific reference to your organizations will not be made available to anybody.

Kindly put tick mark on the answers which you feel more appropriate.

Thanks and regards,

Kesavan. E
Research Scholar
CUSAT

PERCEIVED BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES- A STUDY AMONG MANAGERS OF LISTED COMPANIES IN KERALA

ID NUMBER: ☐☐☐☐☐☐   Date of Interview: ☐☐☐☐☐☐

SECTION –1: Personal Information

PERSONAL INFORMATION	
1	Designation:	
2	Gender Male ☐ Female	
3	Age: ☐ 25- 30 ☐ 30-40 ☐ 40-50 yrs ☐ >50 yrs	
4	Educational Level. ☐ Degree ☐ Post Graduate ☐ Professional	
5	Name of the Organization	
6	Type of Organization ☐ Public Limited ☐ Private Limited	
7	Type of operation ☐ Manufacturing ☐ Service ☐ Banking ☐ others	
8	Turnover in Crores	

SECTION -2

For the following statements, please state your agreement/disagreement by putting a sign on the box below 1-5, where 1 means strongly disagree, 5 means strongly agree (check all that apply)

2.1. CSR Policies	SA	A	N	D	SD
2.1.1. Our company has policies that deals with ethical, legal and social responsibility	☐	☐	☐	☐	☐
2.1.2. Our company has policies on local community development	☐	☐	☐	☐	☐
2.1.3. Our company has a health and safety policy for local community	☐	☐	☐	☐	☐
2.1.4. Our company has well defined policies on charitable activities	☐	☐	☐	☐	☐
2.2. Economic Aspects	**SA**	**A**	**N**	**D**	**SD**
2.2.1 Quality certifications adopted by our company helps in meeting social obligations	☐	☐	☐	☐	☐
2.2.2. Decisions by our company to guarantee sufficient cash flow and surpluses to meet shareholder expectations	☐	☐	☐	☐	☐
2.2.3. Our company creates spin-off technologies to meet social obligations	☐	☐	☐	☐	☐
2.2.4. Our company enjoys financial stability to initiate socially responsible actions	☐	☐	☐	☐	☐
2.3. Customers	**SA**	**A**	**N**	**D**	**SD**
2.3.1.Our company follows policies aimed at customer well fare	☐	☐	☐	☐	☐
2.3.2.Our company is socially responsible to customers	☐	☐	☐	☐	☐
2.3.3.Our company provide complete information about all details about all products/services to customers	☐	☐	☐	☐	☐

2.4. Employees	SA	A	N	D	SD
2.4.1. Our company educate its employees about social responsibilities	☐	☐	☐	☐	☐
2.4.2. Our company offers freedom to employees to take part in social initiatives	☐	☐	☐	☐	☐
2.4.3. Our company encourages socially responsible behaviour of employees	☐	☐	☐	☐	☐
2.5. Environmental Protection Initiatives	SA	A	N	D	SD
2.5.1. Our company voluntarily follow environmental regulations	☐	☐	☐	☐	☐
2.5.2. Our company incorporates environmental performance objectives in our organizational plans	☐	☐	☐	☐	☐
2.5.3. Our design products and manufacturing processes minimize the ecological footprint throughout product life cycle	☐	☐	☐	☐	☐
2.6. Social Involvement	SA	A	N	D	SD
2.6.1 Our company spent on social projects for the advancement of underprivileged groups of the society	☐	☐	☐	☐	☐
2.6.2. Our company is concerned with improving the general well-being in the society	☐	☐	☐	☐	☐
2.6.3. Our company is concerned with respecting and protecting the natural environment	☐	☐	☐	☐	☐
2.6.4. Our company provides financial assistance to support and build roads, libraries	☐	☐	☐	☐	☐
2.6.5. Our company offers drinking water to the nearby residents	☐	☐	☐	☐	☐
2.6.6. Our company has schemes to provide irrigation to local agricultural land	☐	☐	☐	☐	☐
2.6.7. Our company has schemes to help disabled, child and women	☐	☐	☐	☐	☐
2.6.8 Our company make an effort to understand customer feelings on social responsibility	☐	☐	☐	☐	☐
2.6.9. Our company deploys employees on socially responsible activities	☐	☐	☐	☐	☐

2.7. Community Relation Development	SA	A	N	D	SD
2.7.1. Our company encourages employees to participate in activities related to community development	☐	☐	☐	☐	☐
2.72. Our company has a system of providing social amenities	☐	☐	☐	☐	☐
2.7.3. Our company does joint activities with local NGO/villages in social projects, and microfinance.	☐	☐	☐	☐	☐
2.7.4. Our company has established scholarship schemes for students in the local community	☐	☐	☐	☐	☐
2.7.5. Our company engage in infrastructural development for health, education, science, culture and sports facilities for local community	☐	☐	☐	☐	☐
2.8. Philanthropic Activities	**SA**	**A**	**N**	**D**	**SD**
2.8.1. Our company has schemes for frequent checking of health of people in the local community	☐	☐	☐	☐	☐
2.8.2. Our company organize blood donation camps	☐	☐	☐	☐	☐
2.8.3. Our company provides skill development activities to local students	☐	☐	☐	☐	☐
2.8.4. Our company has schemes to provide education to people in the local community	☐	☐	☐	☐	☐
2.9. Top Management Commitment	**SA**	**A**	**N**	**D**	**SD**
2.9.1. Vision/mission statements emphasizes the commitment to CSR	☐	☐	☐	☐	☐
2.9.2. The company has identified the key CSR issues and the progress is reviewed periodically	☐	☐	☐	☐	☐
2.9.3. The company clearly distinguish CSR from corporate philanthropy, sponsorship and donations	☐	☐	☐	☐	☐
2.9.4. The company has formulated CSR policy in consultation with stakeholders	☐	☐	☐	☐	☐
2.9.5. The CSR policy of the company is a public document	☐	☐	☐	☐	☐

2.10. Control effectiveness	SA	A	N	D	SD
2.10.1. Our company has a system to monitor social projects	☐	☐	☐	☐	☐
2.10.2. Our company has a system to regularly evaluates the CSR activities	☐	☐	☐	☐	☐
2.10.3. Our company reports the social projects undertaken through news letter, brochures	☐	☐	☐	☐	☐
2.10.4. Our CSR reporting is in line with the other international publicly listed companies	☐	☐	☐	☐	☐
2.10.5. Our company has procedures to rectify mistakes in implementation of CSR activities	☐	☐	☐	☐	☐
2.11. Governmental Interventions	**SA**	**A**	**N**	**D**	**SD**
2.11.1. Our company is willing to spend 2% of Net profit for CSR activities as stipulated by govt.	☐	☐	☐	☐	☐
2.11.2. Our company believes that governmental interventions will motivate CSR activities	☐	☐	☐	☐	☐
2.11.3.CSR regulations framed by government offer proper directions to company policy on CSR	☐	☐	☐	☐	☐
2.11.4. CSR regulations should be statutory rather than voluntary	☐	☐	☐	☐	☐
2.11.5. Government policies on CSR are meant for the benefit of society	☐	☐	☐	☐	☐
2.12. Perceived Benefits	**SA**	**A**	**N**	**D**	**SD**
2.12.1. Adoption of CSR activities improved relations with local community	☐	☐	☐	☐	☐
2.12.2. Adoption of CSR activities increased customer loyalty	☐	☐	☐	☐	☐
2.12.3. Adoption of CSR activities improved relations with business partners or investors	☐	☐	☐	☐	☐
2.12.4. Adoption of CSR activities increased employee loyalty with the company	☐	☐	☐	☐	☐
2.12.5. Adoption of CSR activities improved company's reputation and goodwill	☐	☐	☐	☐	☐

Thank You very much for your participation

<div style="text-align:center">

ANNEXURE-2

Fit indices and estimates of confirmatory model of CSR quality

</div>

Model Fit Summary

<div style="text-align:center">

CMIN

</div>

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	90	787.991	406	.000	1.941
Saturated model	496	.000	0		
Independence model	31	5704.070	465	.000	12.267

<div style="text-align:center">

RMR, GFI

</div>

Model	RMR	GFI	AGFI	PGFI
Default model	.042	.888	.863	.727
Saturated model	.000	1.000		
Independence model	.207	.357	.314	.334

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Baseline Comparisons

</div>

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.862	.842	.928	.916	.927
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

<div style="text-align:center">

Parsimony-Adjusted Measures

</div>

Model	PRATIO	PNFI	PCFI
Default model	.873	.753	.809
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	381.991	306.289	465.486
Saturated model	.000	.000	.000
Independence model	5239.070	4998.972	5485.628

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	2.052	.995	.798	1.212
Saturated model	.000	.000	.000	.000
Independence model	14.854	13.643	13.018	14.285

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.049	.044	.055	.556
Independence model	.171	.167	.175	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	967.991	984.354	1323.783	1413.783
Saturated model	992.000	1082.182	2952.809	3448.809
Independence model	5766.070	5771.707	5888.621	5919.621

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	2.521	2.324	2.738	2.563
Saturated model	2.583	2.583	2.583	2.818
Independence model	15.016	14.391	15.658	15.030

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	222	232
Independence model	35	37

Estimates (Group number 1 - Default model)

Scalar Estimates (Group number 1 - Default model)

Maximum Likelihood Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
soci1	<---	Socio	1.000				
soci2	<---	Socio	.907	.101	8.940	***	
soci5	<---	Socio	.973	.106	9.167	***	
soci6	<---	Socio	1.332	.107	12.430	***	
soci7	<---	Socio	1.384	.108	12.762	***	
soci9	<---	Socio	1.195	.097	12.367	***	
commu1	<---	Commu	1.000				
commu2	<---	Commu	.943	.052	18.029	***	
commu3	<---	Commu	.761	.054	14.180	***	
commu4	<---	Commu	.799	.053	15.084	***	
commu5	<---	Commu	.536	.061	8.709	***	
phila1	<---	Philantro	1.000				
phila2	<---	Philantro	1.127	.088	12.817	***	
phila3	<---	Philantro	1.027	.080	12.887	***	
econo1	<---	Econo	1.000				
econo2	<---	Econo	1.017	.087	11.729	***	
econo3	<---	Econo	1.168	.085	13.779	***	
econo4	<---	Econo	.873	.068	12.846	***	
csrp1	<---	Crmp	1.000				
csrp2	<---	Crmp	.633	.082	7.732	***	
csrp3	<---	Crmp	1.076	.114	9.454	***	
cust1	<---	Cust	1.000				
cust2	<---	Cust	1.197	.057	21.016	***	
cust3	<---	Cust	1.012	.053	18.935	***	
emp1	<---	Empl	1.000				
emp2	<---	Empl	1.013	.079	12.791	***	
emp3	<---	Empl	1.077	.085	12.610	***	
envior1	<---	Envior	1.000				
envior2	<---	Envior	1.737	.172	10.072	***	
envior3	<---	Envior	1.850	.184	10.070	***	
soci4	<---	Socio	1.137	.108	10.519	***	

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
soci1	<---	Socio	.608
soci2	<---	Socio	.527
soci5	<---	Socio	.543
soci6	<---	Socio	.820
soci7	<---	Socio	.856
soci9	<---	Socio	.813
commu1	<---	Commu	.847
commu2	<---	Commu	.826
commu3	<---	Commu	.681
commu4	<---	Commu	.715
commu5	<---	Commu	.450
phila1	<---	Philantro	.697
phila2	<---	Philantro	.795
phila3	<---	Philantro	.807
econo1	<---	Econo	.711
econo2	<---	Econo	.664
econo3	<---	Econo	.800
econo4	<---	Econo	.734
csrp1	<---	Crmp	.781
csrp2	<---	Crmp	.461
csrp3	<---	Crmp	.802
cust1	<---	Cust	.845
cust2	<---	Cust	.922
cust3	<---	Cust	.814
emp1	<---	Empl	.673
emp2	<---	Empl	.828
emp3	<---	Empl	.795
envior1	<---	Envior	.594
envior2	<---	Envior	.762
envior3	<---	Envior	.798
soci4	<---	Socio	.647

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Socio	<-->	Commu	.235	.034	6.905	***	
Socio	<-->	Philantro	.100	.027	3.757	***	
Socio	<-->	Econo	.236	.033	7.237	***	
Socio	<-->	Crmp	.023	.027	.861	.389	
Socio	<-->	Cust	-.014	.023	-.608	.543	
Socio	<-->	Empl	.193	.030	6.442	***	
Socio	<-->	Envior	.007	.015	.467	.641	
Commu	<-->	Philantro	.045	.036	1.239	.215	
Commu	<-->	Econo	.223	.037	5.964	***	
Commu	<-->	Crmp	.198	.042	4.709	***	
Commu	<-->	Cust	.026	.033	.801	.423	
Commu	<-->	Empl	.186	.036	5.145	***	
Commu	<-->	Envior	-.011	.021	-.517	.605	
Philantro	<-->	Econo	.234	.037	6.286	***	
Philantro	<-->	Crmp	-.021	.036	-.593	.553	
Philantro	<-->	Cust	.042	.031	1.370	.171	
Philantro	<-->	Empl	.107	.032	3.372	***	
Philantro	<-->	Envior	.135	.024	5.553	***	
Econo	<-->	Crmp	.007	.033	.206	.837	
Econo	<-->	Cust	.031	.028	1.108	.268	
Econo	<-->	Empl	.266	.037	7.165	***	
Econo	<-->	Envior	.054	.019	2.831	.005	
Crmp	<-->	Cust	.013	.033	.393	.695	
Crmp	<-->	Empl	.010	.033	.310	.757	
Crmp	<-->	Envior	.011	.021	.508	.611	
Cust	<-->	Empl	.013	.028	.464	.642	
Cust	<-->	Envior	.041	.018	2.241	.025	
Empl	<-->	Envior	.053	.019	2.855	.004	

Correlations: (Group number 1 - Default model)

			Estimate
Socio	<-->	Commu	.509
Socio	<-->	Philantro	.242
Socio	<-->	Econo	.615
Socio	<-->	Crmp	.053
Socio	<-->	Cust	-.034
Socio	<-->	Empl	.512
Socio	<-->	Envior	.028
Commu	<-->	Philantro	.075
Commu	<-->	Econo	.404
Commu	<-->	Crmp	.315
Commu	<-->	Cust	.046
Commu	<-->	Empl	.342
Commu	<-->	Envior	-.032
Philantro	<-->	Econo	.474
Philantro	<-->	Crmp	-.038
Philantro	<-->	Cust	.082
Philantro	<-->	Empl	.221
Philantro	<-->	Envior	.438
Econo	<-->	Crmp	.013
Econo	<-->	Cust	.065
Econo	<-->	Empl	.592
Econo	<-->	Envior	.188
Crmp	<-->	Cust	.024
Crmp	<-->	Empl	.020
Crmp	<-->	Envior	.033
Cust	<-->	Empl	.027
Cust	<-->	Envior	.139
Empl	<-->	Envior	.190

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Socio	.321	.051	6.317	***	
Commu	.668	.068	9.761	***	
Philantro	.534	.075	7.157	***	
Econo	.457	.061	7.498	***	
Crmp	.595	.086	6.921	***	
Cust	.498	.051	9.837	***	
Empl	.442	.064	6.892	***	
Envior	.178	.031	5.695	***	
e1	.548	.042	13.009	***	
e2	.686	.052	13.301	***	
e4	.577	.045	12.813	***	
e5	.725	.055	13.251	***	
e6	.278	.026	10.829	***	
e7	.224	.023	9.808	***	
e9	.235	.021	10.973	***	
e10	.262	.030	8.796	***	
e11	.277	.029	9.553	***	
e12	.447	.037	12.186	***	
e13	.408	.035	11.826	***	
e14	.756	.057	13.375	***	
e15	.564	.051	11.058	***	
e17	.395	.046	8.563	***	
e18	.301	.037	8.120	***	
e19	.447	.039	11.384	***	
e20	.600	.050	11.963	***	
e21	.350	.037	9.523	***	
e22	.299	.027	11.023	***	
e23	.381	.063	6.063	***	
e24	.885	.069	12.826	***	
e25	.382	.071	5.395	***	
e27	.200	.021	9.513	***	
e28	.127	.024	5.346	***	
e29	.259	.024	10.622	***	
e30	.533	.046	11.580	***	
e31	.208	.027	7.618	***	
e32	.298	.034	8.806	***	
e33	.326	.028	11.822	***	
e34	.388	.048	8.065	***	
e35	.347	.051	6.843	***	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
envior3	.637
envior2	.580
envior1	.353
emp3	.632
emp2	.686
emp1	.453
cust3	.663
cust2	.849
cust1	.713
csrp3	.643
csrp2	.212
csrp1	.610
econo4	.539
econo3	.641
econo2	.441
econo1	.506
phila3	.652
phila2	.631
phila1	.486
commu5	.202
commu4	.511
commu3	.463
commu2	.682
commu1	.718
soci9	.661
soci7	.733
soci6	.672
soci5	.295
soci4	.418
soci2	.278
soci1	.369

ANNEXURE-3

Fit indices and estimates of multi-dimensional structure of CSR quality

Model Fit Summary

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	101	1027.273	460	.000	2.233
Saturated model	561	.000	0		
Independence model	33	6211.709	528	.000	11.765

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.043	.864	.834	.708
Saturated model	.000	1.000		
Independence model	.196	.362	.322	.341

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.835	.810	.901	.885	.900
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.871	.727	.784
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	567.273	478.212	664.053
Saturated model	.000	.000	.000
Independence model	5683.709	5433.247	5940.638

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	2.675	1.477	1.245	1.729
Saturated model	.000	.000	.000	.000
Independence model	16.176	14.801	14.149	15.470

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.057	.052	.061	.116
Independence model	.167	.164	.171	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	1229.273	1248.896	1628.550	1729.550
Saturated model	1122.000	1230.994	3339.770	3900.770
Independence model	6277.709	6284.121	6408.166	6441.166

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	3.201	2.969	3.453	3.252
Saturated model	2.922	2.922	2.922	3.206
Independence model	16.348	15.696	17.017	16.365

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	192	200
Independence model	37	38

Estimates (Group number 1 - Default model)

Scalar Estimates (Group number 1 - Default model)

Maximum Likelihood Estimates

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
CSRQu	<---	Socio	1.325	.426	3.111	.002	
CSRQu	<---	Commu	.511	.217	2.360	.018	
CSRQu	<---	Philantro	2.520	.539	4.677	***	
CSRQu	<---	Econo	-5.260	1.147	-4.587	***	
CSRQu	<---	Crmp	-.278	.184	-1.509	.031	
CSRQu	<---	Cust	.045	.174	.258	.797	
CSRQu	<---	Empl	2.362	.567	4.167	***	
CSRQu	<---	Envior	-1.178	.470	-2.508	.012	
soci1	<---	Socio	1.000				
soci2	<---	Socio	.904	.102	8.902	***	
soci5	<---	Socio	.970	.106	9.130	***	
soci6	<---	Socio	1.333	.107	12.404	***	
soci7	<---	Socio	1.386	.109	12.739	***	
soci9	<---	Socio	1.199	.097	12.361	***	
commu1	<---	Commu	1.000				
commu2	<---	Commu	.945	.053	17.986	***	
commu3	<---	Commu	.763	.054	14.165	***	
commu4	<---	Commu	.802	.053	15.069	***	
commu5	<---	Commu	.538	.062	8.718	***	
phila1	<---	Philantro	1.000				
phila2	<---	Philantro	1.116	.090	12.421	***	
phila3	<---	Philantro	1.010	.081	12.483	***	

			Estimate	**S.E.**	**C.R.**	**P**	**Label**
econo1	<---	Econo	1.000				
econo2	<---	Econo	1.093	.111	9.865	***	
econo3	<---	Econo	1.203	.110	10.986	***	
econo4	<---	Econo	.945	.088	10.696	***	
csrp1	<---	Crmp	1.000				
csrp2	<---	Crmp	.639	.082	7.757	***	
csrp3	<---	Crmp	1.103	.115	9.623	***	
cust1	<---	Cust	1.000				
cust2	<---	Cust	1.195	.057	21.082	***	
cust3	<---	Cust	1.010	.053	18.951	***	
emp1	<---	Empl	1.000				
emp2	<---	Empl	.970	.077	12.629	***	
emp3	<---	Empl	1.052	.084	12.484	***	
envior1	<---	Envior	1.000				
envior2	<---	Envior	1.702	.169	10.084	***	
envior3	<---	Envior	1.853	.183	10.125	***	
soci4	<---	Socio	1.135	.108	10.482	***	
commit1	<---	CSRQu	1.000				
commit2	<---	CSRQu	.856	.085	10.043	***	

Standardized Regression Weights: (Group number 1 - Default model)

			Estimate
CSRQu	<---	Socio	.474
CSRQu	<---	Commu	.653
CSRQu	<---	Philantro	.825
CSRQu	<---	Econo	.716
CSRQu	<---	Crmp	.332
CSRQu	<---	Cust	.050
CSRQu	<---	Empl	.472
CSRQu	<---	Envior	.781
soci1	<---	Socio	.607
soci2	<---	Socio	.525
soci5	<---	Socio	.541
soci6	<---	Socio	.819
soci7	<---	Socio	.856
soci9	<---	Socio	.814
commu1	<---	Commu	.845
commu2	<---	Commu	.826
commu3	<---	Commu	.681
commu4	<---	Commu	.715
commu5	<---	Commu	.450
phila1	<---	Philantro	.683
phila2	<---	Philantro	.771
phila3	<---	Philantro	.777
econo1	<---	Econo	.602
econo2	<---	Econo	.603
econo3	<---	Econo	.698
econo4	<---	Econo	.672
csrp1	<---	Crmp	.771
csrp2	<---	Crmp	.459

			Estimate
csrp3	<---	Crmp	.812
cust1	<---	Cust	.846
cust2	<---	Cust	.921
cust3	<---	Cust	.814
emp1	<---	Empl	.676
emp2	<---	Empl	.796
emp3	<---	Empl	.780
envior1	<---	Envior	.596
envior2	<---	Envior	.749
envior3	<---	Envior	.803
soci4	<---	Socio	.645
commit1	<---	CSRQu	.877
commit2	<---	CSRQu	.888

Covariances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
Socio	<-->	Commu	.235	.034	6.897	***	
Socio	<-->	Philantro	.098	.026	3.717	***	
Socio	<-->	Econo	.230	.032	7.231	***	
Socio	<-->	Crmp	.022	.026	.854	.093	
Socio	<-->	Cust	-.014	.023	-.612	.040	
Socio	<-->	Empl	.195	.030	6.452	***	
Socio	<-->	Envior	.008	.015	.518	.004	
Commu	<-->	Philantro	.042	.036	1.169	.042	
Commu	<-->	Econo	.218	.035	6.208	***	
Commu	<-->	Crmp	.195	.042	4.690	***	
Commu	<-->	Cust	.026	.033	.801	.023	
Commu	<-->	Empl	.188	.037	5.129	***	
Commu	<-->	Envior	-.011	.021	-.505	.613	
Philantro	<-->	Econo	.262	.037	6.993	***	
Philantro	<-->	Crmp	-.017	.035	-.494	.621	
Philantro	<-->	Cust	.043	.031	1.402	.161	
Philantro	<-->	Empl	.095	.032	2.982	.003	
Philantro	<-->	Envior	.142	.025	5.723	***	
Econo	<-->	Crmp	.001	.029	.041	.967	
Econo	<-->	Cust	.030	.025	1.201	.230	
Econo	<-->	Empl	.294	.039	7.601	***	
Econo	<-->	Envior	.047	.017	2.738	.006	
Crmp	<-->	Cust	.014	.032	.435	.663	
Crmp	<-->	Empl	.013	.033	.411	.681	
Crmp	<-->	Envior	.010	.021	.455	.649	
Cust	<-->	Empl	.013	.028	.469	.639	
Cust	<-->	Envior	.042	.019	2.261	.024	
Empl	<-->	Envior	.059	.019	3.089	.002	

Correlations: (Group number 1 - Default model)

			Estimate
Socio	<-->	Commu	.509
Socio	<-->	Philantro	.243
Socio	<-->	Econo	.712
Socio	<-->	Crmp	.052
Socio	<-->	Cust	-.035
Socio	<-->	Empl	.517
Socio	<-->	Envior	.032
Commu	<-->	Philantro	.072
Commu	<-->	Econo	.468
Commu	<-->	Crmp	.314
Commu	<-->	Cust	.046
Commu	<-->	Empl	.344
Commu	<-->	Envior	-.031
Philantro	<-->	Econo	.641
Philantro	<-->	Crmp	-.032
Philantro	<-->	Cust	.085
Philantro	<-->	Empl	.198
Philantro	<-->	Envior	.467
Econo	<-->	Crmp	.003
Econo	<-->	Cust	.075
Econo	<-->	Empl	.768
Econo	<-->	Envior	.192
Crmp	<-->	Cust	.026
Crmp	<-->	Empl	.026
Crmp	<-->	Envior	.030
Cust	<-->	Empl	.028
Cust	<-->	Envior	.140
Empl	<-->	Envior	.210

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Socio	.320	.051	6.306	***	
Commu	.664	.068	9.726	***	
Philantro	.512	.073	6.995	***	
Econo	.327	.053	6.224	***	
Crmp	.580	.084	6.913	***	
Cust	.499	.051	9.858	***	
Empl	.446	.064	6.929	***	
Envior	.179	.031	5.721	***	
e1	.549	.042	13.019	***	
e2	.689	.052	13.311	***	
e4	.580	.045	12.831	***	
e5	.728	.055	13.262	***	
e6	.279	.026	10.866	***	
e7	.225	.023	9.848	***	
e9	.233	.021	10.964	***	
e10	.266	.030	8.884	***	
e11	.277	.029	9.556	***	
e12	.447	.037	12.182	***	
e13	.408	.035	11.818	***	
e14	.755	.056	13.373	***	
e15	.585	.052	11.367	***	
e17	.435	.045	9.612	***	
e18	.342	.036	9.438	***	
e19	.577	.044	12.984	***	
e20	.683	.053	12.977	***	
e21	.500	.040	12.380	***	
e22	.355	.028	12.579	***	
e23	.396	.061	6.497	***	
e24	.887	.069	12.846	***	
e25	.364	.070	5.179	***	
e27	.199	.021	9.492	***	
e28	.128	.024	5.415	***	
e29	.259	.024	10.647	***	
e30	.529	.046	11.531	***	
e31	.242	.027	8.969	***	
e32	.318	.034	9.457	***	
e33	.325	.028	11.801	***	
e34	.406	.047	8.550	***	
e35	.340	.050	6.790	***	
e37	.122	.039	3.133	.002	
e38	.080	.028	2.810	.005	

Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
commit2	.789
commit1	.770
envior3	.644
envior2	.561
envior1	.356
emp3	.608
emp2	.634
emp1	.457
cust3	.662
cust2	.848
cust1	.715
csrp3	.659
csrp2	.211
csrp1	.594
econo4	.452
econo3	.487
econo2	.364
econo1	.362
phila3	.604
phila2	.595
phila1	.466
commu5	.203
commu4	.511
commu3	.464
commu2	.682
commu1	.714
soci9	.663
soci7	.732
soci6	.671
soci5	.293
soci4	.416
soci2	.275
soci1	.368

ANNEXURE-4

Fit indices and Estimates of PLS model
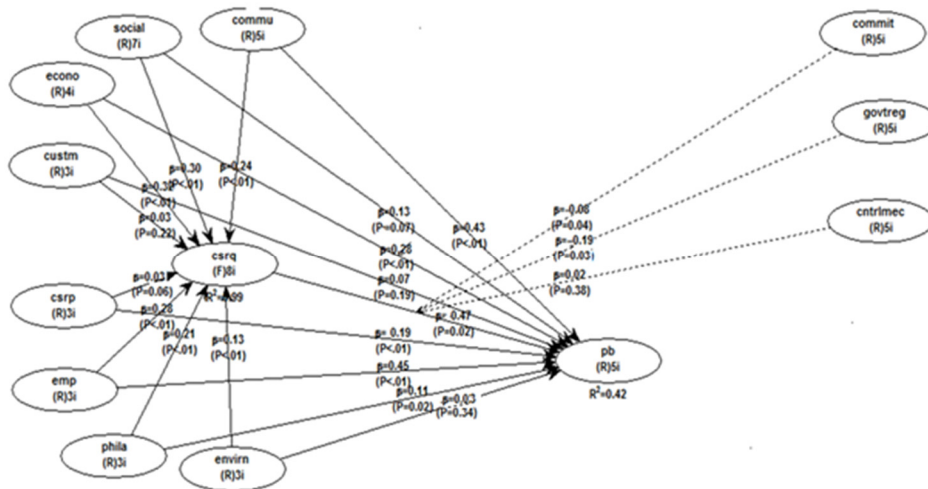
Output of estimate research model as explained in figure 5.15

Model fit and quality indices

Model fit and quality indices

Average path coefficient (APC)=0.194, P<0.001

Average R-squared (ARS)=0.708, P<0.001

Average adjusted R-squared (AARS)=0.698, P<0.001

Average block VIF (AVIF)=3.369, acceptable if <= 5, ideally <= 3.3

Average full collinearity VIF (AFVIF)=498451467.754, acceptable if <= 5, ideally <= 3.3

Tenenhaus GoF (GoF)=0.622, small >= 0.1, medium >= 0.25, large >= 0.36

Sympson's paradox ratio (SPR)=0.950, acceptable if >= 0.7, ideally = 1

R-squared contribution ratio (RSCR)=0.876, acceptable if >= 0.9, ideally = 1

Statistical suppression ratio (SSR)=0.950, acceptable if >= 0.7

Nonlinear bivariate causality direction ratio (NLBCDR)=0.950, acceptable if >= 0.7

```
**********************************
* Path coefficients and P values *
**********************************
```

Path coefficients

----

	social	econo	emp	commu	phila	envirn	csrq	csrp	custm	commit*	govtreg	cntrlme
social												
econo												
emp												
commu												
phila												
envirn												
csrq	0.304	0.317	0.276	0.239	0.212	0.130		0.054	0.026			
pb	0.128	0.275	0.446	0.432	0.115	0.030	0.465	0.185	-0.071	-0.079	-0.082	0.023

P values

----

	social	econo	emp	commu	phila	envirn	csrq	csrp	custm	commit*	govtreg	cntrlme
social												
econo												
emp												
commu												
phila												
envirn												
csrq	<0.001	<0.001	<0.001	<0.001	<0.001	0.003		0.061	0.224			
pb	0.068	0.007	<0.001	<0.001	0.024	0.342	0.024	0.007	0.192	0.03	0.04	0.382

****

* Latent variable coefficients *

****

R-squared coefficients

----

social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
						0.993	0.422								

Adjusted R-squared coefficients

----

social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
						0.993	0.403								

Composite reliability coefficients

----

social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
0.899	0.879	0.886	0.880	0.887	0.859	0.739	0.952	0.866	0.826	0.887	0.839	0.934	0.868	0.805	0.880

Cronbach's alpha coefficients

----

social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
0.867	0.817	0.807	0.827	0.809	0.753	0.619	0.937	0.790	0.737	0.840	0.709	0.894	0.872	0.814	0.871

Average variances extracted

----

social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
0.561	0.646	0.722	0.600	0.724	0.671	0.311	0.798	0.602	0.494	0.610	0.637	0.826	0.206	0.148	0.192

Full collinearity VIFs

----

social	econo	Emp	commu	phila	envirn	csrq	pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
NA	NA	NA	NA	NA	NA	NA	1.680	1.231	1.266	1.248	NA	NA	1.125	1.265	1.249

Q-squared coefficients

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social	econo	Emp	commu	phila	envirn	csrq	Pb	commit	govtreg	cntrlme	csrp	custm	commit*	govtreg	cntrlme
						0.993	0.433								

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********************************************
* Combined loadings and cross-loadings *
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	social	econo	emp	commu	phila	envirn	pb	commit	govtreg	cntrlme	csrp	custm	Type (a)	SE	P value
soci1	0.695												Reflect	0.045	<0.001
soci2	0.656												Reflect	0.055	<0.001
soci4	0.743												Reflect	0.052	<0.001
soci5	0.654												Reflect	0.059	<0.001
soci6	0.810												Reflect	0.046	<0.001
soci7	0.842												Reflect	0.049	<0.001
soci9	0.818												Reflect	0.055	<0.001
econo1		0.813											Reflect	0.043	<0.001
econo2		0.758											Reflect	0.044	<0.001
econo3		0.848											Reflect	0.035	<0.001
econo4		0.793											Reflect	0.049	<0.001
emp1			0.806										Reflect	0.066	<0.001
emp2			0.871										Reflect	0.046	<0.001
emp3			0.871										Reflect	0.047	<0.001
commu1													Reflect	0.046	<0.001

Item						Type	SE	p
commu2	0.860					Reflect	0.056	<0.001
commu3	0.765					Reflect	0.050	<0.001
commu4	0.795					Reflect	0.055	<0.001
commu5	0.558					Reflect	0.077	<0.001
phila1		0.822				Reflect	0.042	<0.001
phila2		0.859				Reflect	0.039	<0.001
phila3		0.871				Reflect	0.037	<0.001
envior1			0.744			Reflect	0.067	<0.001
envior2			0.848			Reflect	0.044	<0.001
envior3			0.860			Reflect	0.052	<0.001
pb1				0.877		Reflect	0.038	<0.001
pb2				0.918		Reflect	0.036	<0.001
pb3				0.913		Reflect	0.035	<0.001
pb4				0.885		Reflect	0.033	<0.001
pb5				0.874		Reflect	0.036	<0.001
Commit1					0.861	Reflect	0.068	<0.001
commit2					0.922	Reflect	0.080	<0.001
commit3					0.834	Reflect	0.053	<0.001
commit4					0.842	Reflect	0.054	<0.001
commit5					0.125	Reflect	0.093	0.092

govtreg					0.770		Reflect	0.074	<0.001
govtreg					0.812		Reflect	0.058	<0.001
govtreg					0.775		Reflect	0.055	<0.001
govtreg					0.546		Reflect	0.089	<0.001
govtreg					0.564		Reflect	0.093	<0.001
ctrl1				0.755			Reflect	0.057	<0.001
ctrl2				0.791			Reflect	0.049	<0.001
ctrl3				0.771			Reflect	0.052	<0.001
ctrl4				0.770			Reflect	0.042	<0.001
ctrl5				0.819			Reflect	0.044	<0.001
csrp1			0.851				Reflect	0.052	<0.001
csrp2			0.671				Reflect	0.058	<0.001
csrp3			0.858				Reflect	0.046	<0.001
cust1		0.904					Reflect	0.043	<0.001
cust2		0.930					Reflect	0.033	<0.001
cust3		0.892					Reflect	0.031	<0.001

Notes: Loadings are unrotated and cross-loadings are oblique-rotated. SEs and P values are for loadings. P values < 0.05 are desirable for reflective indicators.

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* Indicator weights *

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	csrq	Type (a	SE	P value	VIF	WLS	ES
lv_soci	0.305	Formati	0.024	<0.001	1.641	1	0.231
lv_econ	0.325	Formati	0.022	<0.001	1.751	1	0.263
lv_emp	0.284	Formati	0.026	<0.001	1.438	1	0.200
lv_comm	0.237	Formati	0.032	<0.001	1.418	1	0.140
lv_phil	0.208	Formati	0.038	<0.001	1.356	1	0.108
lv_envi	0.136	Formati	0.045	0.001	1.226	1	0.046
lv_csr	0.059	Formati	0.035	0.057	1.098	1	0.009
lv_cust	0.034	Formati	0.037	0.176	1.023	1	0.003

Notes: P values < 0.05 and VIFs < 2.5 are desirable for formative indicators; VIF = indicator variance inflation factor; WLS = indicator weight-loading sign (-1 = Simpson's paradox in l.v.); ES = indicator effect size.

* Ccorrelations among latent variables and errors *

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Correlations among l.vs. with sq. rts. of AVEs

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	social	econo	emp	commu	phila	envirn	csrq	pb	commit	govtreg	cntrlme	csrp	custm
social	0.749	0.515	0.439	0.449	0.217	0.051	0.757	0.335	0.055	-0.001	-0.005	0.043	-0.027
econo	0.515	0.804	0.493	0.334	0.384	0.178	0.809	0.411	0.013	0.014	0.013	0.015	0.048
emp	0.439	0.493	0.850	0.283	0.175	0.163	0.706	0.490	0.056	0.050	0.048	0.014	0.025
commu	0.449	0.334	0.283	0.775	0.060	-0.021	0.590	0.412	0.074	0.071	0.043	0.273	0.021
phila	0.217	0.384	0.175	0.060	0.851	0.390	0.518	0.130	0.185	0.009	-0.011	-0.015	0.066
envirn	0.051	0.178	0.163	-0.021	0.390	0.819	0.339	0.047	0.128	-0.063	-0.038	0.033	0.129
csrq	0.757	0.809	0.706	0.590	0.518	0.339	0.557	0.501	0.104	0.030	0.018	0.148	0.085
pb	0.335	0.411	0.490	0.412	0.130	0.047	0.501	0.893	0.189	0.024	0.049	-0.111	0.050
commit	0.055	0.013	0.056	0.074	0.185	0.128	0.104	0.189	0.776	0.077	0.064	-0.062	-0.086
govtreg	-0.001	0.014	0.050	0.071	0.009	-0.063	0.030	0.024	0.077	0.703	0.438	0.021	-0.002
cntrlme	-0.005	0.013	0.048	0.043	-0.011	-0.038	0.018	0.049	0.064	0.438	0.781	-0.025	0.020
csrp	0.043	0.015	0.014	0.273	-0.015	0.033	0.148	-0.111	-0.062	0.021	-0.025	0.798	-0.005
custm	-0.027	0.048	0.025	0.021	0.066	0.129	0.085	0.050	-0.086	-0.002	0.020	-0.005	0.909

Note: Square roots of average variances extracted (AVEs) shown on diagonal.
P values for correlations

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	social	econo	emp	commu	phila	envirn	csrq	pb	commit	govtreg	cntrlme	csrp	custm
social	1.000	<0.001	<0.001	<0.001	<0.001	0.322	<0.001	<0.001	0.286	0.978	0.921	0.401	0.598
econo	<0.001	1.000	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	0.796	0.786	0.800	0.763	0.351
emp	<0.001	<0.001	1.000	<0.001	<0.001	0.001	<0.001	<0.001	0.273	0.329	0.350	0.782	0.621
commu	<0.001	<0.001	<0.001	1.000	0.242	0.681	<0.001	<0.001	0.150	0.166	0.403	<0.001	0.675
phila	<0.001	<0.001	<0.001	0.242	1.000	<0.001	<0.001	0.011	<0.001	0.854	0.823	0.771	0.195
envirn	0.322	<0.001	0.001	0.681	<0.001	1.000	<0.001	0.355	0.012	0.215	0.459	0.517	0.011
csrq	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	1.000	<0.001	0.042	0.563	0.724	0.004	0.097
pb	<0.001	<0.001	<0.001	<0.001	0.011	0.355	<0.001	1.000	<0.001	0.641	0.339	0.030	0.326
commit	0.286	0.796	0.273	0.150	<0.001	0.012	0.042	<0.001	1.000	0.131	0.214	0.224	0.090
govtreg	0.978	0.786	0.329	0.166	0.854	0.215	0.563	0.641	0.131	1.000	<0.001	0.676	0.972
cntrlme	0.921	0.800	0.350	0.403	0.823	0.459	0.724	0.339	0.214	<0.001	1.000	0.619	0.701
csrp	0.401	0.763	0.782	<0.001	0.771	0.517	0.004	0.030	0.224	0.676	0.619	1.000	0.921
custm	0.598	0.351	0.621	0.675	0.195	0.011	0.097	0.326	0.090	0.972	0.701	0.921	1.000

* Block variance inflation factors *

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	Social	**econo**	**emp**	**commu**	**Phila**	**envirn**	**csrq**	**csrp**	**custm**
social									
econo									
emp									
commu									
phila									
envirn									
csrq	1.633	1.796	1.492	1.442	1.357	1.244		1.108	1.028
pb	4.237	5.463	3.960	2.763	2.242	1.709	3.340	1.231	1.038

Note: These VIFs are for the latent variables on each column (predictors), with reference to the latent variables on each row (criteria).

ANNEXURE-5

Plots explain linkage among variables

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for bivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting line and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting line and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for multivariate relationship (unstandardized scales)

Best-fitting curve and data points for bivariate relationship (unstandardized scales)

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