INTRODUCTION

This chapter begins with giving an insight to the notion of Corporate Social Responsibility (CSR), setting the background of the research, defining the problem statement, identifying the research gap. The justification of study is also explained in detail and the research gaps are identified followed by setting of the objectives of the present study. The limitations are also stated.

1.1 Corporate Social Responsibility (CSR) - An Insight

Corporate Social Responsibility is not a mere business buzzword or a fad, rather one of the most promising management topics of mounting significance for businesses (Ribers 2010). Although, a huge amount of ambiguity and uncertainty about the real meaning of corporate social responsibility and the drivers for the business to pursue it, exists (Abiodun 2012), the theme is rapidly flourishing on the domestic and global schema of the corporate sector (Khurana 2011) and has long existence in India. By adopting sustainable actions, businesses have been playing an excellent role in bringing a noteworthy transformation in the society by improving the people's life quality. (Berad 2011). (Ahamed et.al 2014) Corporate Social Responsibility (CSR) as a common corporate practice has proven a foothold in nations which are developing with businesses committing to advance the societal and economic standing of numerous stakeholders by complying with all legal and economic requirements (Krishnan and Balachandran 2010). CSR holds accountability for the business's actions and reassures a positive influence through its actions on the environment and its stakeholders (Prateek and Chandan 2010), representing a differentiating factor that may be used effectively by businesses to distinguish themselves within their industries (Hill et al, 2006). It is vital for the corporate sector to realise the triple bottom-line effect: profits, environment protection and fight for social justice of every CSR activity. (Berad 2011). CSR is the DNA of a company as a corporate decision responsible for its financial sustainability and value creation of the operating business. Hence, the companies try to trim down the negative impacts and maximize the positive impacts for their benefit and that of the society as well. CSR, generally called philanthropy (Sharma 2011) by the corporate does not treat welfare of the society and the growth of the company as a zero-sum game rather focuses and voluntarily assumes doing well for the community, the society, the environment and all other aspects (Singh 2010). CSR activities deliberate upon putting together the corporate efforts (Berad 2011), (Kiran and Sharma 2011) as an attempt to help the society through development projects. The term CSR conceptualizes analyzing the interdependent relationships existing between economic systems, corporations and the community (Uddin and Hassan 2008). For a long time, there has neither been an accord on the model of corporate social responsibility, nor there exist an absolute definition for CSR. (Qiu 2010). Industry leaders, policy makers and consumers each may have their own concept - and opinion - but one thing is for sure; CSR is here to stay and it should!

1.2 Background of the Study

The practice and content of the entrepreneurial economy worldwide is fast progressing with capital being progressively centralized, as the market competition strengthens. Corporations have to continue running just to stay in the same place.

The protection of interests of stakeholder groups has recently become increasingly common across the world with the emergence of concept of Corporate Social Responsibility (CSR) three decades ago (Fauzi 2012). Socially responsible businesses have to be proactive, not just reactive to actively apply new and positive trends (Boyd and Gessner 2013). A significant amount of research has been steered on sustainability and CSR in developed countries (Belal 2001) especially on developing theories and models. However, in spite of many research studies, the association between corporate financial performance and social responsibility has still not acquired a universal consensus and is circumscribed with inconsistent evidence (Zaborek 2014). The focus on integrating CSR into sustainability and understanding CSR in a specific sector has been minimal. The corporate scandals and scams drawing the public attention have highlighted the significance of CSR all the more and the study of the concept has become of utmost importance for the corporate worldwide. Corporate social responsibility is primarily measured as an idea of the western countries, due to stringent standards, institutions and regulatory systems. The feeble regulatory mechanisms (Chapple and Moon 2005), pose substantial challenge to companies for performing CSR in Asian nations counting India (Mishra 2010). Subsequently, Indian businesses have initiated altering their stance towards CSR by eyeing beyond submissive philanthropy.

Proponents argue the existence of a robust CSR case, as the businesses profit in numerous ways by functioning with a wider standpoint which goes beyond their short-term earnings. Some critics contend that CSR sidetracks beyond the essential economic role of companies; others opine that it is an artificial window-dressing;

others yet are of the belief that it’s an endeavor to forestall the character of watchdogs by the governments over influential multinational corporations.

In the foreign studies studied till date, possibly the maximum studied facet of CSR has been its linkage to Corporate Financial Performance (CFP). A lot of effort has been put on gazing an insight into this linkage and a quantity of empirical findings and theoretical revelations have been exposed in Indian studies also, however the automotive sector has yet to be explored. Numerous pragmatic researches of the relationship between CSR and CFP, by using measures of profitability has been conducted and given varied results.

1.3 Problem Statement

The ripple effects of the recurring corporate scams, be it Enron in US or the Satyam Fiasco in India have led to the collapse of not only small business entities but also the so called world corporate giants’. A recent upsurge of illegal and ethical misconduct incidents spanning the globe has intensified public scrutiny of corporate behavior. The corporate are facing stress to advance policies, principles, and behaviours that validate their sensitivity to stakeholder apprehensions (Brammer 2007). Stakeholder expectations of the firms are ranging from maximum profits to strong levels of corporate social responsibility. The effects of globalisation and liberalisation in the Indian economy has led to a transcendent shift of corporate goals from a socio - economic focus towards increasing Stockholders value to the benefit of various stakeholders. These social demands characterize a move in the meaning of CSR and smear a growing prominence on social impact (Forester 2009). More and more businesses are instigating environmentally responsive practices into their professional tactics. Even the government with its duty of shielding the benefits of the general public would logically be leaning towards the companies which take care of the all the stakeholders interests (Krishnan and Balachandran 2010).The genuine effect of CSR performance and its link with financial performance of businesses have undergone intensive studies over the last two decades in over a hundred researches, the conclusions of which have been partly questionable and sometimes self-contradictory (Nopanene 2013) (Paskert 2008) (Rowley and Berman 2000; Walsh, Weber and Margolis 2003). An integrated conclusion about the CSR and CFP relationship has not been reached. (Qui Yang 2012). Although wide-ranging research on CSR-CFP has been conducted in countries that are developed, there is a paucity of such researches in India (Tyagi 2012), especially in the automotive sector.

The evolution of the automotive sector also carries with it the challenges allied with rapid depletion and the mounting cost of fossil fuels, the negative impact of vehicles on the environment and climate change. These are areas of severe concern not only to the Governments worldwide but also to industry experts and automotive leaders across the globe.

Hence, CSR has become an progressively significant concept for business strategies in the automotive industry. Today, the stakeholder groups not only demand companies to be involved in activities related to social and environmental issues but also expects to be communicated about the magnitudes of their processes (Daub 2007).

Corporate Social Disclosure is a vital instrument for connecting with stakeholders for corporation's social responsibility initiatives. Global surveys and comparative researches specify a noteworthy gap between various countries in CSR disclosure practices. (Hassan 2010).

This study aims at investigating two relationships:

1. The association between corporate social responsibility initiatives taken by the companies and financial performance of companies in the automotive sector.
2. The association between corporate social responsibility disclosure level and financial performance of companies in the automotive sector.

1.4 Research Gap

In India, among accessible literature, only few studies on CSR and CFP exists. Therefore, the lack of authentic measures in Indian studies impelled a study with more dependable measures and indicators, thereby crafting a rationale for conducting further research and providing empirical evidence. The other research gaps that have been identified are:

1. No research has been conducted till date that examines the degree of CSR disclosure by companies in the Automotive Sector. Various researches have been conducted to analyze CSP and CFP in mining companies, FMCG Companies, textile companies, etc. establishing a negative or positive or a neutral relation. But examining the association of CSR Initiatives and its disclosure with the financial performance of the companies in automotive sector has rarely been in the purview of the researches.

2. The CSR Disclosure has not been examined through a Self-Composed Disclosure Index formed by considering both the Global Guidelines and Indian Guidelines. The GRI-G-3 guidelines have been the basis of understanding the CSR Reporting for many studies. Some studies had also considered ISO-26000, AA-1000 and the Ministry of Corporate Affairs issued National Voluntary Guidelines. No study has made an attempt to compare both the global and Indian guidelines to establish the CSR Reporting dimensions.

3. India has a lot of scope for research in this area. CSR, known as the concept of West, is deliberated to be more of a emerging activity in the Indian commercial sector than a recognized trend in general. Although wide-ranging research on CSR-CFP has been conducted in advanced and established countries, there is a paucity of similar researches in India.

4. The new Companies Act 2013 has made CSR expenditure to be a mandate. It becomes necessary to understand the perception of the employees of the automotive companies towards the implementation of the new provisions.

1.5 Justification of Study

Traditional management practices and thoughts embrace that a corporate is essentially a strong economic engine to drive stockholders wealth. This no longer stands true in practice. Now, it is believed that the idea of economic progress and social development should go hand in hand. The reliability and transparency about its functioning to society can make possible to co-exist business with success, justifying the emergence of corporate social responsibility and its disclosures in corporate reporting (Goswami 2011). One important observation from the literature on social performance and financial performance is that majorly studies are from developed countries and a lack of evidence exists about emerging markets like India. (Tyagi2012). Statistically examined, studies on CSP and CFP relationship taking the regulatory guidelines, both Indian and global as a parameter of measuring CSR is missing. There is a dearth of such literature and need for the study on CSP and CFP is being deeply felt.

Current researches on CSR in India is mostly confined to assess the CSR expenses' impact on the financial performance (Bedi 2010), examine the effect of CSR towards primary stakeholders and its influence in performance of Indian firms using perceptual data (Mishra and Suar 2010), assess the financial performance of Indian firms with CSR using Market Value Added (MVA) and Economic Value Added (EVA) (Mittal 2008) , study the effect of corporate governance performance of Indian companies on their financial performance (Singhania 2011), (Banerjee 2009), examine the social performance impact on shareholder returns by comparing Environmental, Social and Governance (ESG) portfolio with Market portfolio of Indian firms (Vasal 2009).The impact of CSR Disclosure on CFP has not been explored in any of these studies.

Moreover the Automotive sector remains entirely untapped by the researchers. This study is expected to make contribution to knowledge in the following areas: It aims at giving insight about CSR, its need and significance in general and specifically in relation to the Automotive Sector.

The study will provide information on the Corporate Social Responsibility initiatives taken by the corporations in the automotive sector and the disclosure of the same for the stakeholders. Further the study will analyse the relationship between the CSR initiatives and CSR disclosure by the companies and their Financial Performance. The understanding of the CSR provisions of latest Companies Act 2013 is also a major aim of the research. The study is also directed to gauge the perception of the employees of automotive sector regarding the execution of the latest provisions of Companies Act 2013, relating to CSR

1.6 Research Objectives

1. To examine the Corporate Social Responsibility initiatives of the select companies in Automotive Sector in India.
2. To analyse the relationship between Disclosure(s) of Corporate Social Responsibility initiatives and the Financial Performance of the companies.
3. To examine the perception of employees regarding the implementation of the new Companies Act 2013 provisions being followed by the companies.
4. To analyse the relationship between Corporate Social Responsibility initiatives and the Financial Performance of the companies.

1.7 Significance of the Study

It is Indian industry‘s growing prominence as a social and economic actor in the national and global arena that mandate an examination of its social responsibility. This provides an impetus to CSR research and practice. Also, the progression of the transportation sector in India transmits with it the challenges allied with quick depletion and the mounting cost of fossil fuels, the effect of vehicles on the environment and climate change. These are areas of severe concern to the Government of India, industry experts and automotive leaders. Hence, CSR has become a progressively significant concept for business strategies in the automotive industry.

1.7.1 Theoretical Concern

1. Theoretically, the present study seeks to explore the extent to which CSR initiatives have been taken by the companies in the automotive sector highlighting the distinct areas in which the companies are contributing regularly and those which are being ignored.
2. The study will help in understanding the extent of regulatory guidelines followed by the companies for disclosing their CSR initiatives, which are becoming of utmost significance to the stakeholders.
3. The findings of the study may help understanding the perceptions of employees of the organisations towards implementation of the new provisions towards CSR practices.
4. Since, not much research has been done in the field of CSR and its disclosure

in India, especially in the automotive sector, this study would be a significant contribution to the existing body of knowledge.

1.7.2 Practical Concern

1. With this study the Indian companies' managers can be acquainted with the reporting guidelines followed internationally and the same can be followed to make themselves globally competitive in the area of communal responsibility.
2. The focus of thesis in understanding the impact of the disclosure of the sustainability information by the automotive companies on their financial performance will help these companies to take the essential step to enhance their productivity and profitability.
3. The segregation of the sustainability factors into economic, social and environmental factors will help companies in achieving the Triple Bottom Line Effect, augmenting the stakeholders' trust in the companies.
4. The study may promote the introduction of a strict and mandatory internal policy for CSR contribution.
5. The study may result in the introduction of more counselling and motivational programs in the companies to increase the awareness among the employees about the significance of the CSR activities and its effect on company's profitability and public image.
6. The study of relationship between CSR and CFP may give an insight to the companies to take a judicious decision regarding investment in CSR initiatives.

1.8 Limitations

1. The study is focused on one sector (automotive sector) with relatively small sample size.
2. The companies that have been selected for the study are on the basis of the guidelines given by the Companies Act, for a business to invest in CSR initiatives. The other businesses of the automotive sector are beyond the room of the study.
3. CSR Disclosure Index prepared by self could not account for all the possible dimensions to measure corporate social responsibility. The company's financial performance is affected by many other variables.
4. Studying the effect of CSR initiatives and its disclosure cannot be considered as a sole parameter to study the effect on the CFP.

1.9 Organisation of Dissertation

The thesis structure is organized as follows:

- **Chapter 1- Introduction**

  The chapter begins with giving an insight to the notion of Corporate Social Responsibility (CSR), setting the background of the research, defining the problem statement, identifying the research gap. The justification of study is also explained in detail and the research gaps are identified followed by setting of the objects of the present study. The limitations of the research are also stated.

- **Chapter 2- Literature Review**

  The chapter gives a detailed literature review: both historical and contemporary. The historical perspectives of CSR are discussed followed by the concept of Triple Bottom Line Reporting. The emerging theories and models in India are detailed with emphasis on Stakeholder's Theory and Carroll's Model. The literature related to Corporate Social Responsibility and Corporate Social Performance, concept of CSR Disclosure and finally the connection between CSR Disclosure and CFP have been discussed, followed by the conclusion of the literature review done.

- **Chapter 3- Theoretical Framework:**

  In this chapter, an insight to the concept is given including the definitions, the related terminology, the need and significance and the committees of CSR. The chapter further discusses the initiatives taken by the select companies in the automotive sector in India. And finally, the chapter explains the CSR disclosure guidelines both national and global, in detail.

- **Chapter 4- Research Methodology**

  The chapter starts with the development of the hypotheses of this research study. After this, the data collection methods, selection of sample from the target population, identification of independent, dependent and controlled variables are discussed. Thereafter, the creation of CSR Disclosure Index is detailed followed by the coding procedure for the content analysis. The Questionnaire development procedure is explained in detail. Finally the statistical techniques and tests used are discussed.

- **Chapter 5- Data Analysis and Interpretation**

  This chapter is separated into four sections. The first unit analyses the guidelines followed by the sample companies for disclosing CSR activities, followed by the year wise disclosure analysis of the CSR activities. The second section analyses the relationship between CSR Disclosure and the CFP using Multiple Regression Analysis. The third section analyses the employees' perception on the New Companies Act 2013 provisions followed by the corporate and the last section analyses the association between Corporate Social Responsibility initiatives and the Corporate Financial Performance using Factor Analysis and Structural Equation Modelling.

- **Chapter 6- Findings, Conclusions and Recommendations:** The last chapter of the study gives the findings and conclusions of the study followed by recommendations and scope of further research.

LITERATURE REVIEW

Chapter 1 highlighted the broad framework of the concept of Corporate Social Responsibility and its rationale in automotive sector. The Disclosure Guidelines for CSR reporting have also been elaborated. This chapter gives a detailed review of the studies: both historical and contemporary. The purpose is to provide a background to understand the focus area of the study and clarify the reason for the investigation of the problem identified.

2.1. Historical Perspective of CSR Abroad and in India

Corporate social responsibility is a debatable term. Sheldon, first cited the concept of corporate social responsibility (CSR) in 1924 and suggested the concept of CSR in his book "The Philosophy of Management". Since then, many different opinions on this concept had been advanced by academics and organizations (Qui 2011). Bowen (1950), usually taken as father of CSR (Carroll 1999), wrote a book "The Social Responsibilities of business man" and opined CSR to dominate the society- business interface (Singh, 2010). However, its conceptualization is still elusive (Shen 2006). The necessity of CSR for all businesses has been acknowledged during the 1950‘s and 60‘s by scholars (Carroll 1979) (Kantanen 2005) and occupational people. (Davis 1960) famous for his ―Iron Law of Responsibility, which detailed the social power of capitalists should be equivalent to their communal responsibilities, considered CSR to be a rather an ambiguous construct but still claimed it to be seen within the management background. The more socially responsible business people are expected to possess more social power. However, Milton Friedman's views stand different from the mainstream society beliefs for CSR (Forester 2009). The late 1970s witnessed a more structurally investigated and articulated four-part CSR definition (Carroll 1979) signifying that companies have four responsibilities: economic, legal, ethical, and philanthropic. Between 1970 and 1990, concepts related to environment such as sustainable development came into existence (Marquina, 2007). The 1980's upsurge a new era for CSR research. The stakeholder theory contributed significantly to the development of CSR between the 1980s and 1990s, proposing that a firm is a node of contracts between stakeholders (Putten 2005).The researchers still sustained the development of investigating CSR concepts than putting an effort to narrowly describe the construct towards the end of 1990. CSR as a concept has been identified with various terminology like corporate social responsibility, corporate citizenship, corporate philanthropy, global citizenship and corporate sustainability, to name a few (Garriga and Melé 2004) (Kotler and Lee 2005). CSR institutes a robust commitment to social responsibilities throughout the organizational culture, which highlights on the implementation of the obligations towards the employees and containing them in responsible accomplishments (Devi Sharma 2009).

Not only globally, CSR as a concept has its evolution and prominence in India also, marked by a long custom of patriarchal philanthropy. The concept has been followed since ancient times in the form of helping the poor and disadvantaged. In the pre-industrial era, philanthropy with religion were the crucial CSR drivers. In the 19th century, the business families, had a robust predisposition towards philanthropy and other communal considerations. The merchant class in pre-industrial India had a significant role to play in setting the cornerstones of philanthropy in their society (Shrivastava and Venkateswaran 2000) by donating for construction of public buildings like hospitals, libraries, and training institutes. The Birla mandir by famous Marwaris- Birlas with the construction of public buildings like hospitals, libraries, and training institutes and the Tata memorial hospital and Institute of fundamental research by the Tatas, built in 1940s are the major landmarks of the beginning of philanthropic activities in India.

Mahatma Gandhi's Trusteeship Concept

Mahatma Gandhi introduced concept of 'Trusteeship' as an attainable norm for business community in India to promulgate the idea that companies were like trustees of the society's wealth for its well-being (Mitra, 2007). In his social trusteeship theory, Gandhi transmitted that God's assets are for all God's people, and is not for egocentric spending by any individual and the private custody of property should serve society's best interests (Khan 2009). In the past, corporate houses have remarkably donated in the form of old clothes, books, blood donation camps, donations to orphanages, hospitals and homes for the elderly and scholarships for the feebler sections of the society. Donations during disasters were another mode of philanthropy (Sharma 2011) and the major cause behind these activities was to be in the good books of the general public. Eventually, 1990 to 2001 was recognized as a period of entrenching socially responsible principles into the corporate mission, strategy and actions (Ocran2011). A move in attention from charity and customary charity towards direct commitment of corporate in conventional expansion and understanding of the underprivileged society groups (Bajpai 2001) has made CSR not just a green washing activity but it actually has a positive impact to the surrounding environment and community (Nopanen2013). A major challenge for CSR in India is the lack of community participation in CSR activities. Little or no knowledge about CSR exists within the local societies as people are not made aware of the relevance of this concept (Berad 2011).

2.2. Some Previous Researches in CSR

The global development of the concept of CSR has led to more scholars pay their consideration for CSR in the arena of business practices. Among these studies, the major focus has been the association between corporate social responsibility and corporate financial performance enabling corporate to fulfill the most fundamental target of an organization i.e. to generate monetary benefits, and the most fundamental social responsibility i.e. responsibility to stockholders (Qui Yang 2012) between 1971 and 2001, more than hundred published studies observed the relationship between corporate social responsibility and financial performance (Margolis and Walsh, 2002) with a negative relationship (Wright and Ferris, 1997) or a positive relationship (Posnikoff 1997) or no relationship (Welch and Wazzan 1999) between CSR and financial performance (Tsoutsoura 2004).

Ghosh Sumona (2015) conducted an analytical study which explored the design of disclosures of corporate social responsibility (CSR) activities made by the private sector corporations in the public documents. CSR participation was measured by analyzing the companies' websites for the period of two years and 'number of sentences' was used as a measurement unit of. Correlation, multiple regression analysis along with conjoint analysis was applied and it was determined that the major contributing and favored CSR areas were education, health and environment.

Ahamed et.al (2014) examined three Malaysian firms for the period from 2007 to 2011 to understand if the CSR dimensions like environment, community, market place and work place has positive, negative or neutral relationship with corporate financial performance dimensions like Return on Asset (ROA) and Return on Equity (ROA). The secondary data collected from corporate annual report was analysed using content analysis and then the relationship was tested by using regression analysis. The study concluded a positive relationship between CFP and CSR practices collectively with size of the firm and revenue of the firm as control variable.

Moenna (2014) investigated the top fifty listed companies from the European Union (E.U.) for the association of CSR with CFP using one accounting-based measure ROA and one market-based measure EPS. Risk, firm size, industry, R and D intensity were taken as the controlled variables. The relationship was analysed applying two regression models and the results suggested a positive association between CSR and CFP

Singh Shruti (2014) investigated the corporate social responsibility (CSR) disclosure impact on the firm's financial performance in three UK industries viz., crude petroleum and natural gas, mining and pharmaceutical products manufacturing, over five years ranging from 2008 till 2012. The CSR disclosures were measured in terms of published CSR keywords in the annual reports of the firms and the financial dimensions were return on assets (ROA) and total shareholder returns TSR). A linear regression on the data validated no significant CSR disclosure impact on the financial performance for the chosen industries in UK.

Valmohammadi Changiz (2014), in his study of 207 Iranian organisations provided valid paradigms of CSR and a dimension instrument of the core subjects of ISO 26000 standard. The statistical analysis using structural equation modeling revealed number of noteworthy relationships between organizational performance and CSR initiatives. The practices like community participation and progress plays a significant role in augmenting performance of organizations.

Zaborek Piotr (2014) explored the link between social responsibility involvement and financial performance between Polish small and medium manufacturing companies in food and cosmetics industries. A structural model was developed and tested on the data from a survey of 187 managers. The outcomes suggested a weak and significant positive correlation between the CSR construct and sales profit margin, no discernible direct effect of CSR on ROA.

Aile and Bausy (2013) examined the relationship between CSR activities subdivided in five categories (workplace, market place, environment, community and other CSR) and firm financial performance measured through ROA in the Baltic States of Latvia, Lithuania and Estonia. The content analysis methodology to measure CSR and regressions are run and results showed that certain CSR categories had an impact on ROA. CSR activities related to market place and environment seem to decrease firm financial performance, while other CSR activities, like adherence to CSR standards increase ROA. In the Baltic societies, people are apprehensive to pay more for products delivered by socially responsible companies

Ghelli Caterina (2013) understood the existence of "industry effect" by examining the direction of the correlation between CSR and CFP. The regression results confirm the presence of a significant positive relationship between corporate social responsibility and financial performance. This relationship focused both directions, as CSR is influenced by the firms' financial performance and at the same time influences it too.

Khan and Hassan (2013) engrossed on understanding a relationship between CSR and CFP for Pakistani public companies. These annual reports were descriptively analysed and it was observed that companies CSR activities cover at least two or three pages and companies are involved in areas regarding these activities but not completely covering the monetary aspect. The focus was on the association between quantity consumed on CSR activities and association with the ROE and Net Income.

Abiodun (2012) examined the association between corporate social responsibility and firms' profitability in Nigeria. Ten (10) firms were randomly selected and their annual reports between "1999-2008" were studied for the research. Ordinary least square method was used for the analysis and it was showed that the investment by sample firms to social responsibility is less than ten percent of their profits in a year. It was also analysed that the variations in selected firms' corporate social responsibility (CSR) in Nigeria caused changes in performance (PAT).

Cahan et.al (2012) investigated a global sample of companies drawn from 22 countries to understand the connection between CSR disclosures and firm performance. The results indicated no relation between the two which suggested that these disclosures are uninformative. It was summarized that profits from CSR activities are not realized with immediate effect. Hence, firms with not so good CSR accounts might emulate the increased level of disclosures of great CSR performers, lowering the significance of CSR disclosures.

Iqbal and Ahmad (2012) estimated the relationship of CSR, CFP, financial leverage and market value of the share. They studied 156 companies listed on Karachi Stock Exchange (KSE) from chemical, textile, tobacco and cement sectors for the period of 2010 and 2011. The study concluded that corporate social performance (CSP) has negative effect on the share's market value, no effect on corporate financial performance (CFP) as well as D/E behavior.

Qui Yang (2012) used regression analysis on the accounting indicators of 839 Chinese listed companies in 2010 and measured the association between the companies' social responsibilities and their financial performance and established that social responsibilities to employees had moderately positive influence on the financial performance unlike that to other investors which do not significantly influence the financial performance of Chinese listed companies. There is not so optimistic CSR situation in China.

Raza et.al. (2012) using content analysis, aimed to examine connection between corporate social responsibility (CSR) and corporate financial performance (CFP) from 1972 to 2012. They concluded the existence of a strong and positive relationship between CSR and CFP. Tobin's Q was used as a financial performance measure and the study consented the other researches which found positive relationship between CSR and CFP using ROA, ROE and ROS as financial performance measure. The study differentiated from the studies which using stock market returns as financial performance measures found relationship between CSR and CFP, which was negative.

Yin (2012) researched to comprehend CSR development in China over the last few years and measured the CSR effects on performance of the firm by inspecting the CSR reports for 2008-2009. With Chinese companies progressing in their CSR practices, the research exhibited that the financial performance of the previous year is positively connected to CSR disclosure and in the next year the CSR disclosure has a positive noteworthy effect on the firm financial performance.

Esra Nemli Caliskan and Yusuf Ayturk (2011) examined the relationship between financial performance and reputation of the businesses in Turkey for the period between 2000 and 2010. The results of this research indicated that there is no causal association between corporate reputation and corporate financial performance measures of MBV and ROA. The results also indicated that ROE improves corporate reputation but corporate reputation have no impact on ROE.

Montoya Monica (2011) conducted the study to inspect the effect of innovation on the CSP-FP relationship. CSR data was collected from Sustainalytics (for 2008 and 2009) and the financial data from Capital IQ (2007 and 2009) were used to carry out a regression analysis. The analysis suggested that there is no effect of role of innovation on the CSR-FP. Also, there does not exist statistical significance on relationships between CSP, FP and innovation.

Singhania (2011) determined the influence of score of corporate governance on financial performance of Indian corporate on Nifty 50 companies between the years 2000 and 2009. The study gauged the effect of corporate governance on performance of firm by computing corporate governance score. The study also analyzed the influence of the newly constructed corporate governance score and eight variables on financial performance. The analysis highlights that corporate governance scores, when controlled with other variables, significantly impacts Tobin‘s Q of Indian companies.

Choi and Kwak (2010) studied the connection between corporate social responsibility (CSR) and corporate financial performance, empirically on 1222 Korean firms for the period of 6 years. The methods used were both an equal-weighted CSR index and a stakeholder-weighted CSR index. Return on assets, return on equity, and Tobin's Q were variables used for measuring CFP. The relationship between corporate financial performance and the stakeholder- weighted CSR index were found to be positive and significant but not positive with the equal-weighted CSR index.

Harpreet Singh Bedi (2010) examined for the financial year 2007-08, 37 companies rated by Karmyog (Mumbai base NGO), using correlation and regression as a statistical tool. The study revealed the existence of a positive relationship between CSR and financial performance and the inferential measures showed the dependence of Corporate social expenditure on the financial performance of the company. A minimal and negligible spending on part of the companies' social responsibilities was observed.

Gamerschlag Ram et.al (2010) showed a positive association between CSR disclosure and shareholder ownership arrangement. The company's profitability and firm size affects the CSR disclosure. It was observed that a higher level of environmental disclosures was made by the ‘‘polluting industries’’ companies the disclosure by small companies was less than that by big companies.

Mishra and Suar (2010) studied whether CSR towards primary investors had an influence on the Financial Performance (FP) and the Non-Financial Performance (NFP) of Indian firms. The CSR and NFP information was collected through a questionnaire survey (6 CSR dimensions) from 150 senior level Indian managers and the data related to financial variables of firms was sourced from secondary sources. It was found that listed firms displayed better socially responsible practices and financial performance than the firms which were not-listed.

Saleh Mustaruddin and Muhamad Rusnah (2010) using longitudinal data analysis, examined the link of CSR to financial performance for Malaysian companies. Although CSR disclosure concept is at a budding stage in Malaysia, still it was established that CSR disclosure and financial performance are positively related. The findings confirmed that the social activities by local firms help them achieve advanced levels of financial performance.

Yang Fu-Ju, Lin Ching Wen and Chang Yung-Ning (2010) studied corporations listed in the TSEC Taiwan 50 Index and using regression analysis analyzed the connection between CSP and CFP. The study highlighted that former CSP impacted ROA positively.

Sweeney L (2009) through semi structured interviews with some large firms and SMEs in Ireland, found that CSR was established to have a strong association with social reputation, motivation and retention, employee attraction and consumer attraction and loyalty and with other business profits projected to result from CSR, a weaker relationship

Rim Makni and Claude Francoeur (2008) assessed the causal association between corporate social performance (CSP) and financial performance (FP) by applying experiential analyses on 179 Canadian companies using the measures of CSP provided for the period of two years. The study used ‘‘Granger causality’’ approach, and it was examined that there exists a significant relationship between a firm’s CSP and FP, excluding market returns. Nonetheless, individual parameters of CSP were used and a substantial negative influence of the environmental dimension of CSP and three parameters of FP, namely return on assets, return on equity, and market returns was determined.

Beurden and Gössling (2008) attempted to elucidate the long discussion between CSR and Firm Financial Performance (FFP) by conducting a detailed meta-analysis. This study showed that the majorly (68%) of the researches examined a positive relationship while 26% convinced of an insignificant association between CSP and CFP. 6% studies highlighted a negative relationship between the two variables.

Vijaya Murthy (2008) in his study on 16 top Indian software firms concluded that human resource was the most recurrently reported attribute which was followed by community growth initiatives taken by the companies and the minimum reporting initiatives were related to the protection of environment.

Ducassy and Jeannicot (2008) examined the impact of CSR information on the behaviour of the investors. The study of three years period on a sample of fifty companies investigated the reporting rankings produced by an independent organisational body for the CSR initiatives taken by the companies. The companies with high rankings or the ones, which have regressed the most in rank since the previous year, are in the priority list of the investors.

Lo´pez Victoria and Garcia Arminda (2007) examined the consequence of the adoption of Corporate Social Responsibility (CSR) practices on business performance. The relation was analysed and it was examined that there was substantial alterations in indicators of performance between European firms which have and have not adopted CSR. A group of 55 firms belonging to the DJSI and other to Dow Jones Global Index (DJGI) but not on the DJSI were studied for the six-years period. The study analysed that performance between firms belonging to the different indices was differentiated according to the CSR practices.

Margarita Tsoutsoura (2004) explored and resulted over the period 1996-2000, positive and statistically significant liaison between corporate social responsibility and financial performance of most of the S&P 500 firms. This reinforced that socially accountable business initiatives and activities can be connected with a series of benefits related to people, profit and environment.

McWilliams and Siegel (2001) confirmed the association between CSR and CFP with a regression model demonstrating the enclosure of a firm in the Domini 400 Social Index as the measure of social performance. Annual average values for 524 large U.S corporations for the period 1991-1996 was regressed. The model included a dependent variable measured by financial performance and independent variables measured by social performance, industry, and research expenditure as. Their conclusions suggested that including research and development variables in the model resulted the CSR variable to be insignificant, concluding a CSR-CFP linkage may not exist.

Table 2.1: Review of Some Research Papers

TOPIC	**VARIABLES**	**RESEARCH METHODOLOGY**
Corporate Social Responsibility Impact on Nigerian Firms' Profitability	CSR expenditure and Net profit after tax	Econometric method Regression model Ordinary least square regression
Reputation of the corporates and Financial Performance: Turkey	CFP: ROA and ROE Corporate reputation	Pearson correlations
Social Responsibility and Financial Performance and: India	CSR expenditure and Net PAT	Correlation and regression.
Corporate Social Performance and Financial Performance: Canada	CSR: Variables with KLD database CFP: ROA and ROE CV: firm's size, risk and industry	Ordinary least squares method Granger causality test

Financial Performance and Corporate Social Responsibility	CSR:KLD rating data CFP: ROA,ROE,ROS	Cross-sectional time series regression analysis
Relationship between Disclosure of Corporate Social Responsibility and Financial Performance: An Empirical Examination: Malaysia	CSR:disclosure-content analysis: CFP: ROA, ROE and ROS	Regression analysis
Corporate social performance and corporate financial performance : Taiwan	IV: CSP DV: CFP CV: size and R&D	Regression analysis
Corporate Social Responsibility in India and its Corporate Reporting Practices	CSR Disclosure Index	Constructing CSR Disclosure Index
Corporate Social Responsibility and Financial Performance: Correlation or Misspecification- Europe	CSP: Ranking by KLD Index CFP: ROA, R & D	Regression Analysis
Corporate financial performance and Corporate social responsibility: China	CSR: Survey (Likert 5 scale) CFP: ROS, ROA and GRS	Factor Analysis Multi- regression

Corporate social responsibility and sustainable business : Britain	CSR-GRI Guidelines (6 heads-score given as per the heads contribution) CFP: EPS (2002-2006)	Product moment correlation coefficient
Liaison between corporate social responsibility and financial performance : Istanbul	FV: ROE, ROA and ROS	Regression analysis
Corporate social responsibility and corporate financial performance: Korea	CFP: ROE, ROA and Tobin’s Q. CSR: Equal-weighted CSR index	Cross-sectional regression model:
Socially Responsible Activities and its Financial Impacts: Airline Companies in US	CFP: ROA, ROE and ROS. CSR: KLD STATS data CV: Size of firm, leverage	Multiple regression

Superior Corporate Social Performance and Improved Financial Performance: Australia	CFP: ROA, ROE and ROS. CV: Total assets log (size), P/B Ratio, P/E Ratio.	Regression Analysis
Corporate Social Responsibility (CSR) and CSR Web Reporting: Asia	CSR Reporting on website	Correlation
Corporate Social Responsibility : Economic Dimensions : Fortune Global 250 Reports	CSR: impact, size, link DV: sector, region, ROS, log sales	Correlation
Corporate economic and social responsibility: A Trade-off: Study across nations.	CSR and cultural variables	CSR scale Cross-national invariance Factor Analysis
Corporate Social Responsibility Studies in S Africa: Critical Analysis: Event Study	Abnormal stock prices returns	Event study evaluation of 5 event studies

Corporate Performance and Sustainability: Dow Jones Sustainability Index- Europe	DV: PBT IV: Revenue (REV) and CSR. CV: Size, risk and industry – CV	Regression analysis
Corporate Social Responsibility Programs: A Continuum: An Exploration	Loyalty, Purchase Intent, Attitude t/w co	T-test
Socially Responsible Investing : A Global View	Security return, dividend payout, security value	Regression
Corporate Social Responsibility Impact on Investment Recommendations : The US	IV-CSR DV-Investment recommendations	Regression
Financial performance and CSR activities: Pakistan.	DV: CSR IV: Financial Variables	Ordinary Least square E-Views Software

Corporate social responsibility activities' Impacts on company financial performance: North America	Previous literature	Previous literature
Corporate Social Responsibility and access to finance (American firms)	CSR: social, environmental and corporate governance.	Cross sectional analysis, regression
Corporate Social Responsibility and Financial Performance : Discontinuity Approach: The US	CFP: EBIT and ROA CV: Size, Leverage	Regression Analysis
Corporate Social Responsibility influence on Firm Performance of Indian Companies	CFP: ROA NFP: 12-item scale CV-Oship, listing in SE, size	Pearson correlations
Corporate Social Responsibility and Financial Performance in Airport Industry: Europe	CFP: Net Assets, Book Value/EBITDA	Valuation multiples (or peer multiples)

Corporate Social Responsibility and Financial Performance in Banking Sector: Bangladesh	CFP: ROA, EPS and P/E CSR: CSR Index	Measuring a corporate social performance (CSP) index though a survey
Corporate Social Responsibility and Financial Performance: Islamic Banking	CFP: ROA, ROE and CSR: CSRDI	Regression Model
CSR Impact on Financial Performance: Mexico	Financial accounting	Descriptive research

Source: From the Literature

2.3. Triple Bottom Line Reporting

The Triple Bottom Line (TBL) is a structure that integrates three scopes of performance: societal, environmental and economical and is universally termed the three Ps: people (social area), planet (environmental area) and profits (economic area) (Robins 2008; Wood 2010). The TBL seizures the core of sustainability by assessing the influence of an establishment's actions on the planet comprising its profitability and stockholder standards and its communal, social and ecological capital (Andrew Savitz). Corporate Social Responsibility (CSR) principals to triple bottom-line: profits, fortification of environment and battle for social justice. (United Nations and the

European Commission) (Berad 2011). The concept and its core value of sustainability has captivated the business world. Developed by John Elkington, the TBL concept has changed the way profitable companies and non-profit organisations measure sustainability by linking the ties between the social and environmental effect of activities of an organization to its economic performance. As an extension of the criteria used to measure organisational performance, the triple bottom line concept lay emphasis on three criteria: economic, social and environmental. The easiest to measure criteria of all the three is the financial or economic performance of a business. The outflow and inflow of means from the corporate, commonly containing cash and finances, assets, liabilities and other corporate incomes can be utilised to regulate the monetary value of the orgnanisation. The net worth of the business can also be assessed. The social standard of the TBL concept processes the influence that a corporate has on employees and people outside the business (the community). The basic premise is to act in a way that paybacks the community and confirm that the business operations should not in any way oppress or threaten the individuals. Labor utilization and wages, working conditions, employee benefit schemes are some of the measures to be assessed under this criteria. Environmental performance is associated with a corporates' total influence on the natural environment. The concept aims to improve the environment by limiting their negative impact on the environment caused due to the environmental issues (like pollution, global warming etc.). Triple bottom line reporting is gaining momentum globally not only amongst the large organisations but also smaller ones. The commercial decisions and movements become more transparent and people become more indulgent towards the business' level of corporate social responsibility. The environmental, natural, economic, social, cultural and political factors can be congregated into economic, societal and environmental areas (TBL) to obtain sustainable development. The study has adopted Triple Bottom Line as a base for measuring the CSR disclosures of the firm.

2.4. Emerging CSR Theories and Models in India

2.4.1. CSR Theories

2.4.1.1. Instrumental Theory /Utilitarian Theory

The theory considering the main objective of corporate to create profits for the stockholders (Forester 2009) is the one in which the businesses are understood as only a mechanism for wealth making, and its social undertakings are only a means to accomplish economic outcomes. The theory considers CSR as a strategic device to realize economic purposes, and eventually, wealth creation (Nam Yoonjae 2011). These theories aim on increasing the benefit to stockholders (Friedman 1970), strategize to attain competitive advantages (Porter and Kramer 2002), perform cause-related marketing (Varadarajan Menon 1988) and fixating the economic feature of the interactions between corporate and community. Utilitarian theory, taken together with instrumental theories (Garriga and Mele 2004) (Jensen 2002) advises that the business needs to assent social obligations and privileges to contribute in social co-operation. Businesses with larger social performance incline to achieve better economic results by enticing responsible customers (Choi and Kwak 2010) (Bagnoli and Watts 2003), relieving the regulation threat (Lev et al., 2008), cultivating their standing with consumers (Orlitzky et al 2003)

2.4.1.2 Political Theory/ Institutional Theory

Corporate social responsibilities come up to the corporation internally and these responsibilities ascend from the social influence an organization enjoys. As per the theory, the corporate is assumed as being like a citizen with contribution in the community (Sharma 2011). As consequence the businesses accept communal duties and rights or contribute in certain communal cooperation and do the necessary disclosures. A type of political theory called the institutional theory consider the disclosures' legality, that can stimulates the stakeholders' perceptions, of construct greater trust and qualify the expansion of more lucrative corporate affiliations (Gray 2006) (Cho and Patten 2007). The firm has a ''social contract'' that necessitates it and its managers to treat all stakeholders ethically and impartially in return for creating and upholding this legal structure (Social Contract Theory). Institutional CSR programs, and their all-inclusive approach to communal responsibility, can upkeep firms meet their obligations and fulfill the social contract with all of the company's stakeholders (Pirsch and Gupta, 2006).

2.4.1.3 Ethical Theory/ Legitimate Theory

Ethical values are the basis of the relationship between business and society. This leads to a CSR vision from an ethical viewpoint (Sharma 2011) that the firms must accept social responsibilities as an ethical duty above any other contemplation (Yoonjae 2011). The hormonal relations between a company's value system and value system of the society makes the organization legitimate and the absence of the same lead to absence of the company from the competitive market. The main standpoint underlying this theory empowers companies to unveil the social responsibility initiatives for the general public confirming that the activities of a organization are desirable, correct, or suitable within some system of societal norms, values and principles (Hassan 2010). Subsequently, CSR literature integrates legitimacy theory when researchers are exploring the influences of social responsibility disclosures (such as environmental disclosures) and fundamentally when systems of corporate communication are under examination (Forseter 2009).

2.4.1.4 Integrative Theory/Stakeholder Theory

Business is dependent on society not only for its endurance and progress but also for its existence itself (Yoonjae 2011). Hence, it has a societal responsibility and is ought to integrate social demands. The integrative theories highlight the integration of business demands (Garriga and Mele 2004). The society for business is not only narrowed down to the direct stakeholders like employees, suppliers, stockholders, consumers, dealers, but also the other significant stakeholders such as government, political groups, other companies, and the society at large (Lee et.al.2009). Hence, Freeman’s stakeholder idea has assisted to enlarge the opportunity of business responsibility by identifying and protecting the different interests of various stakeholder groups (Anupam and Chanda 2010). The fundamental notion of the stakeholder theory is that an organization’s success depends on the degree to which the organization is proficient of handling its relationship with all its stakeholders (Beurden and Gössling 2008). After introduction of this theory by Freeman (1984) to CSR research area, the stakeholders’ theory has become one of the core theories for CS Research (Qiu 2012), specifically in CSR performance/CFP studies (Margolis and Walsh 2003). It is the most influential framework (Donaldson and Preston 1995) to understand the real interdependence of corporate and community (Porter and Kramer 2006).The theory asserts that the efficiency of the organizations and the financial performance can be increased by bring into line the corporate to meet the stakeholders' desires (Palmer 2012) and broaden their objectives to comprise other goals along with profit maximization (Ribera 2010). This theory and the CSR concept have been interrelated (Ullmann 1985) by confirming that the relationship between communal disclosure and societal and economic performance comprises of three dimensions: stakeholder influence, the firm's strategic locus, and the company's historical and current economic performance (Pirsch and Gupta 2006). The incorporation of stakeholder theory is the most relevant framework for assessing CSP, based on the theoretical development of CSP research (Ribera 2010). While the study of CSR is concerned with what social responsibility of corporations is, stakeholder theory focuses on how and to whom the social responsibility should be applied.

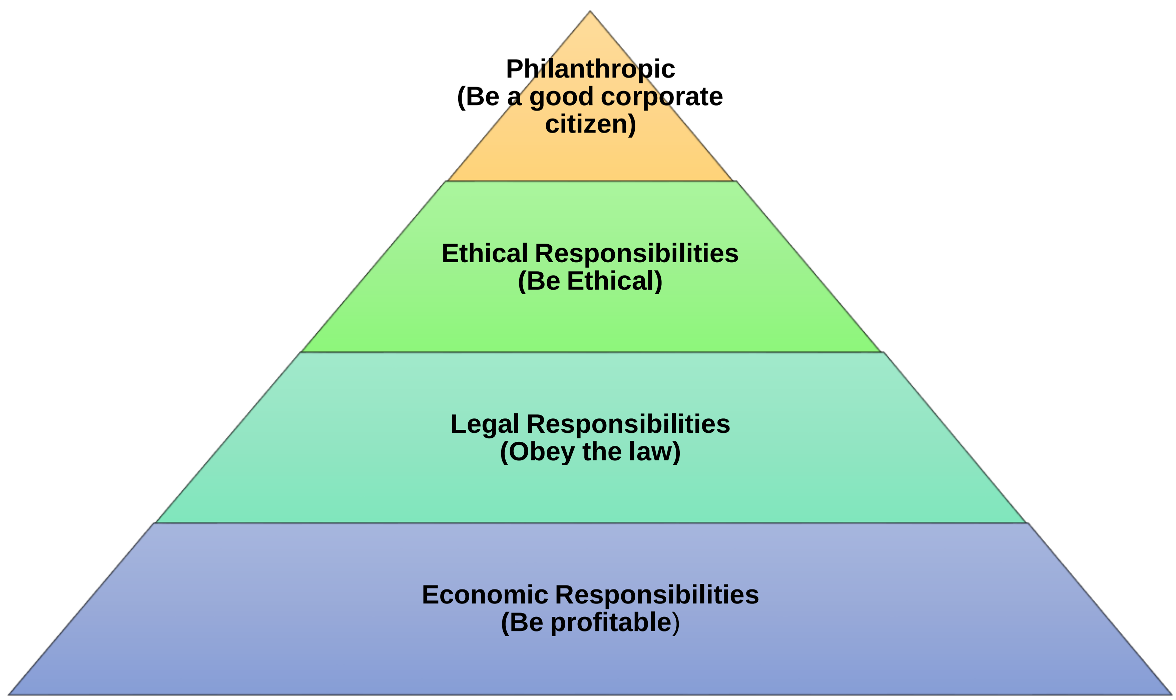
Slack Resource Theory

The resources needed by the company to successfully acclimatize are slack in nature. Slack resource is any accessible or free and actual or potential resource (financial and other organisation resource) used to attain the company's certain goal (Tyagi 2012) that is used as a buffer of companies to familiarize to internal burden or external environment. The theory is founded on the opinion that a corporation is able to carry out its doings because of the means owned by the company dedicated to the predefined activities. Businesses with economic difficulties generally apportion their resources in project with a short horizon. Better financial performance perhaps marks the accessibility of slack resources providing the companies with the opportunities to capitalize communal performance spheres such as public relations, employee relations or environment (Waddock and Graves 1997). Supplementary slack resources consequence in better financial performance, which would eventually forecast better CSP.

2.4.2. CSR Carroll's Model

Social receptiveness is the philosophy, system, or approach behind corporate (managerial) response to communal responsibility and societal issues (Carroll 1979). Corporate Social Performance is a multidimensional concept, with behaviours fluctuating across assorted inputs like investments in controlling pollution or other environmental tactics, internal performances or procedures like protection of minorities and women, relationship with clients and outputs like communal relations and philanthropic programs (Waddock and Graves, 1997).Carroll (1991) viewed the 1980s as a swing to more empirical exploration applying his predictable four-dimensional pyramid model. Society not only necessitates corporations to accomplish their economic assignment, but also to conform the law, price the ethics, and do philanthropy work. He proposed four kinds of dimensions of CSR: economic, legal, ethical and philanthropic (Uddin and Hasan 2008). All these four dimensions are not mutually exclusive but these four dimensions pursued simultaneously by a company mark it as socially responsible. The pyramid model suggests that the corporate houses have different expectations to encounter at different stages in relation to corporate social responsibility. Economic responsibilities being the core ones are followed by compliance with the law. When the two most fundamental needs are met, the companies need to meet the moral and ethical opportunities and finally they are expected to contribute their energies to society, and make considerable contributions.

Figure 2.1: The Carroll's Model



Source: Adapted from Carroll (1991)

The *economic responsibility* is the most central and vital responsibility of a business, which imitates the spirit of business as a profitable entity. Companies have a commitment to earn and offer profits to Stockholders; guarantee and secure their interests in the corporations and institute a good association with them (Qiu 2012). This dimension displays all the other layers, to accentuate the pre-eminence of this purpose on the others without which it would not be possible to yield other responsibilities.

The *legal responsibility* goes parallel with the economic responsibility as the companies are expected to chase their economic objectives within the agenda of the law (Carroll1991). In a free enterprise system, corporation must abide by the law and play by the rules throughout its operations.

The *ethical responsibility* is the understanding and acceptance of the standards, norms, or expectations that is regarded as fair and just by the consumers, employees, Stockholders and the community (Carroll 1991). These responsibilities represent the actions and practices that people expects (or prohibits) from an association, even if they are not arrayed into law (Ghelli 2013).

The *philanthropic responsibilities* are discretionary. These are the corporate actions that are in reaction to people’s anticipation that companies be good corporate citizens. This comprises active engagement in deeds or agendas to encourage human welfare or reputation (Carroll, 1991). There is a confusion between the concept of philanthropy and CSR but as already discussed in the model that these responsibilities are part of CSR (Fazio 2006). All these classes of duties have occurred to some degree, but it has only been lately that ethical and humanitarian purposes have been entitled to a noticeable place.

2.5 CSR and Financial Performance

The relationship between CSR and CFP has been studied intensively since the 1970s and likewise reviews of numerous studies have been published for the past forty years. For the past fifteen years, the workings of (Griffin and Mahon 1997), (Orlitzky et al. 2003), (Margolis and Walsh 2001; 2003), (Allouche and Laroche 2005) and (Margolis et al. 2007) were among the well cited and quoted (Nopanen 2013). One of the first researches in the area of the impact of CSR on economic performance is the work of Milton Moskowitz in 1972 (Jana 2014), the result of which confirmed the positive result CSR had on the economic performance of the company (Moskowitz 1972 and Kukačka, 2008). Vance (1975) followed up on the research of Moskowitze and correlation analysis of the CSR and the growth of prices of shares. In this case, a negative correlation was found between these two listed units. The premise of the studies being whether a company's financial performance will progress or not if it performs more communal responsible i.e. does there exist an association between corporations' SR and its financial performance (Chen and Wang 2011). The association has been empirically scrutinized by many researches and many theoretical discussions and debates have been happening regarding the positive connection between corporate social performance and corporate financial performance (Aras and Crowther 2007). Though, the causal relation of this linkage has not been recognized and various empirical studies have established inconsistent outcomes (Iqbal and Ahmad 2012). The different perspectives for the concept: positive, negative or no relationship between CSR and firm's financial performance existed (Lee and Park 2012) with a plausible elucidation for the results that there have been diverse types of studies on the relationships in which many different variables were used to analyze the constructs (Ribera 2010) (Williams and Siegel 2000). (Waddock and Graves 1997) deliberated the empirical link between financial and societal performance and established a positive connection between CSR and prior financial performance (Aras and Aybars 2010). Using ratings given by Fortune magazine on corporate reputations many, studies analyzed the associations and established that a company's previous performance, evaluated by both accounting measures and market measures, was more accurately related to corporate social responsibility than was subsequent performance (Uddin and Hasan 2008). One of the prominent studies was the study that included meta-analysis of the past 30 years of empirical studies on the CSP-CFP link (Ribera 2010). (Orlitzky, Schmidt and Rynes 2003) also supported the idea of the existence of a socially responsible and financially profitable corporation. Researchers were able to justify the positive relation (Chen and Wang 2011). The initial result that CSR will benefit the corporation's profitability and financial performance (Van der Laan et al. 2008) (Wu 2006) was followed by analyzing the data of 197 samples applied multiple regressions, and it was concluded that there was a substantial correlation between CSR and CFP. Further justification for the association was that CFP can motivate a corporation to take CSR, as the business with good financial performance had more potential to deal with communal difficulties (Mc Guire et al., 1988). A causal connection between financial performance and CSR actions a firm undertakes was recognized by traditional statistical tools, when businesses used time series fixed approach, concluding a feebler association between the two (Khan and Hassan, 2013). Even the longitudinal effects of CSR on CFP was examined in some researches by encompassing a cumulative measure of CSR based on multiple years of CSR performance and relating it to subsequent years of a firm's financial performance (Peters and Mullen 2009) of which the results supported that practicing CSR over time leads to increased and enhanced CFP (Rebera 2010). The negative relation between the Corporate Social Responsibility and Corporate Financial Performance has also been the results of many researches by many neoclassical economists (Waddock and Graves 1997) (Friedman 1970). They opine that socially accountable firms have a competitive shortcoming because of the costs they sustain that fall straight upon the bottom line and decrease incomes. The result of a negative correlation between CSR and CFP specifies the need of conduct of more recent study on this concept (Palmer Harmony 2012).

Many empirical results disclose insignificant association between CSR and financial performance (Tsoutsoura 2004). In a research in which CSP was measured by ethical rating and CFP measured by accounting and market ratios (Maaria-GaiaSoana 2011), it was examined that here exist statistically insignificant connection between CSP and CFP using correlation. As regards CSR-CFP link, there is no settled or identical opinion among experts whether CSR influences financial performance of firm or is strongly driven by financial performance. Most of the studies conducted showed positive relation while others have encountered negative, curvilinear and spurious relationships. Thus, mixed evidence was found about the validity of socially responsible behaviour of firms and the role of CSP in creating value to a firm (Tyagi 2012).

2.6 Measures of Corporate Social Responsibility

The modus of how each company implements corporate social responsibility differs. The differentiating factors could be company's size, industry type, the firm's corporate culture, investor demands and the historic progression of the company in engaging CSR. Not only is there a variance in the aspects but the focus area for CSR activities also vary. Companies emphasize on a sole area that is observed as the most significant for them and is highly vulnerable, be it human rights or the environment or the society or all aspects of their operations. The efforts and practices in CSR by businesses is not demarcated by single variable and researches in the area have quantity of ways to quantity CSR performance. The reported CSR performance indicators, whether voluntarily or mandatorily have been used to approximate the performance of a business (Hanna 2013). For social performance measure, the comprehensive number of studies employed diverse measures. The Kinder Lydenberg Domini (KLD) assembled the Domini 400 Social Index (DSI 400), Standard and Poor's 500 Index, for socially responsible businesses, where each S and P 500 company is rated on numerous attributes reflected pertinent to CSP (Tsoutsoura 2004) (Waddock and Graves 1997). The different researchers who conducted studies in different countries considered the country's index to measure CSP. The social performance by Korean companies was measured by using two proxies based on the KEJI index i.e. similar to the US- CEP index, the Japanese-Asahi Foundation index, Australian Corporate Responsibility Index, and many other corporate ethics indices of Europe nations (Chi and Kwak 2010). The CSR reports or CSP-related reports published on sample companies' websites for assessment, have been the information source for Taiwanese companies where no formal or open CSP rating organization exists and the indicators of the French AReSE method (Henri and Stéphane 2002) viz., the ER (employee relations), SHA (shareholder relations), ENV (Environment), COM (community) and PRD (product quality and relations with providers and customers) were used to measure CSP (Yang, Ling and Chan 2010).

The other factors that were used to measure CSR in various empirical studies were contribution towards income, human resource, public, environmental and product and service (Goswami 2011). The National Association of Accountants' committee on accounting for corporate social performance recognized areas of CSP and its disclosures: community development, human resources, service and product contribution and physical resource and environment contribution (NAA 1974).

2.7 Measures of Corporate Financial Performance

The selection of financial indicators has a direct influence on the results for the empirical researches of associations between corporate financial performance and corporate social responsibility. In many researches, the main indicators of corporate financial performance have been divided into market indicators (Lioui and Sharma 2012), based on stock market trading data concentrated on shareholder returns, and accounting indicators (Bayoud, Kavanagh, and Slaughter 2012), (Iqbal et al. 2012), (Mwangi and Jerotich 2013), (Mishra and Suar 2010) based on the companies' financial statements that reflects the corporation's operating situation. The accounting indicators often used to examine the association between corporate financial performance and corporate social responsibility and include: return on assets (ROA), earnings per share (EPS) and return on net assets (ROE) so on (Qui 2012) and the market measures were: stock price change, price per share change, P/E ratio (Ullmann, 1985). For most of the previous studies, return on assets (ROA) and return on net assets (ROE) have been the most commonly used accounting indicators to measure financial performance (Waddock and Graves 1997). ROA is unaffected by the degree of leverage existent in companies and is related with the stock pricepositively, an increased ROA indicates increased value formation for Stockholders. ROA gives a better display of company performance (Mishra 2010). To evaluate a degree of financial success the contemporary research relied on two measures: profit margin and ROA, which are both common indicators of profitability (Zaborek 2014). (Simpson and Kohres 2002) took return on assets (ROA) and losses through loans, while (Berman, Wicks, Kotha and Jones1999) took return on assets only as the measure of corporate financial performance. Accounting variables: return on equity (ROE), return on assets (ROA) and return on sales (ROS) were used as financial performance measures (Tsoutsoura 2004).The accounting based measures engaged by numerous studies were ROA, asset and sales growth, total assets, operating income growth. (Hackston and Milne1996) Average ROA and ROE were used to measure profitability.

2.8 Corporate Social Responsibility Disclosure

In India, during the eighties, corporate social responsibility and its disclosure gained significance and have been augmenting in India in current economic environment, specially after liberalization, privatization and globalization (LPG) (Goswami 2011). With time the interest of companies, in the concept has increased with time. Corporate social responsibility disclosure makes information available to the public concerning societal corporate actions focusing on waste management, environmental regulations and employees’ protection (Hasan 2010). In the present scenario, the stakeholder groups’ demands are not only confined to financial records but also information about societal and environmental issues the companies are engaged in.

The study of companies' societal impacts has become a matter of global concern because of the increased expectations of the stakeholders on the companies' role in the community. Rules, codes and principles, established by numerous Indian regulatory bodies and worldwide are asssiting to upsurge accountability of a business's processes and the influence of these processes on society (Tran, Thao 2014) The businesses need to validate their actions to a broader public by not just restricting to connecting about the economic proportions of their processes but also societal (Daub 2007).

CSRD is a significant instrument that forms a dominant charter for public relations in communicating and making common understanding, handling probable encounters and attaining legitimacy (Golob and Bartlett 2007). A well-constituted CSR reporting augments decision-making process internally, progresses the stakeholder-related performance, and supports external relation management, eventually leading to a sustainable company (Tran, Thao 2014). Different patterns are adopted by the corporate houses to disclose their CSR activities in CSR reports such as Environmental and Social or Sustainability reports (Douglas, Doris and Johnson 2004). Conducting social audits, publishing social reports, ranking by rating agencies corporations, on companies' social performance has become a regular and mandate action for companies (Hasan Nasr 2010). In response to this trend, companies are on the verge of incorporating ethical, social and environmental issues into their corporate reports either separately or as an indispensable part of their annual reports (Khurana 2011), subsequently, bringing the triple-benefit blend and empowering the companies to captivate the interest of stakeholders. (Tran and Thao 2014).

The companies' interest towards disclosing or communicating CSR initiatives through sustainability reports or separate CSR reports or business reporting reports or CSR initiatives in their annual reports has become significant. The disclosure portrays about the effect of business on societal development aspects by clarifying the social activities of an entity about its stakeholders, making the relation better (Goswami 2011). In 2012, the SECP drafted Corporate Social Responsibility Guidelines, 2012 in Pakistan for the public limited corporations to assign quantified resources or quantity of the post-tax profit (Khan and Hassan 2013). CSR seems to be at a promising stage in Malaysia with some companies acknowledged acting pro-actively in this area. These comprise businesses which have voluntarily implemented the Global Reporting Initiatives (GRI) reporting framework (Saleh and Zulkifli 2010).

Emphasizing their CSR identifications through website reporting of environmental, societal and sustainability performance have become a culture with businesses in European, American and other countries. (Cooper and Owen 2007). India Inc. too, has developed as a prominent nation paying an ever-increasing consideration towards corporate social responsibility (CSR) disclosure and is progressively warming up to sustainability reports, in consensus with the reporting guidelines.

The business houses, big and small, Indian or foreign, are comprising themselves in the CSR element of their business activity by reporting the actions in their annual reports like sustainability reports for the recognition from various stakeholders (Guha

2011).

1. Introduced in 2000, GRI (Global Reporting Initiative) has delivered the base to sustainability reporting by setting guidelines to social, environmental and financial reporting of corporate. Indian companies are now progressively embracing the GRI framework of reporting standard though the number is limited (Singh 2010).

2. UN Global Compact announced in the World Economic Forum, ten principles, which were related specifically to, labor standards, human rights, environment and anticorruption. These principals have pointed at the corporate community to appeal them to bring into line their operations accordingly.

3. The introduction of the Accountability AA1000 Assurance Standard is an initiative by ISEA (Owen 2003)

4. International guidelines have also been announced like ISO-26000 framework and OECD guidelines, for instigating socially responsible practices. (Hasan 2010).

5. The new Companies Act 2013 has been modified to enforce obligatory corporate social responsibility commitments upon Indian corporations and foreign business operations in India.

6. The National Voluntary CSR guidelines by Ministry of Corporate Affairs create

a common standard for improvement of CSR efforts by the companies, specifically with regard to sustainability.

These initiatives have made CSR Disclosure gained impetus in India also.

2.9 Relationship between CSR Disclosure and CFP

In the previous two decades, CSR appears to have become more universal and professed as being relevant to businesses worldwide (Aras and Crowther 2008). However, the relation between CSR and financial performance of the business is still debatable. Howard Bowen's (1953) "Social Responsibilities of the Businessman" (Bowen 1953) has been regarded as the preliminary effort by all the academicians and researchers to thoroughly observe and analyze the relationship between corporations and society. There also have been various studies conducted to establish and comprehend this critical issue but CSR is still challenging and it is apparent that there exists a contrast between CSR and financial performance. Even after decades of research, existing literature on CSR fails to provide conclusive confirmation on the effect of corporate financial performance (CFP) on responsible business practices (Tang et al. 2012). (Lu et al. 2014) who meta-analyzed 84 papers published during 2002-2011 explored this relationship and found wide conceptualizations, methodological approaches and outcomes (Zaborek 2014). Numerous studies and researches on the association between CSR disclosure and financial performance of the companies, is still far from clear and have stated a positive, negative, and no impact of CSP on CFP.

No relation

The association between CSR and CFP (Mc Williams and Siegel 2001) was tested using a regression model for 524 large U.S corporations for the period 1991-1996 and the non-existent CSR- CFP link was found. Statistical evidence proved that CSR does not impact airline companies' accounting performance. There also existed no relationship, both in current and long-term periods, between CSR and accounting performance (Lee and Park 2011) using correlation with CSP as measured by ethical rating and market ratios and accounting ratios used as CFP indicators (Maaria-Gaia Soana 2011).

Negative relation

A negative association between CSR and CFP has been put forward and CSR has been measured as an extra load on the organisation's CFP (Friedman 1970) due to the additional costs involved which seems to have made no contribution to enhance shareholder value (Lee, Faff and Smith 2009). The negative correlation between CSR and CFP, an unusual conclusion equated to other alike empirical researches, demands more contemporary researches on the topic (Palmer Harmony 2012).

Positive relation

It was examined that strategy to disclose is inclined by type of industry and is positively linked to company size (Brammer and Pavelin 2004). A positive and significant relation (Peters and Mullen 2007), (Rettab et al. 2009), (Wagner 2009) between CSR and corporate financial performance was developed when CSR was calculated by a stakeholder-weighted index while an insignificant relation was developed when an equal-weighted index was used to measure. The outcomes imply a positive financial impact if a company introduces CSR gradually over long period of time (Tang et al. 2012).

Nevertheless, it is clear that the CSR initiatives of an organisation must be considered by the management as the sustainability of that performance is reliant upon such CSR action (Aras and Aybars 2009).

2.10 Conclusions

The review of literature has brought in the following tentative conclusions that can form the background for the study:

1. The concept of CSR is in an emerging stage in India and the Indian researches are at a preliminary stage in this area. Although many foreign studies have been conducted in this field.
2. In India, not many researches have been made on understanding the association between CSR and CFP. Especially, the disclosure of the CSR initiatives by the companies has not been a grave area of concern
3. No doubt the researches have highlighted about the CSR regulatory framework to be followed by the companies but a comparison of the Indian Guidelines and foreign guidelines has not been the scope of these studies.
4. Most of the researches conducted in India have targeted different sectors but automotive sector is still untapped for the study of CSR concept.

Overall, there exists a huge gap relating to in depth study of the concept of CSR and CFP in India, especially in automotive sector.

THEORETICAL FRAMEWORK

In this chapter, an insight to the concept is given including the definitions, the related terminology, the need and significance and the committees of CSR. The chapter further discusses the initiatives taken by the select companies in the automotive sector in India. And finally, the chapter explains the CSR disclosure guidelines both national and global, in detail.

3.1 Corporate Social Responsibility (CSR) - An Insight

Although, there exists an inordinate uncertainty and ambiguity about the meaning of corporate social responsibility and driving forces for a company to pursue it (Abiodun 2012), the theme is rapidly flourishing on the domestic and global schema of the corporate sector (Khurana 2011) and has come a long way in India. The adoption of sustainable initiatives have undoubtedly made the corporate exhibit their capacity to make a noteworthy transformation in the society improving the inclusive quality of life. (Berad 2011). (Ahamed et.al 2014) Corporate Social Responsibility (CSR) as a common corporate practice has recognized a locus in developing nations with businesses committing to advance the social and economic standing of numerous investors by conforming to all economic and legal requirements (Krishnan and Balachandran 2010). It is fundamental for the corporate sector to appreciate the triple bottom-line effect: profits, environment protection and fight for social justice of all CSR activities. (Berad 2011). CSR is the DNA of a business and is a corporate decision accountable for its financial sustainability and value creation of the operating business. Hence, the companies try to trim down the negative impacts and maximize the positive impacts for their benefit and that of the society as well. CSR, generally called charity (Sharma 2011) by the corporate doesn't regard business growth and societal welfare as a zero-sum game rather focuses and voluntarily assumes doing well for the community, the environment and all other aspects (Singh 2010). For a long time, there has neither been a consensus that businesses should undertake social responsibilities, nor there exists an absolute definition for CSR (Qiu 2010). Industry leaders, policy makers and consumers may have their own definition - and opinion - but something that is sure is: CSR is here to stay and it should!

3.1.1 Definition of CSR

Corporate Social Responsibility (CSR) primes to triple bottom-line: profits, environment protection and fight for social justice. Though CSR is a recurrently debated and a pivotal concept in business ethics, literature displays its definition with significant changes with time with no single acceptable definition (Min-Dong 2008). CSR, which primarily was considered to be tantamount to occasional charity work and philanthropy by the business, has augmented both depth and width in connotation and has emerged as a multifaceted concept. No sole commanding definition of corporate social responsibility exists (Chaudhry, 2007; Fiesler et.al 2008; Ihlen, 2008). However, all of them highlight the interrelationship between economic, environmental, and societal features and organization's activities' impacts (Ashok 2010). (Davis 1973) defined corporate social responsibility as company's reaction to matters outside the purview of financial and legal necessities of the business.

Starting with Sheldon, who first cited the concept of corporate social responsibility in

1924 and suggested the concept of CSR in his book “The Philosophy of Management”, various viewpoints on this concept had been put forward by academics and organizations (Qui 2011) ensuing long debates (Garriga and Mele 2004). (Bowen 1953) defined CSR as a social obligation i.e. the responsibility to fulfill the purposes and values of society followed by a paradigm shift in terminology from the social responsibility of business to CSR (Yoonjae2011). CSR believed as the value and standard in operating business (Cowen 2000) was recognized by three principles: Legitimacy, Public Responsibility and Managerial Discretion (Wood 1991). (Hopkins 2003) convinced CSR theory as a responsibility of corporate to deal with stakeholders and create a better living standard for them.

CSR is not a novel concept in India. But, new is the shift in emphasis from making profits to meeting social challenges. Well-known institutions have also defined CSR but had faced the intricacy of defining the concept of CSR.

World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as the enduring commitment by corporate to behave ethically and contribute to economic development while cultivating the life quality of the workforce along with their families, the local community and society at large.

The European Commission or European Union (EU2001) through Commission Green Paper 2001" Promoting a European Framework for Corporate Social Responsibility " advocates CSR as a concept where businesses assimilate social and environmental concerns in their commercial processes and in their interaction with their investors on a voluntary basis.

The U.S. Chamber of Commerce documented CSR as the company behaviors steady with social norms, values and expectations. Its divided the content into four stages according to different levels: in the first level, the corporations meet their economic needs in the current legal structure; in the second level, the corporate behavior meets the expectations of the public; in the third level, the corporate anticipate the public needs and act pro-actively; in the fourth level, the companies become a leader under the new standards, while donates corporate resources to help the public improving their life quality.

World Bank 2002 explained the concept of CSR as a method of handling the cost and benefits of corporate initiatives for both internal (management, employees and investors) and external (public institutions, regulatory bodies, society, civil groups, other enterprises) stakeholders.

The Indian Corporates say that Sustainable development suggests enhancing financial situation whereby not diminishing communal and ecological aspects and CSR, as a concept infers supporting subjects related to children, public and environment (Berad 2011)

International Finance Corporation defined the concept of corporate social responsibility too. According to IFC, CSR is an obligation of functional companies to donate to supportable economic progress by engaging with workers and their families, the local public and community to advance their lives in conducts that are virtuous for growth of the business.

CSR Asia elaborates the concept, as a business's obligation to functioning in an economically, communally and sustainable routine bringing a balance in the interests of varied people having stake in the companies.

The online encyclopedia, Wikipedia (2007) gave one of the best definitions of CSR. It defined CSR as a notion that business or companies have a commitment to deliberate the comforts of customers, shareholders, employees and societies in all facets of their business operations.

Business for Social Responsibility (BSR) justified corporate social responsibility as attaining commercial achievement in conducts that value ethics and respect public, groups, along with the natural environment."

The concept of CSR not only has different definitions but also understood in the form of different substitutable terms. Hence, it becomes necessary to examine all the related terms related to CSR.

3.1.2 Related Terminology with CSR

There are many other terms that relate with the meaning and concept of Corporate Social Responsibility. The focus of these terms is on sustainability, citizenship behaviour of the corporate, public relations and cause marketing. The researcher highlights a few concepts in this part.

Corporate Citizenship

Corporate citizenship means undertaking operations not just to encounter the prerequisites of owners and shareholders, but to assimilate the securities of all stakeholders in commercial processes including, employees, consumers, the society and the environment. A business is considered to be a responsible corporate citizen if functions in an ethical mode and supports the welfare and show concern towards the society in which it operates. Virtuous corporate citizens have a good reputation in the public because of their focus to balance the needs of numerous stakeholder groups. Some researchers have equated Corporate Citizenship with CSR and others (Birch 2001) deliberated it as an improvement to the CSR concept. Corporate Citizenship is said to involve a jointly strengthening relationship between individuals and societies (McIntosh et al.1998). It is regarded as a continuum from minimal citizenship i.e. compliance with laws only, at one end, through philanthropy, to the strategic citizenship i.e. enjoying strong relationship with its societies (Shen 2006)

Corporate philanthropy (CP):

Corporate Giving as it is generally called is the corporations act donating a part of their resources or profits, to charitable causes (Walter 2006) reflecting corporate kindness and benevolence through deliberate corporate initiatives (L'Etang 1994). The emergent concept of the 21st century has been equated with CSR quite often (Porter and Kramer 2003) and (Smith 2003) and has been considered as an imperative, but unrestricted part of companies business strategy. Employees devoting their office times in charity like providing free education, spreading awareness for environment protection, giving volunteer grants are some of the latest initiatives taken by the corporate. The corporate have no anticipation of direct corporate advantage (rises in revenue), but typically involves indirect gains (improving a company's brand, engaging employees, goodwill etc.

The idea behind the concept is considering the source of a problem or issue and not only symptom.

Sustainable Development:

Sustainable Development meets the current needs without bargaining with the future generations' capacity to meet the individual requirements (Brundtland report), i.e. a better life quality for everyone, now and for future generation. The sustainable performance of the business is determined by not only internal (organizational) or external (stakeholders' demands) factors but also the three critical success factors like leadership and vision; flexibility to change; and openness for engagement (Szekely and Knirsch, 2005). Unlike CSR which deliberates attaining the intermediate goal that marks triple bottom line, corporate sustainability reflects the vital goal associated with creating value, managing the environment and managing the human capital (Lo and Sheu 2007)

Socially Responsible Investment:

Socially Responsible Investment is the investment made in the companies, which are considered socially responsible because of the nature of the business the companies engaging in environmental sustainability have. The corporate normally uphold a fund for SRI ensuring no investment in companies having poor records of CSR, like in companies producing or selling addictive substances (alcohol, gambling and tobacco). Also referred to as "sustainable", "socially conscious" or "ethical" investing, the socially accountable stockholders encourage the concepts and ideals that they sense intensely about.

Strategic Philanthropy:

Strategic philanthropy is defined as the all-encompassing exercise that involves synergistic usage of organizational fundamental resources to report significant interests of the stakeholders and to accomplish both organizational and communal benefits (McAlister and Ferrell, 2002) (Tokarski1999). The corporate adopting strategic philanthropy is besieged to assist direct business interests while also examining beneficiary organizations just likes the company‘s business and their charitable involvement. It is a discretionary duty of a firm to voluntarily assign its slack possessions to philanthropic or social activities to meet the societal expectations (Ricks 2002).

3.1.3 Need of Corporate Social Responsibility

Every corporate has an obligation to maintain the ecological "footprint" in all their operational aspects along with the interests of clienteles, employees, shareholders, societies (Abiodun 2012). In today's world of fierce competition, handling the pressure of various external stakeholders without social investment is a challenge for the companies (Margolis and Walsh 2003). The development of diverse strategies to connect social needs, corresponding business imperatives and natural environment has become vital for every business, eventually assimilating social responsibility methods into strategy and daily procedures (Abiodun 2012). The large-scale corporate collapses and scams, mounting terrors of global warming resulting in adoption of the Kyoto Protocol (Lee, Faff and Smith, 2009) and problems like illiteracy, lack of basic amenities that lead to poverty and many more have ensued the regulators, legislators and broader stakeholder groups to become all the more vigilant (Fombrun et al. 2000). Corporate social responsibility plays vibrant role in captivating the consumer confidence that help developing the businesses for which profit maximization is no longer the sole purpose. A responsible company should entrust its activities (Yang, Ling and Chang 2010) in such a manner that it enhances trust of the investors, new opportunities in the market and positive responses of capital markets. The procedure of implementing the principles of CSR motivates managers to reassess their commercial practices and to hunt for more proficient operational ways for doing business. The corporate are bound to follow CSR initiatives because of the following reasons: Firstly, it enhances brand image and status. Consumers are fascinated to brands and corporations with good brand value in CSR linked issues are the investment opportunities for many investors (Tsoutsoura 2004). Secondly, it attracts employees. Employees are inclined more towards working with the firms with higher CSR ratings than with those corporations, which did not involve in any CSR initiatives. Thirdly, it comprehends government control. The growth in number of industries by a double-digit ratio every year is accompanied with a lot of problems, which can be collectively taken care of by Government and companies also. The companies must comprehend their role in enriching the downtrodden society. The company following CSR initiatives on a regular basis has motivated staff and the effective corporate governance help mitigate them the risk. These assistances are significant and most corporations that are involved in CSR are reconsidering their strategies and intensifying their processes to reap enriched profits and contribute to inclusivity in growth. There are myriad numbers of business models established to achieve CSR objectives.

3.2 CSR Initiatives in Automotive industry

India has covered an extensive journey from the days when the Indian automotive industry portrayed limited choice, not so latest technology, outdated designs and long waiting periods. The automotive industry in India is one of the fastest growing worldwide. By 2016, India will most probably be overtaking Germany, Brazil and Japan to be the third biggest automotive market of the world. The recent global downturn has strengthened the Indian automotive industry giving a record breaking numbers in sales across all segments in the recent past. Not only domestic but global players also mark advancement of the automotive industry and will contribute to make Indian market among the world's top auto-producing markets by 2015 (Majumdar 2013). A big amount of novel model and modified launches every year are tossed out by the Indian auto industry and almost 12% of the vehicles manufactured by it are exported to the most competitive auto markets across the globe. Demographically and economically, this industry is well positioned for development, tuning domestic demand and export opportunities too. A projected upsurge in India’s working-age population is expected to encourage the mushrooming market for private vehicles. The past ten years preceding the last two years have perceived a six fold upsurge in the turnover of automotive industry. Rising fuel prices and poor consumer confidence hitting the auto industry so hard that sales often touched new lows in the last ten years. According to a study by the Society of Indian Automotive Manufacturers (SIAM), passenger car sales fell 9.6% in 2013 from

2012. This drastic downfall in the car sales annually for the first time in the last years compelled the customers to defer their buying amid a slackening economy. The challenges like rapid depletion of the vehicles, the mounting fossil fuels’ cost, the vehicles impact on the environment and climate change associated with the sector affect the sector drastically. As a reaction to this, Indian Government strives to go green. In fact, the India National Electric Mobility Mission Plan 2020 envisions to have 5-7 million electric vehicles (EVs) on the roads, by 2020. A mindful change of a move towards energy efficient vehicles and hybrid/ electric vehicles, by auto manufacturers, developed as a common initiative for the companies. These are areas of severe concern not only to the Governments across the globe but also to industry experts and automotive leaders alike. The automotive industry spends comprehensively in new technologies to deal with the intricate CSR challenges. Worldwide, the automotive sector aims at a better quality of life. In the urge to achieve the aim, the companies in this sector have been striving to decrease the environmental footprint of its products, services and production facilities. Hence, CSR has developed as an increasingly noteworthy paradigm for corporate strategies in the industry. Customers in emerging markets expect automotive corporations to aggressively contribute to the country’s economic and social development.

This necessitates understanding the automotive industry in regards to compliance and contribution towards environmental, social, and philanthropic activities. Globally, the consumers likely accept or reject a company based on its repute for societal and ecological responsibility. Big companies are gradually conscious that their social responsibility unswervingly affects their image and brand equity - and subsequently, their occupational success. Therefore, many corporations are investing greatly in CSR activities - predominantly in those markets where they are converging on expansion, to be impactful for the long term (Rana 2013).

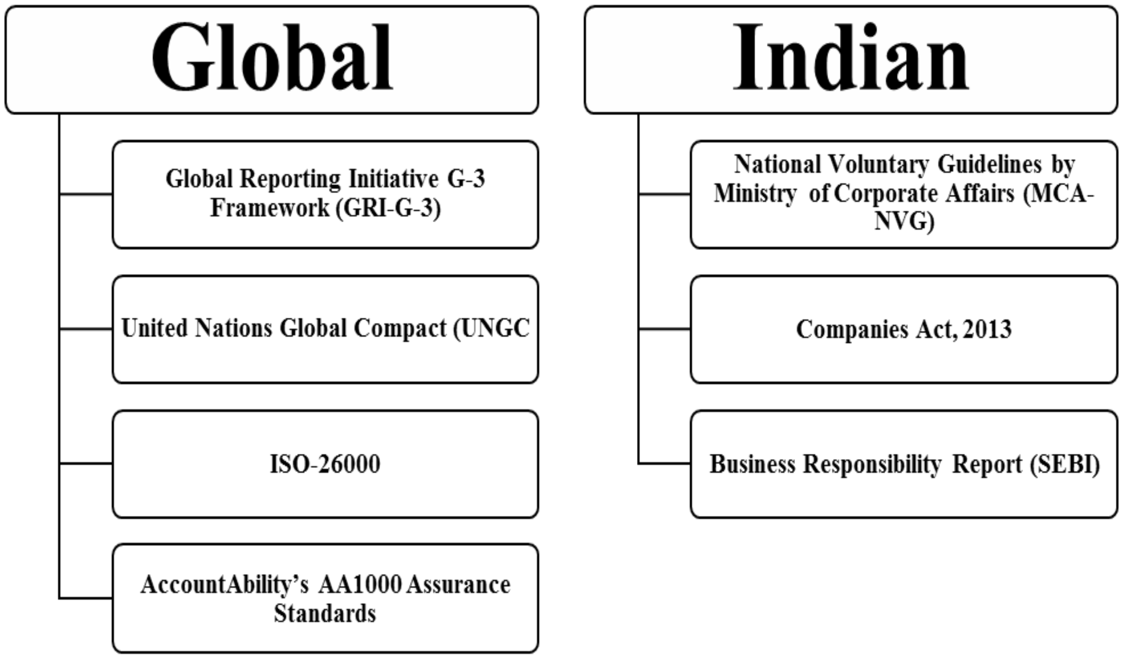
3.3 CSR Disclosure

3.3.1 CSR Reporting

To meet the expectations of the stakeholder groups regarding the information related to communal and environmental issues, the corporate need to substantiate their activities communicating all the issues and not just about the economic dimensions of their operations (Daub 2007). The trend has been gaining importance in India in present economic environment (Goswami 2011) and it is extensively acknowledged that corporate are not only responsible but also exhibit a great capacity to exercise positive modification on the state of the economy worldwide, environmental and communal conditions. Sustainability Performance Reporting helps organisations to manage improved sustainable progress outcomes. Stakeholders' pressure have proven to be an effective method for stimulating transparent behaviour and disclosure of social responsibility initiatives. The reporting could be either in the form of a separate CSR report called a 'social and environmental report' or a 'sustainability report', or in their annual report and accounts. These reports specify a company's assurance towards ethical conduct and highlight their growth towards attaining their strategic CSR objectives (Chandan and Pratik 2010).The companies' performance can be examined annually or be compared to similar corporate, by augmenting reputation both internally and externally (Knowles 2014).

3.3.2 CSR Reporting Guidelines

Figure 3.1 CSR Reporting Guidelines



Source: Own Elaboration

3.3.2.1 Global Reporting Initiative G-3 Framework (GRI-G-3)

GRI was founded in 1997, through a multi-stakeholder, consensus-seeking approach and has its headquarters and Secretariat in Amsterdam, The Netherlands GRI became an independent non-profit organization in 2002 with the challenge "to advance and propagate globally pertinent sustainability reporting guidelines" (GRI 2002). These Guidelines are predominant standards for sustainability reporting — also known as ecological footprint reporting, ESG reporting, TBL reporting and CSR reporting. The corporate, community agencies, small businesses, NGOs, industries and other groups of more than four thousand organizations from sixty countries use the guidelines to prepare and present their sustainability reports. This reporting framework permits the businesses to be fairly accountable to their stakeholders on their performance, beyond the financial bottom line. Initially released in 2000 called G-1, followed by G-2 in 2002, G-3 are the so-called “Third Generation” of the GRI’s Sustainability Reporting Guidelines launched in October 2006. The G-3 consists of the principle of materiality, principle of stakeholder inclusiveness, principle of comparability and lastly, the principle of timeliness).The guidelines divides the categories of disclosure items into organization’s performances which are economic, environmental and governance. These items are the base of report content and guide the reporters in framing the reports, eventually assisting them to recognize business threats and opportunities faced by the business due to these factors. Each disclosure item is divided into a set of Core performance indicators, expected to be substantial for most establishments and subsidiary performance indicators that characterize emergent practice or discourse topics that may be substantial for some establishments, but insignificant for others. The various performance indicators are:

- ***The economic indicators of sustainability***: are the dimensions of the corporate’s behaviour that have an impact on the economic surroundings of its stakeholders and on economic arrangements at local, national and international levels. The indicators are the capital among diverse stakeholders and the economic influences of the business throughout the society.

- ***The environmental indicators of sustainability***: are the dimensions of the corporate's behaviour that have an impact on living and non-living natural systems. These indicators constitute performance related to natural resources with their emissions and waste.
- ***The social indicators of sustainability***: are the dimensions of the corporate's behaviour that have an impact on the social structures within which it functions. The GRI social dimensions recognize crucial performance aspects related to labour practices, human rights, people, and product responsibility.

  The table shows the various disclosure items divided into core and additional indicators

Table 3.1: GRI Guidelines

SN	Performance Indicators	No.	Performance Aspects
1	Economic	T:09 C:07 A:02	Economic performance, Indirect economic impacts, Market presence
2	Environmental	T:30 C:17 A:13	Materials, Water, Energy, Biodiversity, Effluents, Emissions and Waste, Compliance, Products and Services,
3	**Social**		

A	Labour practices	T:14 C:09 A:05	Employment, Occupational Health and Safety, Labour/Management Relations, Training and Education, Equal remuneration, Diversity and Equal Opportunity
B	Human rights	T:11 C:02 A:09	Non-discrimination, Investment and Procurement Practices, Collective Bargaining, Freedom of Association, Prevention of Forced and Compulsory Labor, Child Labor, Security Practices, Assessment and Remediation, Indigenous Rights,
C	Society	T:08 C:06 A:02	Corruption, Local Communities, Anti-Competitive Behavior, Public Policy and Compliance
D	Product responsibility	T:09 C:05 A:04	Organizational threats and opportunities, Successes and shortcomings, Changes in the reporting period, Performance oriented systems or structures, Key strategies and procedures for policies implementation or goals achievement

Note: **T: Total Indicators; C: Core Indicators; A: Additional Indicators**

Source: www.globalreporting.org

A GRI content index, shown by all the companies following GRI Reporting as standard form of reporting, lists the standard disclosures and the stakeholders get an overview of the reporting by the corporate.

Recently the G4, 4th **generation** GRI Guidelines, with effect from May 2013, is an effort to replace the third generation guidelines, G3 and G3.1, within next two-years. The G4 Guidelines were introduced to enhance the material aspects, to focus on wider reporting boundaries of diverse impacts on businesses, to develop new governance and supply chain disclosure necessities The companies in India reporting as per the GRI guidelines have benefited immensely. Sustainability reporting is nowadays becoming a accustomed exercise for global businesses. Indian companies, to be competitive across the globe require to follow GRI based sustainability reporting for sure.

3.3.2.2 Companies Act, 2013

The Ministry of Corporate Affairs (MCA) has issued the Companies (Corporate Social Responsibility Policy) Rules, 2014, to implement the legislative mandate of CSR spending, from April 1, 2014 and embraces all firms, and spell out diverse actions for businesses to assume in order to encounter their obligations**.**

Table 3.2: Companies (Corporate Social Responsibility Policy) Rules, 2014 at a glance

Effective from	April 1, 2014	
Applicable on	Pvt Ltd. or Pb Ltd. Companies	
Criteria to be fulfilled*	- Net Worth (NW): Equal to or more than Rs 500 cr ; or - Turnover (TO): Equal to or more than Rs 1,000 cr; or - Net profit (NP) Equal to or more than of Rs 5 cr	Computed as per the P/L A/c prepared u/s 198 of the Companies Act, 2013
Expenditure in CSR	Minimum 2% of average net profit of the company, for the immediately previous three financial years	Net Profits (means net profit before tax , computed as per section 198 of the Companies Act, 2013) excludes: - Profits from any overseas branch of the company - Dividend receipts from other Indian companies

CSR Activities to be undertaken	Schedule VII of Companies Act, 2013	
Constitution	CSR Committee	Minimum three directors, one to be an independent director
	CSR Policy	To frame the guidelines to be followed for activities to be undertaken

Source: www.mca.gov.in

*The CSR Rules stipulate that a corporation, which does not fulfill the stated criteria for a successive period of three financial years, is not obligated to conform to the CSR norms. However, if a company does not fulfill any of the stated criteria in a successive financial year, it will still be require to undertake CSR initiatives unless it concludes to content the stated standards for incessant period of three years. This could upsurge the problem on small businesses, which do not endure to make substantial profits. The table below shows the new CSR Rules, which have prescribed the following activities to be considered and not to be considered as CSR expenditure by the companies.

Table 3.3: CSR Expenditure as per Companies (Corporate Social Responsibility Policy) Rules, 2014

To consider	**Not to consider**
CSR projects with other organizations, like NGOs.	Activities assumed in the normal course of operations
CSR activities in project mode only	Contribution to any political party
Salaries to regular CSR staff and volunteers	Projects that are exclusively for employees' or their families' benefit
All CSR funds spent only in India	"One off events" such as marathons and sponsorships of television programs
Reporting of CSR activities in the company's website.	Expenses incurred by corporations for the meeting the requirements of any Act/Statute of regulations
	Expenses on CSR activities in India incurred by Foreign Holding Company.

Source: Own elaboration

3.3.2.3 National Voluntary Guidelines by Ministry of Corporate Affairs (MCA-NVG)

The National Voluntary Guidelines on Social, Environmental and Economic responsibilities of business by the Ministry of Corporate Affairs (Revised-2011) are a result of an extensive consultative procedure by a Guidelines Drafting Committee (GDC), consisting of trained and competent professionals who represents diverse stakeholder groups. The GDC is chosen by the Indian Institute of Corporate Affairs (IICA) adopting a peculiarly 'Indian' methodology to create a mutual standard for businesses to advance their CSR efforts, specifically with regard to sustainability. Pertinent to all businesses irrespective of size, sector or location, the guidelines were designed with the intent to transform the profit making enterprises to responsible entities. The reporting framework is intended on the 'Apply-or-Explain' principle. The table shows the nine principles of National Voluntary Guidelines.

Table 3.4: Principles of National Voluntary Guidelines by Ministry of Corporate Affairs

Principle 1: Conduct and governance of businesses with ethics, transparency and accountability.
***Principle 2*:** Provision of safe and sustainable goods and services throughout the business life cycle.
***Principle 3*:** Promotion of all employees' wellbeing.

***Principle 4**:* Respect and responsiveness towards the interests of all stakeholders, especially ones who are the disadvantaged, marginalized and vulnerable, by the businesses.
Principle 5: Respect and promotion of human rights, by the businesses.
Principle 6: Respect, protection, and putting in efforts for restoration of the environment, by the businesses.
Principle 7: Responsible engagement by the businesses in influencing public and regulatory policy.
Principle 8**: S**upporting inclusive growth and equitable development by the businesses
Principle 9: Responsible engagement with and provision of value to their consumers, by the businesses.

Source: www.mca.gov.in

3.3.2.4 ISO 26000

The concept of socially responsible behavior, its rationale has gained utmost significance in organizations around the world. The organization's performance is no longer confined to its financial performance. However, its impacts on the environment and its ability to continue operating in a sustainable manner mark its overall performance. Every organization is expected to account for its social accountability performance, to the investors, periodically. ISO 26000, prepared by ISO/TMB Working group on Social Responsibility, released on 1st November 2010, was one of the most comprehensive standards ever developed by ISO. With global attention and acceptance, ISO-26000 is considered to help establishments in donating towards sustainability and to indorse common understanding in the arena of social responsibility. ISO 26000 is based on seven principles of social responsibility, which are:

Table 3.5: Principles as per ISO 26000 Guidelines

Accountability: Businesses have to be accountable for decisions and actions and their influences on society, the economy and the environment.
Transparency: Businesses have to be open about their decisions and actions that have an impact on society and the environment.
Ethical behavior: Businesses should behave in agreement with principles of good behaviour and conduct
Respect for stakeholder interest: Businesses should respect, deliberate and react to its stakeholders' interests
Respect for rule of law: is mandatory for all the businesses
Respect for global standards of behavior by all the businesses
Respect for human rights by all the businesses.

Source: www.iso.org

3.3.2.5 United Nations Global Compact (UNGC)

The UNGC was launched at UN Headquarters in New York on July 26, 2000. An international organization founded by fifty-one countries is dedicated to uphold international peace and security, developing sociable relations among countries and indorsing social progress, better living standards and human rights. Also known as Compact or UNGC, United Nations Global Compact is a United Nations initiative to boost companies across the globe to embrace sustainable and socially accountable practices in the areas of human rights, labour standards, the environment and anti-corruption, and report them. The Global Compact was initially launched with nine principles, with the tenth principle adopted in 2003 against corruption. The principles, which the companies are expected to follow under this compact, are listed in the table:

Table 3.6: Principles of Corporate Social Responsibility as per United Nations Global Compact

Human Rights	**P1:** Business should support, respect and protect the human rights worldwide **P2:** Business should assure that they are not complicit in human rights abuses.
Labour Standards	**P3:** The autonomy of relationship and the effective acknowledgment of the right to collective bargaining **P4:** All forms of forced and compulsory labor should be eliminated by the business. **P5:** Abolition of child labor by the business

	P6: Employment and occupation discrimination should be eliminated by the business.
Environment	**P7:** Business should support a precautionary approach to environmental challenges **P8:** Business should undertake initiatives to encourage environmental accountability **P9:** Business should reassure the growth and dissemination of environmentally friendly technologies.
Anti-Corruption	**P10:** Businesses should work against corruption, including extortion and bribery.

Source: Adapted from the UN global Compact

3.3.2.6 Account Ability AA1000 Assurance Standards

Account Ability, a process standard is a principal global association providing pioneering clarifications to the most precarious challenges in corporate accountability and sustainable development. The AA1000 recommends an ideal practice for companies to assume, in order to reason for their performances. Account Ability assists its clients and members progress corporate performance and form sustainable competitive advantage, set and effect sustainability standards and aid corporations implant environmental and social accountability into their organizational DNA. The AA1000 Series of Standards based on the principles are shown in the table below:

Table 3.7: Principles of Corporate Social Responsibility as per AA1000

Inclusivity – Decision making power for the decisions that impact people should be with the them
Materiality - Decision makers should recognize and clarify the material and relevant issues of the organisation.
Responsiveness – Businesses must be transparent about their activities

Source: www.accountability.org

These principles in their all-inclusive exposure demand that a business actively engrosses with its investors, fully recognizes and appreciates sustainability subjects that will have an effect on its performance, including economic, environmental, social and financial performance, and then uses this understanding to advance accountable business strategies and objectives.

3.3.2.7 Business Responsibility Reports (BRR)

In the larger concern of public disclosure concerning steps taken by listed corporations from Environmental, Social and Governance ("ESG") perspective, Business Responsibility (BR) Reports introduced by the Securities and Exchange Board of India (SEBI) has been mandated for top 100 listed entities based on market capitalization at the stock exchanges. The mandate came into effect from financial year ending on or after December 31, 2012. The format prescribed by SEBI under clause 55 enables every corporate to furnish its self- assessment of implementing the BRR/sustainability parameters along with the company annual report and be accessible for public on company website. An MNC, with its subsidiary in India, producing a single Global Reporting Initiative (GRI) report, is obligated to make its separate Business Responsibility Report emphasizing the accountable business practices taken by the companies in India. An Indian listed company need not prepare a separate report if incase it has already published a GRI report for its processes. Such companies have to provide to their stakeholders the details of the report they have prepared. In case the companies fail to provide Business Responsibility Report, it will be interpreted as non-compliance with Clause-55 of Equity Listing Agreement. But, a specific level of compliance with NVG has not been made mandatory.

All the above guidelines have been formulated by various agencies to be followed by corporate for CSR Reporting. The guidelines under the Companies Act 2013 and the NVG Guidelines are applicable to only Indian companies or foreign companies with their operations in India. While the guidelines like GRI-G-3, ISO-26000, UNGC and AA1000 are the global standards. There are other guidelines like OECD Guidelines which were studied for the purpose of the study but were not included as a part of the study because these are global standards for sustainability reporting with fifty one country members but India not being the member.

RESEARCH METHODOLOGY

In this chapter, to achieve the aims and objectives of the study, the hypotheses are developed. An attempt is made to discuss the data collection methods, selection of sample from the target population, identification of independent, dependent and controlled variables. Thereafter, the creation of CSR Disclosure Index and the Questionnaire development procedure is explained in detail. Finally the statistical techniques and tests used to analyse the data are discussed.

4.1 Target Population

The target population was the Indian companies in the Automotive Sector and the foreign automotive companies with operations in India. For the research purposes, **four hundred ninety two companies** listed in PROWESS DATABASE were taken as the total population.

4.2 Sample for the Study

The Section 135 and Schedule VII of the Companies Act, 2013 effective from 29thAugust 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from April 1, 2014 imposed obligatory corporate social responsibility provisions upon Indian companies and foreign companies operating in India. The criteria to be met by companies for any financial year, for a mandatory CSR contribution to the society are:

a) Having net profit of five crores rupees or more; or

b) Having net worth of five hundred crores rupees or more; or

c) Having turnover of thousand crores rupees or more

Out of the target population of 492 companies, 278 companies satisfied the mandatory criteria for CSR contribution imposed by the Companies Act 2013. The requirement of listing of the companies and the availability of the financial data of these companies for five years (2009-2014) further reduced the sample to 59 companies. Thereafter, the websites of these companies were visited for exclusive CSR reports or annual reports disclosing CSR initiatives of the companies. It was noted that the companies are not disclosing the CSR initiatives in their reports. Some of the companies have just started reporting 1-2 years back, the reporting framework of the selected 59 companies was not available and all could not fall within the scope of the study. Hence, a list of **26 companies** was finalized as a sample for the study for justifying Objective 1 and Objective 2 of the study. To justify the Objective 3 and Objective 4 of the study, primary data was collected through questionnaires and the total population comprised of the middle level and senior level employees of the 26 companies. The survey was sent to 450 employees.

4.3 Period of Study

Data was collected for a period of five years from 2009-10 to 2013-14

4.4 Data Collection

The data for the study was collected both from primary sources and secondary sources. Since the nature of study was purely exploratory in nature, the primary data had to be collected from the employees of the sample companies in the automotive sector, in the form of surveys.

The secondary data was collected from CSR/ Sustainability reports of companies, annual reports and web pages of the companies, management journals, business magazines, newspaper articles etc.

4.4.1 Secondary Data

The source of financial data is the Prowess database and the companies' websites for corporate social responsibility. The companies have disclosed the information either in the form of the sustainability reports or the CSR reports. For the companies, which have not been maintaining these reports, annual reports were studied. The reports of five years (2009-14) were studied in detail. A detailed analysis is shown in the table below:

Table 4.1: CSR Reporting Framework

SN	Company Names	2009-10	2010-11	2011-12	2012-13	2013-14	CSRP	CSRC
1	Amtek Auto Ltd	AR	SR	GRI-G-3/ SR	GRI-G-3/ SR	GRI-G-3/ SR	Y	Y
2	Apollo Tyres	AR	AR	GRI-G-3/ SR	GRI-G-3/ SR	GRI-G-3/ SR	Y	Y
3	Ashok Leyland	AR	AR	AR	AR	AR	Y	Y
4	Atul Auto Ltd.	AR	AR	AR	AR	AR	N	N

5	Bajaj Auto	AR	AR	AR	BRR	BRR	Y	Y
6	Bharat Forge ltd.	AR	AR	AR	AR	AR	Y	Y
7	CEAT Ltd	No info	No info	AR	AR	AR	Y	Y
8	Cummins India Ltd	AR	AR	AR	BRR	BRR	Y	Y
9	Eicher Motors Ltd	AR	AR	AR	AR	AR	Y	Y
10	Escorts Ltd	AR	AR	AR	AR	AR	Y	Y
11	Federal-Mogul Goetze (India)	AR	AR	AR	AR	AR	Y	Y
12	Force Motors Ltd.	AR	AR	AR	AR	AR	N	N
13	Gabriel India Ltd	AR	AR	AR	AR	AR	Y	Y
14	Goodyear India Ltd	AR	AR	AR	AR	AR	Y	Y
15	Greaves Cotton Ltd	AR	AR	AR	AR	AR	Y	Y
16	Hero Honda Motor Ltd./HERO Motocorp	AR	AR	BRR	BRR	BRR	Y	Y
17	Hyundai Motor India	G-3/UNGC	SR/ GRI-G-3	SR/GRI-G-3	SR/GRI-G-3	SR/GRI-G-4	Y	Y
18	J K Tyre and Industry Ltd	AR	AR	AR	AR	AR	N	N
19	Jay Bharat MarutiLtd	AR	AR	AR	AR	AR	Y	Y
20	Lumax Industries Ltd	AR	AR	AR	AR	AR	Y	Y
21	MRF Ltd	AR	AR	AR	AR	AR	Y	Y

22	Mahindra & Mahindra	SR/UNGC	SR/UNGC	SR/BRR	SR/BRR	SR/BRR/ GRI-G-3	Y	Y
23	Maruti Suzuki India Ltd	SR	SR	SR/GRI/ BRR	SR/GRI/B RR	SR/GRI- G-4/BRR	Y	Y
24	MINDA Industries	AR	AR	AR	AR	AR	Y	Y
25	TVS Motor Co. Ltd	AR	AR	AR	AR	AR	Y	Y
26	TATA Motors Ltd.	GRI/SR/ UNGC	GRI/SR/U NGC	GRI/SR/ BRR	GRI/SR/ BRR	GRI/SR/ BRR	Y	Y

Note: AR: Annual Report; **SR**: Sustainability Report; **GRI:** Global Reporting Initiatives; **BRR:** Business Responsibility Report; **UNGC:** United Nations Global Compact; **CSRP:** CSR Policy; **CSRC:** CSR Committee; **Y:** Yes; **N:** No

Source: Secondary reports of the companies

4.4.1.1 Creation of Corporate Social Responsibility Disclosure Index (CSRDI)

The independent variable of the study i.e. the corporate social responsibility disclosure level of companies has been studied through a self-composed Corporate Social Responsibility Index (CSRDI).There is no commonly acknowledged theory to forecast user information needs and there is a nonexistence of a suitable generally accepted model for the collection of the items of social and environmental information to be comprised in a disclosure index (Hossain 2006). The researchers created their own indices, which encompassed the dimensions, which they found to be appropriate for the study. Such indices were called the Self Composed or Self

Constructed Disclosure Indices (Aupperle, 1991), (Allouche and Laroche 2005), (Hanna Nopanen 2013), (Iqbal and Ahmad, 2012) and (Pirsch and Gupta 2006). It is a matter of great concern for a researcher to decide the categories to use to disclose the sustainability information of the companies in the Self Composed CSR Disclosure Index. There is a difference of opinion amongst the researchers not only in the choice of categories but also the number of categories. Some researchers have used 9 categories (Raar 2002), some have used 18 categories (Wiseman 1982) or 21 categories (Gray et al. 1995) or 27 categories (Benito and Benito 2005). (Hackston and Milne 1996) used 73 categories. (Suar and Mishra 2010) categorized the CSR initiatives of companies as environment, labor, occupational health and safety, human rights, corruption. Environmental strategy, corporate management systems, reporting, stakeholder engagement, climate change, responsible investment is some other classification of CSR initiatives (KPMG 2008). (Sukcharoensin 2012) categorized CSR initiatives taken by companies into organizational governance, labour practices, environment, human rights, consumer issues, fair operating practices and community involvement and development. The list of 20 responsibility items were taken as dimensions from the regulatory guidelines on CSR (Yao et.al.2011).

In this study, the Self Composed CSR Disclosure Index (CSRDI) is the base index for measuring CSR disclosure of the companies divided into three major categories: Economic, Environmental and Social with the sub categories under all the three major heads, making a total of 51 categories. The index has been made after the thorough study of the guidelines-both Indian and global, to be followed by companies for CSR Disclosure or Reporting across the globe: Global Reporting Initiative-G-3 Guidelines (Guthrie and Parker1990), (Patten 1991), (Burritt and Welch 1997), (Buhr 1998) and (Raar 2002), used by huge number of European firms to reveal their sustainability reports (Lopez et al, 2007) (Hopkins, 2003),The Companies Act, 2013, National Voluntary Guidelines (Ministry of Corporate Affairs), ISO-26000, United Nations Global Compact (UNGC) (Pirsch and Gupta, 2006), Account Ability Standard -1000, introduced by (ISEA) (Owen, 2003), Business Responsibility Report (SEBI) or the annual reports (Boli and Hartsuiker 2001) made by company.

The three head categories: Economic, Environmental and Social have been taken keeping the Triple Bottom Line Effect as the base. The sub categories are selected on the basis of nine principles given in the National Voluntary Guidelines given by Ministry of Corporate Affairs, seven principles of social responsibility defined by ISO 26000, ten principles given by United Nations Global Compact, three principles of Account Ability1000 Series of Standards. The dimensions set by GRI-G-3 Guidelines and the core areas for CSR initiatives given by the Companies Act 2013 also form the base for composing the CSR Disclosure Index.

4.4.2 Primary Data

The primary data is the first hand information that is collected from the respondents directly. The information about disclosure of the CSR initiatives was collated through secondary sources i.e. the reporting framework followed by the companies and a relationship between the CSR disclosure and the corporate financial performance was established to satisfy the first two objectives of the study.

To fulfill the **third and fourth objectives** of the study, the researcher found it necessary to comprehend the secondary data based research with the first-hand information from the employees of the companies. A web-enabled version of the questionnaire was advanced through e-mails to the employees of the automotive companies, who had e-mail ids. The LinkedIn profiles of the CSR manager of the companies were tracked to choose the respondents. Where the LinkedIn profiles of CSR managers were not available, the profiles of HR managers or the Communication Managers of the companies were tracked. The details (names, phone numbers and email-ids) of the concerned managers or executives of the corporate and branch offices of the companies were taken from the websites. The managers, whose email-ids were not available on the websites, were requested for the email ids telephonically. Thereafter, they were requested to fill the questionnaire and also get them filled from their team members. The limitation was that the managers were not available for a one-on one interaction. Although, the corporate offices in Delhi-NCR were contacted for appointments but the appointments were limited only to handing over the questionnaire and explaining the objective of filling in the same. Hence, the research could not get a personal assessment of the managers which could have otherwise been possible through personal interview. The questionnaires were sent to the employees who were either middle level or senior level employees of the companies. The respondents were given constant reminders during the period of two months. With limited sample size and a large size of employees in few sample companies, 34% was the response rate, which is considered to be a reasonably good response rate. (Sweeney 2009) had a response rate of 22.5 % of her survey, (Zaborek 2014) got filled 220 completed interviews for a response rate of 39%.

4.4.2.1 Questionnaire Development

The source of primary data for the study has been Questionnaires

To fulfill the final objective of the study, the final stage of the research was constructing and administering a structured questionnaire, which is a extensively used and recognized research technique worldwide (Malhotra and Birks 2000) to the employees of the companies. The questionnaires are the most prominent type of method (Bryman 1988), which has various benefits over telephone surveys like they are cost effective, can be used when the sample is extensively spread (Bryman 1988; Bailey 1982, Sanford and Hagedorn 1981), can be filled at the convenience of the respondent, (Rea and Parker 1992), covering in depth and detailed information about the topic to be researched (Bryman 1988) However, like any other method of data collection, even this method of collecting data through questionnaires has limitations. The respondent may not understand certain difficult questions and might need explanations which would not be possible because of lack of personal presence of the interviewer (Bryman 1988) (Birn 2000). Length of the questionnaire may also be a hindrance in data collection (Sanford and Hagedorn 1998). Even the identity of the respondent cannot be sure of in this method (Proctor 2003). Hence, all the necessary steps should be taken by the researcher to attain the effectiveness of the collection of data through questionnaires. The researcher for this study in this regard took extra care.

For the study, the purpose of getting filled the questionnaire was:

1. To understand the perception of the employees with respect to the latest provisions of Companies Act 2013 relating to corporate social responsibility initiatives to be taken by the companies.
2. To obtain first-hand information from the employees to explore the awareness of employees of the companies about the CSR initiatives taken by their companies and understanding relationship with the CFP.

The dimensions for measuring CSR was developed taking the Self Composed CSR Disclosure Index (CSRDI) used in the earlier stages of the study and the literature in the area was also studied and the dimensions were identified.

Table 4.2: List of CSR Dimensions

Author, Year	Dimensions Reviewed
(Mc Vea and Freeman 2005)	Satisfaction of shareholder's interest.
(Berman et al. 1999), (Mishra 2010)	Higher product safety and quality

(Somavia 2000), (Riordan et al. 1997), (Kumar et al. 2001)	Trade union policies, participative management, remuneration policy, stable working conditions
(Berman et al. 1999), (Koys, 2001), (Huselid, 1995; Youndt et al., 1996)	Higher morale and highly motivated employees career development opportunities to employees, standard remuneration policies, grievance handling procedures
(Singh and Bhagat, 2004) (Brugmann and Prahalad, 2007)	Joining hands with Non-Governmental Organisations (NGOs), socially responsible image
(Ahmed et al.1998)	Market share, public image and profitability
(Russo and Fouts 1997), (Klassen and Mc Laughlin 1996), (Alvarez et al. 2001), (Miles and Covin 2000).	System of reduce, reuse and recycle, development of environmental friendly product , development and diffusion of environmentally friendly technologies, sustainable packaging, use of renewable resources
(Sweeney 2009)	Profitability, effect on sales

(Zuber 2001)	Working environment, flexible timing offered

Source: Adapted from Literature

The questionnaire was designed using the website "monkey survey.com" and the link of the same was sent to the employees. The survey was then tested with a sample of respondents before final administration of the survey. After the testing, the final questionnaire was designed, as shown in Appendix A, which consisted of four sections:

i. **Section A** gathered information about the demographic profile of the respondents: gender, level in the organization and tenure in the organization.

ii. **Section B** was dedicated to understand the employees' perception enforcement of Companies Act 2013. The seven questions in this section were based on the important provisions of the latest Act which every company, who falls in the criteria for mandatory CSR investment, has to follow. Through this section, the researcher wanted to understand the acceptability of the applicability of these provisions by the companies.

iii. **Section C** was divided into four heads Economic, Environmental, Social and Profitability. This section was designed to study the awareness of employees of the companies about the CSR initiatives taken by their companies in the three heads.

a. The *Economic* aspect covered the areas of production of sustainable goods and services by the company, support to inclusive growth and equitable development, development and diffusion of environmentally friendly technologies, customers and consumers satisfaction, Stockholders and Investors interest, Industry research and development and innovation, quality as a core value, public policy and regulatory framework adopted by the company, Investor grievances handling policies, code of conduct of business with ethics, transparency and accountability.

b. The second aspect was *Environment* which covered the areas like environmental policy, system of reduce, reuse and recycle, policy towards employees, regular voluntary information about environmental management to stakeholders, supply of vibrant and precise environmental information on its products and services to stakeholders.

c. The last aspect of this section was related to the CSR initiatives taken by the companies towards the *society*, like employee satisfaction measures, occupational health and safety policies, skills and career development of employees, work-life balance for employees, non-discrimination, diversity and equal opportunity, forced and compulsory labor, poverty alleviation measures, community development & investment, creation of employment, employee volunteering, infrastructural development, women empowerment measures.

iv. **Section 4** was developed to examine whether the employees think that CSR initiatives have an impact on company's profitability , the credibility of the company, the earnings per share of the company, the sales and the public image of the company

The information was collected in the form of statements in all the sections and the respondents were expected to answer on a **5-point Likert Scale** *(1: Strongly disagree; 2: disagree; 3: neutral; 4: strongly agree; 5: strongly agree)* Section B had 7 statements; Section C (Economic) had 11 statements Section C (Environmental) had 5 statements, Section C (Social) had 13 statements to be responded. Section D (Financial) had 5 statements to identify the impact of the CSR initiatives taken by the companies on their profitability.

4.5 IDENTIFICATION OF VARIABLES

4.5.1 Independent Variables

A sole indicator or variable does not define the corporate social performance of the companies but there have been varied ways of evaluating CSR performance (Margolis et al. 2007). Several researches have based their studies by considering the scores given by various indices.

The Table shows the indices used by various researchers in their studies.

Table 4.3: List of Indices

KLD Index (Kinder, Lydenberg, Domini and Co)	(Hull and Rothensberg 2008) , (Waddock and Graves 1997), ,(Lee and Park 2012), (Ribera 2010)
Reputation Index	(Folger and Nutt's 1975), (Moskowitz 1972)
Karamyog Index	(Tyagi Rupal, 2012)
Fortune Reputation Survey	(Perry and Brown 1994))
Dow Jones Sustainability Index (DJSI)	(Lopez et al 2007).
KEJI Index, Corporate Responsibility Index in Australia, the Japan's Asahi Foundation index	(Chi and Kwak 2010)
Self-Composed or Self Constructed Disclosure Indices	(Abbott and Monsen 1979), (Aupperle1991), (Allouche&Laroche2005), (*Hanna Nopanen2013),* (Pirsch and Gupta 2006), (Iqbal and Ahmad 2012), (Van Wensen et al. 2011),

Source: Adapted from Literature

The Independent variable for the study is the disclosure of CSR information (economic, environmental and social) made by the companies. A Self- Composed CSR Disclosure Index which has formed the base for many studies, has been created taking into account the National Voluntary Guidelines prescribed by Ministry of Corporate Affairs (NVG-MCA), G-3 Guidelines given by Global Reporting Initiative (GRI-G-3), UN Global Compact, ISO- 2600, OECD Guidelines, AA1000 and CSR provisions of Companies Act, 2013.

4.5.1 Dependent and Controlled Variables

The choice of financial indicators has a direct impact on results for the empirical studies of relationships between corporate social responsibility and corporate financial performance. In many researches, the main measure indicators of corporate financial performance have been divided into market revenue indicators based on trading data of stock market focused on shareholder returns and accounting indicators based on the company's financial statements data, that reflects the company's operating situation. The present study has considered accounting indicators for the study as these are considered to be better indicators of profitability as compared to market indicators, as dependent variables and company's size, measured through annual turnover, as the controlled variable for the study. The table below depicts the selection of the variables in consensus with many related studies.

Table 4.4: List of Dependent (D) and Controlled (C) Variables

D/C	Dependent variables	Related Literature
D	Return on Equity (ROE)	(Qui 2012), (Waddock and Graves 1997), Cochran and Wood (1984), (Tsoutsoura 2004), (Hackston and Milne1996), (Wibowo,2012)
D	Return on Assets (ROA)	(Qui 2012), (Waddock and Graves 1997), (Berman, Wicks, Kotha and Jones1999), (Simpson and Kohres 2002) Cochran and Wood (1984), (Tsoutsoura2004), (Hackston and Milne1996), (Cahan, et.al 2012), (Lang and Lundholm 1993), (Wibowo,2012)
D	Profit after tax (PAT)	(Wibowo 2012), (Hossain et.al. 2006), (Lu et al. 2014), (Zaborek 2014)
D	Debt Equity (D/E)	(Simpson and Kohres 2002), (Frankel, Mc Nichols, and Wilson 1995), Cahan et.al (2012), (Leftwich, Watts, and Zimmerman 1981)
C	Firm Size	(Palmer Harmony, 2012), (Stanwick and Stanwick, 1998) McWilliams and Siegel

		(2000) and (D'Arcimoles and Trebucq, 2002) (Cohen et al. 1987), (Haniffa& Cooke 2005), (Cahan,et.al 2012)

Source: Adapted from Literature

4.6 HYPOTHESES DEVELOPMENT

Hypothesis 1: There is a positive relationship between the disclosure of Sustainability performance information and Return on Equity.

Hypothesis1a: There is a positive relationship between the disclosure of Economic performance information and Return on Equity.

Hypothesis1b: There is a positive relationship between the disclosure of Environmental performance information and Return on Equity.

Hypothesis 1c: There is a positive relationship between the disclosure of Social performance information and Return on Equity.

Hypothesis 2: There is a positive relationship between the disclosure of Sustainability performance information and Profit after Tax.

Hypothesis 2a: There is a positive relationship between the disclosure of Economic performance information and Profit after Tax.

Hypothesis 2b: There is a positive relationship between the disclosure of Environmental performance information and Profit after Tax.

Hypothesis 2c: There is a positive relationship between the disclosure of Social performance information and Profit after Tax.

Hypothesis 3: There is a positive relationship between the disclosure of Sustainability performance information and Return on Assets.

Hypothesis 3a: There is a positive relationship between the disclosure of Economic performance information and Return on Assets

Hypothesis 3b: There is a positive relationship between the disclosure of Environmental performance information and Return on Assets

Hypothesis 3c: There is a positive relationship between the disclosure of Social performance information and Return on Assets

Hypothesis 4: There is a negative relationship between the disclosure of Sustainability performance information and Debt/Equity.

Hypothesis 4a: There is a negative relationship between the disclosure of Economic performance information and Debt/Equity

Hypothesis 4b: There is a negative relationship between the disclosure of Environmental performance information and Debt/Equity

Hypothesis 4c: There is a negative relationship between the disclosure of Social performance information and Debt/Equity

Hypothesis 5: There is a positive relationship between the disclosure of Sustainability performance information and Return on Equity after controlling the size of the firm.

Hypothesis 6: There is a positive relationship between the disclosure of Sustainability performance information and Profit after tax after controlling the size of the firm

Hypothesis 7: There is a positive relationship between the disclosure of Sustainability performance information and Return on Assets after controlling the size of the firm

Hypothesis 8: There is a negative relationship between the disclosure of Sustainability performance information and Debt/Equity after controlling the size of the firm.

Hypothesis 9: There is a positive relationship between the Corporate Social Responsibility initiatives taken by the firms and the Corporate Financial Performance of the firm.

4.7 STATISTICAL TOOLS AND TECHNIQUES (HYPOTHESIS 1 T0 8)

In this study:

1. *Hypothesis1 to Hypothesis 4* studies the relationship between the CSR disclosure information (economic, environmental and social) and the CFP (return on assets, return on equity, profit after tax and debt/equity)

2. *Hypothesis 5 to Hypothesis 8* studies the relationship between the CSR disclosure information (economic, environmental and social) and the CFP (return on assets, return on equity, profit after tax and debt/equity), controlling the size of the firm, which has been measured through Annual Turnover

To test the Hypothesis1 to Hypothesis 8, the statistical tools and techniques used are:

I. Content Analysis

II. Multiple Regression Analysis

4.7.1 Content Analysis-Coding Procedure

Content analysis, first used by (Bowman and Haire 1975) used to assign the score or a specific value to each parameter related to companies' CSR identified in the company's various reports or annual report and then evaluate the total score. This is a very objective method. (Abbott and Monsen 1979), (Ingram 1978), (Hackston and Milne 1996), (Anderson and Frankle 1980) (Hughes et al. 2001). Content

Analysis has been used to assign scores to the sample companies. Many researchers have used the content analysis as the coding procedure (Frost et. al. 2005), (Jones et. al. 2007), (Wibowo 2012), (Hossain et.al 2006), (Cahanet.al 2012). The researchers have a difference of opinion in deciding for the unit of analysis to determine the disclosure of information by different companies. The table below shows the different unit of analysis adopted by different researchers.

Table 4.5: Units of Analysis for CSR Information in Companies Reports

Number of pages	(Trotman 1979), (Cowen et. al. 1987)
Number of words	(Deegan and Gordon 1996), (Deegan and Rankin1996), (Holland and Foo 2003)
Number of sentences	(Buhr 1998), (Raar 2002), (Hackston and Milne 1996), (Milne and Adler 1999)
Number of words and sentences	(Cunningham and Gadenne2003)
CSR categories	(Saleh and Zulkifli 2010), (Hassan 2010)

Source: Adapted from Literature

For this study, the content analysis was done and the scores were assigned on the basis of the corporate social responsibility information disclosed by the companies in their reports. The information has been divided into the three head categories: Economic, Environmental and Social and a self-composed CSR disclosure index (CSRDI) has been created. The CSRDI has been constituted with Triple Bottom Line effect as the base, taking into account the dimensions included in all the global and Indian guidelines prescribed for CSR reporting in India. The Index contains 15 Economic, 11 Environmental and 31 Social CSR information variables disclosed by the companies during the period of five years (2009-2014).The composite score of individual companies have been calculated by assigning score 1(one) to each variable reported anywhere in the annual report or website and 0 (zero) if not reported. A composite CSR disclosure score out of a total score of 57 has been assigned.

4.7.2 Multiple Regression Analysis

This study uses two Regression models:

i. *To test Hypothesis1 to Hypothesis 4*, multiple regression model with no controlled variable was used to investigate and examine the relationship between the independent variable i.e. CSR disclosure information (economic, environmental and social) and each of the dependent variables i.e. return on assets, return on equity, profit after tax and debt equity.

ii. *To test Hypothesis 5 to Hypothesis 8*, multiple regression model with controlled variable: annual turnover, was used to investigate and examine the relationship between the independent variable i.e. CSR disclosure information (economic, environmental and social) and each of the dependent variables i.e. return on assets, return on equity, profit after tax and debt equity.

i. **The Regression Equations formed without controlled variable is:**

$Y = \alpha + \beta1x1 + \beta2x2 + \beta3x3 + \varepsilon$

where:

Y = Dependent Variable: Return on Asset (ROA) / Return on Equity (ROE)

/ Profit after Tax (PAT) / Debt Equity (D/E) α

= a constant

$\beta1$: Regression Coefficient for independent variable-Economic performance information

$\beta2$: Regression Coefficient for independent variable- Environmental performance information

$\beta3$: Regression Coefficient for independent variable- Social performance information

x1: Economic performance information

x2: Environmental performance information x3:

Social performance information

ε = error term

ii. **The Regression Equations formed with controlled variable is**:

$Y = \alpha + \beta1x1 + \beta2x2 + \beta3x3 + \beta4x4 + \varepsilon$

where:

Y = Dependent Variable: Return on Asset (ROA) / Return on Equity (ROE)

/ Profit after Tax (PAT) / Debt Equity (D/E)

α = a constant

$\beta 1$: Regression Coefficient for independent variable- Economic performance information

$\beta 2$: Regression Coefficient for independent variable- Environmental performance information

$\beta 3$: Regression Coefficient for independent variable- Social performance information

$\beta 4$: Regression Coefficient for controlled variable, sales

x1: Economic performance information

x2: Environmental performance information x3:

Social performance information

x4: Controlled variable, sales

ε = error term

Before applying the regression models, the data has been checked for its normality and multi collinearity. The normality has been checked using Skewness and Kurtosis

Table 4.6: Skewness and Kurtosis- Shape of Distribution

Shape of the Distribution	**Skewness Value**	**Shape of the Distribution**	**Kurtosis Value**
Normal	Zero	Normal	Zero
Positively Skewed	Positive	Pointed (Leptokurtic)	Positive
Negatively Skewed	Negative	Flat (Platykurtic)	Negative

The acceptable values for skewness and kurtosis are between -2 and 2.

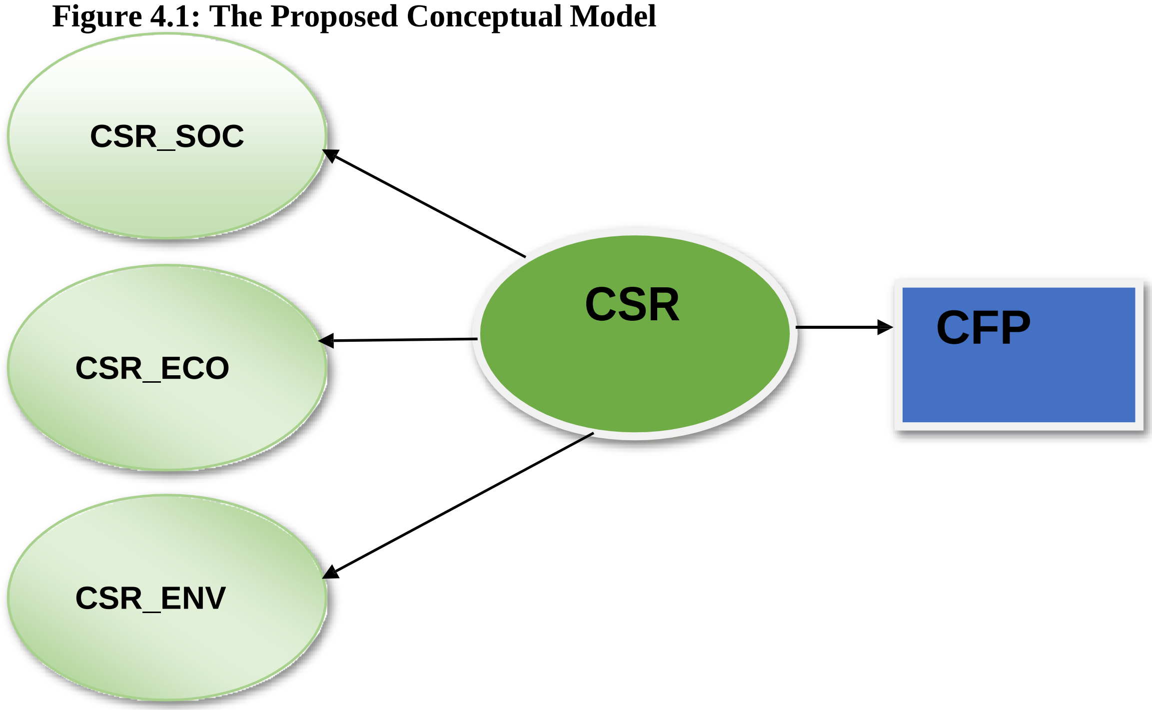
When two or more independent variables are highly correlated, the variables are said to be multi collinear and when two or more independent variables are perfectly correlated the existence of singularity between the variables is confirmed. The multi co linearity and linearity between the variables were determined by considering the Variance Inflation Factor (VIF) value. Even though the rule of thumb is that Variance Inflation Factor (VIF) figures of more than 10 represent the existence of multi co linearity. (Freund and Littell 2000) suggested that VIF figures below 5 specify the lack of multi co linearity. The acceptable VIF value in this study was considered less than 3 (Ofori et.al. 2014)

4.8 STATISTICAL TOOLS & TECHNIQUES USED (HYPOTHESIS 9)

The **third objective of the study**: to examine the perception of employees regarding the implementation of the new Companies Act 2013 provisions being followed by the companies was confirmed by the 7 statements in the questionnaire and these were analysed using Percentage and Pie Charts.

Using Exploratory Factor Analysis (EFA) followed by Structural Equation Modelling (SEM) tested the fourth objective of examining the relationship between CSR initiatives and CFP. The statistical program IBM SPSS (Statistical Product and Service Solutions, developed by SPSS Company of America,) Statistics 20 and AMOS 22 is employed in the study for which a Conceptual Model was proposed.

Figure 4.1: The Proposed Conceptual Model



Source: Own Elaboration

4.8.1 Exploratory Factor Analysis (EFA)

The present study entails examining relationship between CSR involvement and CFP. The multi-dimension scale developed to determine involvement in CSR was reduced using the exploratory factor analysis to test the relationship between the CSR and CFP of the sample firms. EFA helps the researcher to explore the observed variables, which inter-correlate freely (Anderson and Gerbing 1988) and seek to find a model that fits the data (Sweeny 2009). Factor rotation is used to maximize the sum of variances of required loadings of the factor matrix. Loadings closer to -1 or +1 indicate high association between the variable and the factor, whereas loadings closer to 0 indicate a lack of association (Hair et al. 2010). To assess the suitability of use of Exploratory Factor Analysis, it has to be ensured that:

1. The data should be either interval or ratio scale data and the variables are identified through exploratory research. A five or seven-point Likert scale may be used.
2. The size of the sample respondents should be at least four to five times more than the number of variables and these variables should be highly correlated.
3. A correlation matrix of the variables should be computed and tested for its statistical significance by using a Barttlet test of sphericity, which takes the determinant of the correlation matrix into consideration. Value less than 0.05 means that the factor analysis may be useful for the selected data.

4. The value of Kaiser-Meyer-Olkin (KMO) statistics is to be calculated, to compare the degree of observed correlation coefficients with the degree of partial correlation coefficients. KMO takes the value between 0 and 1 and it should be greater than .05.

Once EFA is completed, a reliability test is conducted to assess the measures are consistent (Peter 1979). The widely used measure of reliability, the coefficient alpha (Cronbach's alpha), is employed to assess the internal consistency of the scale. It takes values from 0 to 1, closer the value is to 1, the better it is. Cronbach's alpha is thus analogous to a correlation coefficient (Hrach, Mihola, 2006).

4.8.2 Structural Equation Modelling (SEM)

Structural Equation Modelling (SEM) was used to evaluate the full model under investigation, using AMOS 22 Software- a computer program capable of capturing all interactions represented in a conceptual model and examine them as a single statistical test. In addition, SEM method provides individual metrics for evaluation of particular bivariate relationships. The structural equation analysis has the advantage of analysing the definition of the latent constructs in the context of a group of causal effects. (Maduenoa et.al. 2015).

SEM is a multivariate statistical analysis which is the combination of factor analysis and multiple regression analysis, and is used to analyze the structural relationship between measured variables and latent constructs. The method is favored by the researcher because it estimates the multiple and interrelated dependence in a single analysis. The parameter estimates are obtained for a SEM model using the Multi-Dimension Scale.

4.8.2.1 Model Fit

Model fit refers to the extent to which a hypothesized model is consistent with the data and determines the acceptance or rejection of the model.

1. *The Root MS Error of Approximation (RMSEA)* focuses on the discrepancy between the model and population covariance matrices per degree of freedom. An RMSEA value ranges from .05 to .1 with .05 or less indicating a perfect fit and .1 indicating a complete lack of fit.

2. *The Adjusted Goodness of Fit Index (AGFI)* is an absolute fit index, which directly assesses how well the covariance predicted from the parameter estimates reproduce the sample covariance. The threshold value for a well-fitted model is more than equal to .08.

3. *The Root MSd Residual (RMSR)* is a measure of residual variance, reflecting the average amount of variances and covariance not accounted for by the model. The values below .05 are interpreted as indicating good model fit.

4. *The Normed Fit Index (NFI)* compares chi square values of the proposed model to a null model. It ranges from 0 to 1 with 1 indicating perfect fit and 0 denoting a complete lack of fit.

5. Comparative Fit Index (CFI) provides a major of complete covariation in data. The value of CFI determines whether the hypothesized model adequately describes the sample data or not. A value of > .90 is considered representative of a well-fitting model.

The previous chapter presented the research methodology used to investigate the problem. This chapter begins with the analysis of the objectives of the study and is divided into four sections, each analyzing the four objectives separately. The first two sections A and B covers the secondary data analysis, while the sections C and D covers the primary data analysis.

1. **Section A:** analyses the guidelines followed by the sample companies for disclosing corporate social responsibility activities. This is followed by the year wise disclosure analysis of the corporate social responsibility practices by the companies.

2. **Section B:** analyses the relationship between Corporate Social Responsibility Disclosure and the Corporate Financial Performance using Multiple Regression Analysis. Firstly, the normality of the data is checked followed by the analysis of descriptive statistics of the data. Then the results of the regression analysis are discussed after examining the satisfaction of the assumptions of applying Multiple Regression Model.

3. **Section C:** analyses the employees' perception on the provisions of New Companies Act 2013 followed by the companies.

4. **Section D:** analyses the relationship between Corporate Social Responsibility initiatives and the Corporate Financial Performance using

Factor Analysis and Structural Equation Modeling.

5.1 Section A: Corporate Social Responsibility Disclosure

5.1.1 Guidelines for CSR Disclosure

All the companies disclose the corporate social responsibility initiatives take by the company. The examination of the CSR disclosure companies was conducted by evaluating the reports published by the companies in the period of five years starting from 2009-10 to 2013-14, which was available on the websites of the companies. The reports are either in the form of CSR report or Sustainability report or Business Responsibility report. The disclosure through such reports is a rare phenomenon. Most of the companies did not disclose the CSR initiatives through any of these reports. For studying such companies' disclosure, a thorough study of their annual reports was done. A total of 130 reports were analysed. Some companies followed GRI-G-3 guidelines and some the NVG guidelines laid by Ministry of Corporate Affairs. For detailed analysis, Table 5.1 can be referred to.

A depiction of the way of reporting done by companies in the period of five years is shown in Table 5.1.

Table 5.1: Types of Reports Maintained by the Companies

Years	Type of Reports	No. of Companies
2009-10	GRI Report	02
	Sustainability Report	02
	Business Responsibility Report.	0
	Annual Report	21
	UNGC Report	03
2010-11	GRI Report	02
	Sustainability Report	05
	Business Responsibility Report.	0
	Annual Report	20
	UNGC Report	02
2011-12	GRI Report	05
	Sustainability Report	5
	Business Responsibility Report.	04
	Annual Report	19
	UNGC Report	0
2012-13	GRI Report	05
	Sustainability Report	05
	Business Responsibility Report.	05
	Annual Report	18
	UNGC Report	0

2013-14	GRI Report	05
	Sustainability Report	06
	Business Responsibility Report.	06
	Annual Report	17
	UNGC Report	0

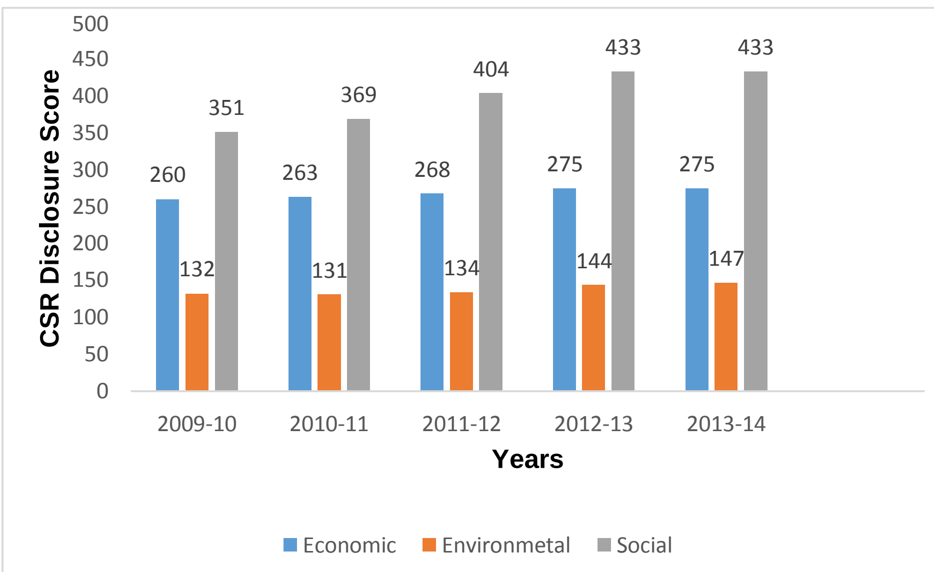
Source: Own elaboration

The table shows that in 2009-10, 21 companies had disclosed the CSR information in their annual reports. 2 companies had prepared GRI report and 2 companies prepared sustainability reports. 3 companies also prepared UNGC reports. From 2010-14, the number of companies disclosing CSR activities through annual reports reduced marginally to 20 in 2011, 19 in 2012, 18 in 2013 and 17 in 2014. In 2009-10 and 2010-11, no company prepared the Business Responsibility Report. However, in 2011-12, 2012-13 and 2013-14, the number of companies disclosing their CSR initiatives through BRR was 4, 5 and 6 respectively. Around 5-6 companies from the year 2010-11 to 2013-14 also maintained the sustainability reports. The table also shows that all the companies in the form of one report or another disclosed the CSR information. However, most of the sample companies are not following some stipulated guidelines or a standard reporting structure for CSR disclosure. Such companies are large in number and have been disclosing their CSR practices either in the form of a separate section 'Corporate Social Responsibility' in their annual reports or in Director's report. While other companies are disclosing just in the form of a small paragraph under the head ‘Management Discussion’ in the annual report. A few companies also disclose their initiatives on their webpages.

5.1.2 Year-wise Disclosure Analysis of CSR Practices by Companies

The CSR Disclosure of five years from 2009-10 to 2013-14 was examined for all the companies. The CSR Disclosure information by the companies was divided into three dimensions: economic, environmental and social.

Fig 5.1: Year-wise Disclosure Analysis of CSR practices



The Figure 5.1 depicts that the CSR disclosure scores of the sample companies have increased over the period of five years.

There has been marginal increase in the CSR (Economic) disclosure score from 260 in 2009-10 to 275 in 2013-14.

The companies have also increased the number of environmental and social initiatives taken by them. The CSR (Environmental) disclosure score has increased from 132 to 147 and social score has increased to a large extent from 351 to 433.The chart depicts that the companies' contribution towards social initiatives is more than the environmental and economic contribution. With the increased awareness of the significance of CSR contribution, the companies have eventually increased their CSR initiatives. A major reason is also the latest clause of Companies Act 2013 stating that every company satisfying a certain criteria is mandatorily required to invest 2% of their average profits of the preceding three years in CSR activities, failing which that have to submit a report to the Ministry of Corporate Affairs stating the reason of non- contribution.

5.2 Section B: Relationship between CSR Disclosure and CFP

The normality of the data collected has been tested by using Skewness and Kurtosis

Table 5.2: Results of Skewness and Kurtosis Tests

	Economic	**Environmental**	**Social**	**PAT**	**D/E**	**ROA**	**ROE**
Valid	130	130	130	130	127	125	125
Skewness	-.331	-.057	.142	1.811	1.579	3.50	4.50
Kurtosis	-.664	-1.422	-1.323	2.111	3.618	12.915	16.935

Table 5.2 shows the results of skewness of the Independent variables: the economic performance information distribution (-.331), environmental

performance information distribution (-.057) and social performance information distributions (.142) are within the acceptable values of skewness. On the other hand the skewness of the dependent variables: PAT (1.811) and D/E (1.579) are within the acceptable value of -2 and +2. However the skewness statistics of ROA (3.50) and ROE (4.50) shows that both the distributions are positively skewed

Table 5.2 also shows the kurtosis statistics of Independent variables: the economic performance information distribution (-.664), environmental performance information distribution (-1.422) and social performance information distribution (-1.323) are within the acceptable values of -2 and +2 and hence are normal. However, the kurtosis statistics for PAT (2.111) is marginally exceeding the kurtosis acceptable limit, while ROA (12.915) and ROE (16.935) exceed the acceptable value of +2. All the three variables have a leptokurtic distribution. The data was also checked for its multi collinearity in the table below:

Table 5.3: Calculation of VIF Values

Model: Dependent Variable: PAT	Collinearity Statistics
	VIF
Economic	1.957
Environmental	1.738
Social	2.439
Model: Dependent Variable: ROA	
Economic	1.940
Environmental	1.727
Social	2.419
Model: Dependent Variable: ROE	
Economic	1.957
Environmental	1.738
Social	2.439
Model: Dependent Variable: D/E	
Economic	1.951
Environmental	1.734
Social	2.431

Source: Own Elaboration

The Table 5.3 shows the VIF Values. It has been analyzed that all the VIF Values are less than 3, hence the data is multi collinear, which means that all the independent variables are not correlated and have an individual effect on all the dependent variables.

5.2.1 Descriptive Statistics

Table 5.4: Descriptive Stats

	Economic	**nvironmental**	**Social**	**PAT**	**D/E**	**ROA**	**ROE**
Vali d	130	130	130	130	127	125	130
Mean	.68	.48	.49	613.09	.62	21.60	21.38
SD	.223	.35	.32	928.78	.618	32.41	16.69
Minimum	.20	.00	.00	-16.36	0	-3	-4.02
Maximum	1.00	1.00	1.00	3757.87	3	176	111.58

Table 5.4 shows the mean, standard deviation, minimum and maximum of the economic performance information, environmental performance information, and social performance information disclosed by companies.

The table shows that the mean for the economic, environmental and social performance information disclosed is .68, .48 and .49 respectively, which means that the economic performance information has been disclosed more than the environmental and social performance information.

5.2.2 Multiple Regression Analysis

Hypothesis 1: There is a positive relationship between the disclosure of Sustainability performance information and Return on Equity.

Hypothesis 1a: There is a positive relationship between the disclosure of Economic performance information and Return on Equity.

Hypothesis 1b: There is a positive relationship between the disclosure of Environmental performance information and Return on Equity.

Hypothesis 1c: There is a positive relationship between the disclosure of Social performance information and Return on Equity.

Table 5.5 a: Model Summary of Regression of Disclosure of Sustainability Performance Information on Return on Equity

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.212	.045	.022	16.51108

Table 5.5 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	1613.541	3	537.847	1.973	.121
	Residual	34349.596	126	272.616		
	Total	35963.137	129			

Table 5.5 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Return on Equity

Model		U C		S C	t	Sig.
		B	SE	Beta		
1	(Constant)	15.681	4.876		3.216	.002
	Economic	7.659	9.111	.102	.841	.402
	Environmental	-9.371	5.449	-.197	-1.720	.088
	Social	10.010	6.945	.196	1.441	.152

The Table shows the relationship between the disclosures of:

1a. Economic performance information and ROE, r (130) = .402, p> .05.

1b. Environmental performance information & ROE, r (130) =.088, p >.05.

1c. Social performance information and ROE, r (130) = .152, p>.05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic, environmental and social) variables and return on equity, is accepted because all the p values are > .05. This implies that there is no positive relationship between the CSR information (economic, environmental and social) variables and return on equity.

Hypothesis 2: There is a positive relationship between the disclosure of Sustainability performance information and Profit after tax

Hypothesis 2a: There is a positive relationship between the disclosure of Economic performance information and Profit after Tax.

Hypothesis 2b: There is a positive relationship between the disclosure of Environmental performance information and Profit after Tax.

Hypothesis 2c: There is a positive relationship between the disclosure of Social performance information and Profit after Tax.

Table 5.6 a: Model Summary of Regression of Disclosure of Sustainability Performance Information on Profit After Tax

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.611	.373	.358	743.93269

Table 5.6 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	41547146.736	3	13849048.912	25.024	.000
	Residual	69732917.560	126	553435.854		
	Total	111280064.296	129			

Table 5.6 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Profit After Tax

Model		U C		S C	t	Sig.
		B	SE	Beta		
1	(Constant)	-748.327	219.707		-3.406	.001
	Economic	1199.248	410.521	.288	2.921	.004
	Environmental	96.884	245.492	.037	.395	.694
	Social	992.506	312.934	.349	3.172	.002

The Table shows the relationship between the disclosures of:

2a. Economic performance information & PAT, r (130) = .004, p< .05.

2b. Environmental performance information & PAT, r (130) =.694, p< .05.

2c. Social performance information & PAT, r (130) = .002, p< .05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic, environmental and social) variables and profit after tax (PAT) is partially rejected and partially accepted because the p values of economic and social information variables and PAT are < .05, but the value is > .05 of the environmental information variables and PAT. This implies that there exists a positive relationship between the CSR information (economic and social) variables and profit after tax and no significant relationship between CSR information (environmental) variables and PAT

Hypothesis 3: There is a positive relationship between the disclosure of Sustainability performance information and Return on Assets.

Hypothesis 3a: There is a positive relationship between the disclosure of Economic performance information and Return on Assets

Hypothesis 3b: There is a positive relationship between the disclosure of Environmental performance information and Return on Assets

Hypothesis 3c: There is a positive relationship between the disclosure of Social performance information and Return on Assets

Table 5.7 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Return on Assets

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.091	.008	-.016	32.677

Table 5.7 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	1070.052	3	356.684	.334	.801
	Residual	129200.859	121	1067.776		
	Total	130270.911	124			

Table 5.7 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Return on Assets

Model		U C		S C	t	Sig.
		B	SE	Beta		
1	(Constant)	24.230	9.651		2.511	.013
	Economic	-8.223	18.046	-.057	-.456	.649
	Environmental	10.154	10.792	.112	.941	.349
	Social	-3.809	13.948	-.038	-.273	.785

The Table shows the relationship between the disclosures of:

3a. Economic performance information & ROA, r (130) = .649 p> .05.

3b. Environmental performance information & ROA, r (130)=.349, p>.05.

3c. Social performance information and ROA, r (130) = .785, p> .05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic, environmental and social) variables and return on assets (ROA) is accepted because all the p values are > .05. This implies that there does not exists a positive relationship between the CSR information (economic, environmental and social) variables and return on assets.

Hypothesis 4: There is a negative relationship between the disclosure of Sustainability performance information and Debt/ Equity.

Hypothesis 4a: There is a negative relationship between the disclosure of Economic performance information and Debt/Equity

Hypothesis 4b: There is a negative relationship between the disclosure of Environmental performance information and Debt/Equity

Hypothesis 4c: There is a negative relationship between the disclosure of Social performance information and Debt/Equity

Table 5.8 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Debt/Equity

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.083	.007	-.017	.623

Table 5.8 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	.334	3	.111	.287	.835
	Residual	47.788	123	.389		
	Total	48.122	126			

Table 5.8 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Debt/Equity

Model	U C		S C	t	Sig.
	B	SE	Beta		
(Constant)	.682	.185		3.695	.000
Economic	-.050	.344	-.018	-.144	.886
Environmental	.126	.206	.072	.612	.542
Social	-.181	.263	-.096	-.688	.493

The Table shows the relationship between the disclosures of:

4a. Economic performance information & D/E, r (130) = .886, p> .05.

4b. Environmental performance information & D/E, r (130)=.542, p>.05.

4c. Social performance information and D/E, r (130) = .493, p> .05.

The result shows that the null hypothesis i.e. there is no negative relationship between the disclosure of CSR information (economic, environmental and social) variables and debt equity (D/E) is accepted because all the p values are > .05. This implies that there does not exist a negative relationship between the CSR information (economic, environmental and social) variables and debt/equity.

Hypothesis 5: There is a positive relationship between the disclosure of Sustainability performance information and Return on Equity after controlling the size of the firm

Table 5.9 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Return on Equity after controlling the size of the firm

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.212	.045	.014	16.57580

Table 5.9 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	1618.499	4	404.625	1.473	.214
	Residual	34344.638	125	274.757		
	Total	35963.137	129			

Table 5.9 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Return on Equity after Controlling Size of Firm

Model	U C		S C	t	Sig.
	B	SE	Beta		
(Constant)	15.431	5.238		2.946	.004
Economic	8.024	9.543	.107	.841	.402

	Environmental	-9.225	5.576	-.194	-1.654	.101
	Social	10.283	7.262	.201	1.416	.159
	Sales	-2.050E-005	.000	-.017	-.134	.893

The Table shows the relationship between the disclosures of:

5a. Economic performance information & ROE, r (130)= .402, p> .05.

5b. Environmental performance information & ROE, r(130)=.101, p>.05.

5c. Social performance information and ROE, r (130) = .159, p> .05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic, environmental and social) variables and return on equity (ROE), after controlling sales variable, is accepted because all the p values are > .05. This implies that there does not exist a positive relationship between the CSR information (economic, environmental and social) variables and return on equity, after controlling size of the firm.

Hypothesis 6: There is a positive relationship between the disclosure of Sustainability performance information and Profit after tax after controlling the size of the firm

Table 5.10 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Profit After Tax after Controlling the Size of the Firm

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.775	.600	.587	596.63206

Table 5.10 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	66783837.562	4	16695959.391	46.903	.000
	Residual	44496226.734	125	355969.814		
	Total	111280064.296	129			

Table 5.10c: Regression Coefficients of Disclosure of Sustainability Performance Information on Profit After Tax after Controlling the Size of the Firm

Model		U C		S C	t	Sig.
		B	SE	Beta		
1	(Constant)	-183.697	188.534		-.974	.332
	Economic	374.737	343.491	.090	1.091	.277
	Environmental	-231.588	200.712	-.088	-1.154	.251
	Social	377.141	261.397	.133	1.443	.152
	Sales	.046	.005	.669	8.420	.000

The Table shows the relationship between the disclosures of:

6a. Economic performance information & PAT, r (130) = .277, p>.05.

6b. Environmental performance information & PAT, r (130) = .251, p> .05.

6c. Social performance information & PAT, r (130) = .152, p> .05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic, environmental and social) variables and profit after tax (PAT), after controlling sales variable, is accepted because all the p values are > .05. This implies that there does not exist a positive relationship between the CSR information (economic, environmental and social) variables and profit after tax, after controlling size of the firm.

Hypothesis 7: There is a positive relationship between the disclosure of Sustainability performance information and Return on Assets after controlling the size of the firm.

Table 5.11 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Return on Assets after Controlling the Size of the Firm

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.121[a]	.015	-.018	32.708

Table 5.11 b : ANOVA Results

Model		SS	df	MS	F	Sig.
1	Regression	1891.570	4	472.892	.442	.778
	Residual	128379.341	120	1069.828		
	Total	130270.911	124			

Table 5.11 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Return on Assets after Controlling the Size of the Firm

Model		U C		S C	T	Sig.
		B	SE	Beta		
1	(Constant)	20.843	10.405		2.003	.047
	Economic	-3.447	18.868	-.024	-.183	.855
	Environmental	12.007	11.007	.132	1.091	.278
	Social	.671	14.868	.007	.045	.964
	Sales	.000	.000	-.118	-.876	.383

The Table shows the relationship between the disclosures of:

7a. Economic performance information & ROA (130) = .855, p> .05.

7b. Environmental performance information & ROA, r (130) = .278, p> .05.

7c. Social performance information and ROA, r (130) = .964, p> .05.

The result shows that the null hypothesis i.e. there is no positive relationship between the disclosure of CSR information (economic environmental and social) variables and return on assets (ROA), after controlling the sales of the firm, is accepted because all the p values are > .05. This implies that there does not exists a positive relationship between the CSR information (economic, environmental and social) variables and return on assets, after controlling the size of the firm.

Hypothesis 8: There is a negative relationship between the disclosure of Sustainability performance information and Debt/Equity after controlling the size of the firm

Table 5.12 a : Model Summary of Regression of Disclosure of Sustainability Performance Information on Debt Equity after Controlling the Size of the Firm

Model	R	R^2	Adjusted R^2	SE of the Estimate
1	.138	.019	-.013	.622

Table 5.12 b : ANOVA Table

Model		SS	df	MS	F	Sig.
1	Regression	.915	4	.229	.591	.670
	Residual	47.208	122	.387		
	Total	48.122	126			

Table 5.12 c : Regression Coefficients of Disclosure of Sustainability Performance Information on Debt Equity after Controlling the Size of the Firm

Model		U C		S C	t	Sig.
		B	SE	Beta		
	(Constant)	.597	.197		3.029	.003
	Economic	.076	.358	.028	.211	.833
1	Environmental	.176	.209	.101	.840	.403
	Social	-.088	.274	-.047	-.322	.748
	Sales	-7.017E-006	.000	-.154	-1.225	.223

The Table shows the relationship between the disclosures of:

8a. Economic performance information and D/E, r (130) = .833, p> .05.

8b. Environmental performance information and D/E, r (130) = .403, p > .05.

8c. Social performance information and D/E, r (130) = .748, p> .05.

The result shows that the null hypothesis i.e. there is no negative relationship between the disclosure of CSR information (economic, environmental and social) variables and debt on equity (D/E), after controlling the size of the firm is accepted because all the p values are > .05. This implies that there does not exist a negative relationship between the CSR information (economic, environmental and social) variables and debt on equity, after controlling the sales of the firm.

The numerous studies and researches conducted to examine the connection between CSR disclosure and financial performance of the companies, a positive (Graves and Waddock 1994), (Heinz 1976), (Sturdivant and Ginter 1977), (Waddock and Graves 1997) (Maignan and Ralston 2002), negative (Friedman 1970), and no impact (Ullman 1985, (Alexander and Buchholz 1982), (Shane and Spicer 1983) of CSR disclosure on CFP has been reported (Palmer Harmony 2012). In the present research, the analysis of both the regression models with and without using the controlled variables shows that there does not exist any relationship between the CSR information (economic, environmental and social) disclosure and corporate financial performance of the firm (McWilliams and Siegel (2001).

Results inconsistent with literature

The findings of the study are not consistent with (Jones 2007), who found that corporations with higher leverage disclose more sustainability performance information and with the results of (Hillman and Keim 2001) according to which there exists a positive relation between CSR information and the return on equity as a CFP variable. (Yang et al. 2009) with size and R and D as control variables and regression analysis investigated that the impact of CSR on the ROA is positive depending upon the periods. The other similar studies which showed a relation between the two variables and were not in consensus with present study analysis were by (Everaert et al 2009) who analysed a positive relationship between the amount of CSR disclosure and profitability of the company, using correlation coefficients and by (Waddock and Graves 1997) who claimed that companies having better financial situation can afford better CSR practices. The regression analysis by (Simpson and Kohers 2002) revealed that there is a significant positive relationship between the CSR information and both dependent financial performance indicators of ROA and loan losses. (Cochran and Wood 1984) outlined a positive correlation between CSR and accounting performance after controlling for the age of assets like (Dahlia 2008) and (Danu 2011) who also showed positive relationships between corporate social responsibility and the company's performance (ROE). However, a negative correlation with Return on Equity (ROE) existed in financial industry while no relation existed in in the electronics industry. (Nelling and Webb 2006) using the Granger causality approach and ordinary least square (OLS) regression models furnished that CSP and FP are related.

(Preston and O’Bannon 1997) also located a negative relationship between CSR information and the return on equity as a CFP variable.

Results consistent with literature

However, the results are consistent with (Iqbal, 2012), who found that corporate social performance has insignificant relationship with the debt equity the firm. (McWilliams and Siegel (2001) and (Aras, Aybars, and Kutlu 2010) also did not find any significant relationship between CSR and CFP in none of the ways. A study on this topic by (Mahoney and Roberts 2007) (Ahmed, Islam and Hasan 2012) did not find significant relationship between companies’ disclosure of CSR activities and the financial performance. The multiple regression model used in the study by (Fauzi 2009) highlighted a spurious relationship as also concluded by (Orlitzki 2000). Even (Aile and Bausys 2013) found no evidence for CSR activities having any effect on firm financial performance in the Baltic States.

These findings are in line with the results of (Hackston and Milne 1996) and (Aras et al. 2010) who used a similar methodology of content analysis and did not find significant relationship between CSR and CFP (McWilliams and Siegel 2000) (Simpson and Kohers2002). (Aupperle, Carroll, and Hatfield 1985)(Aras and Aybars, 2009) detected no significant relation between CSP and a firm’s risk adjusted return on assets. (Lee and Park 2011) did not find any relationship between the two variables in airline companies’. (Maaria-Gaia Soana 2011) indicated that this research was based on the assumption of no correlation between CSP and CFP.

The study had examined a positive relationship between the environmental information disclosure and profit after tax when size of the company was taken as the controlled variable. The results are in consensus with the study (Aras, Aybars, and Kutlu 2010) that showed a significant relationship between CSR disclosure and company size control variables. The results are different from the study of (Saleh, Zulkifli and Muhamad 2008) (Mahoney and Roberts 2007) according to which the environmental and society related CSR activities had negative relationship with financial performance. It is also not in consensus with (Makin and Fancouer, 2008) findings which suggested significant negative impact of the environmental dimension of CSP on FP. Cormier and Gordon (2001) also established a significant negative relation between social disclosures and economic performance. Likewise, (De Villiers and Van Staden 2011) found that economic performance in the form of ROA was negatively related to environmental disclosure in the annual report, indicating that more disclosures are made by the firms with bad economic performance. Lastly, (Roberts 1992) established a positive relationship between earnings and social disclosures, and (Clarks et.al 2011) find that proactive environmental strategies are more likely to be implemented by the firms with good financial performance and resources.

5.3 Section C: Employees' Perception on Companies Act 2013

5.3.1 Demographic Profile of Respondents

This section introduces the respondents of the questionnaire; in particular, their demographic profile information. The information included the gender, the tenure and the management level of the respondent, which is shown below. The survey was filled by 153 respondents out of which 93 were males and 60 were females, having an experience of 0-15 years. Out of 153 respondents, 75 had an experience of 0-5 years, 37 respondents had an experience of 5-10 years, 31 respondents had an experience of 10-15 years and 7 respondents had been associated with their organisations from more than 15 years.106 respondents represented middle level management and 47 senior level. The following are depicted in the figures below:

Figure 5.2: Tenure in the Organisation (in %)

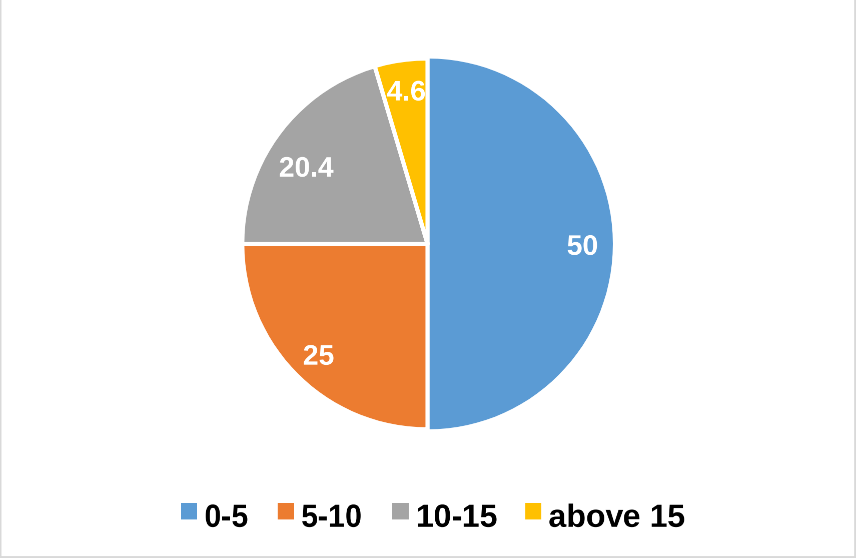


Figure 5.3: Gender (in %)

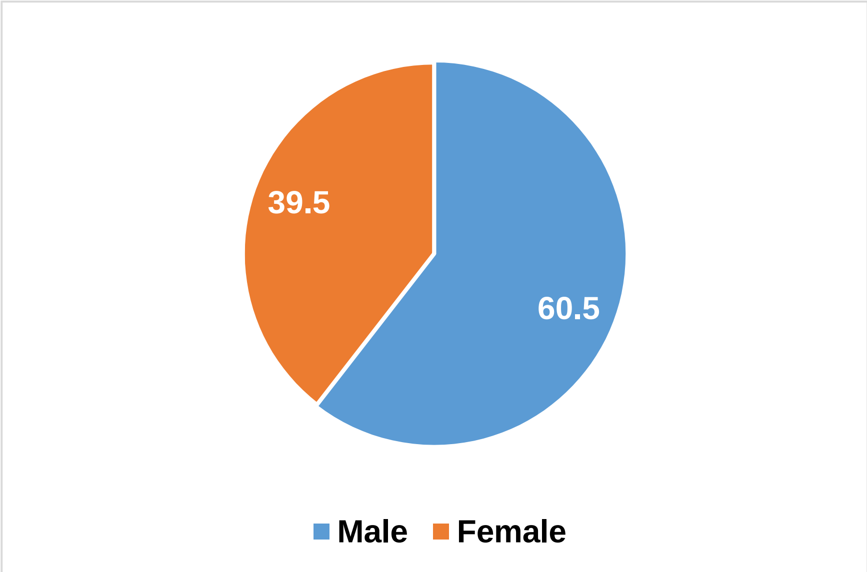
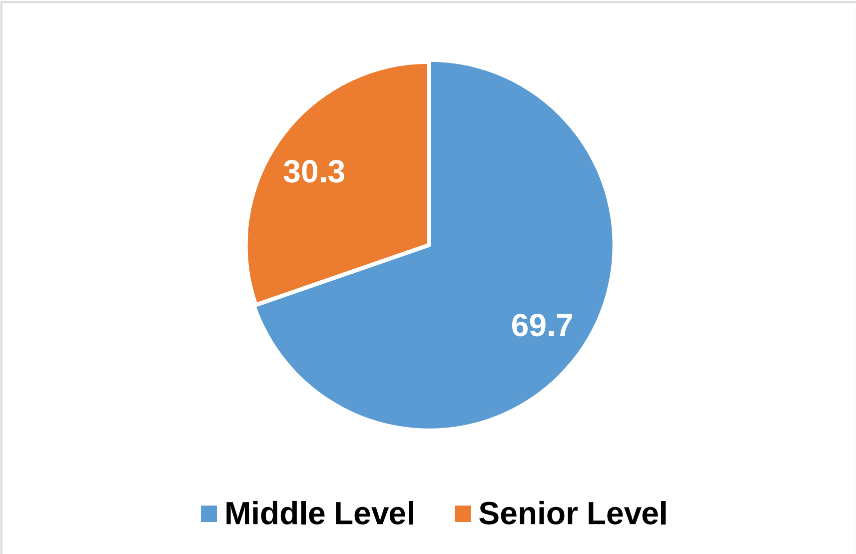


Figure 5.4: Managerial Level of the Employees (in %)



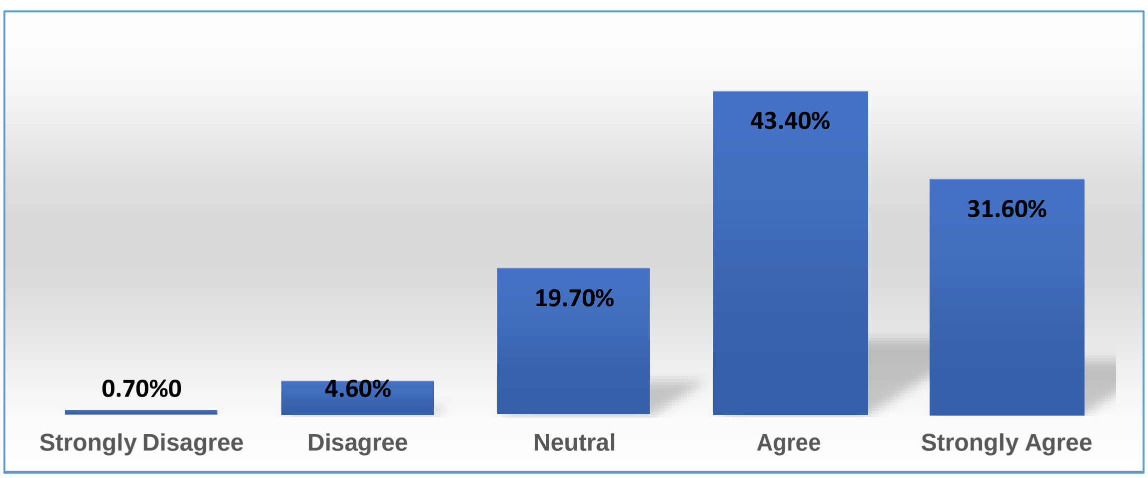
5.3.2 Employees' Perception on Companies Act 2013 provisions

The employees' perception of the provisions of Companies Act 2013 regarding the mandatory expenditure on CSR activities have also been analysed and shown below.

5.3.2.1 Conduct of Research for CSR Activities

The figure below explains the perception of employees towards conduct of research by the companies for undertaking CSR activities in an effective manner, irrespective of the high cost involved. It was observed that 31.60% of the total number of employees strongly agreed and 43.40% of the employees agreed that the companies should conduct research for undertaking CSR activities in the effective manner. 19.70% of total number of employees were neutral in their opinion. However, 5% of the respondent empolyees didn't favour research for undertaking CSR activities due to the high cost involved in it.

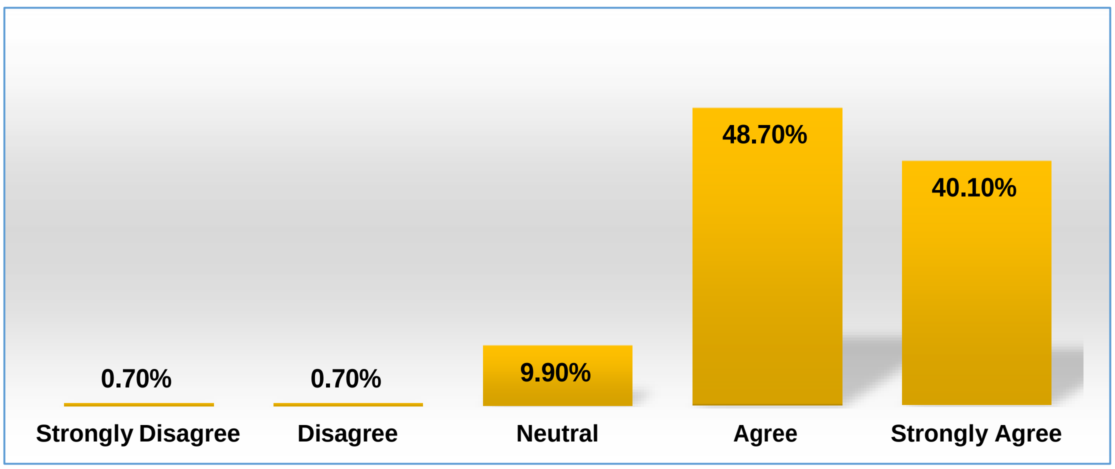
Figure: 5.5: Conduct of Research for CSR Activities



5.3.2.2 Following CSR Practices

The figure below explains the employees' opinion towards companies following CSR practices. It was found that 40% of the total number of employees strongly agreed and 48.70% of the employees agreed that the companies should follow CSR practices. Only 1.5% disagreed with the fact that the companies should follow CSR practices and 10% of the total respondents were neutral.

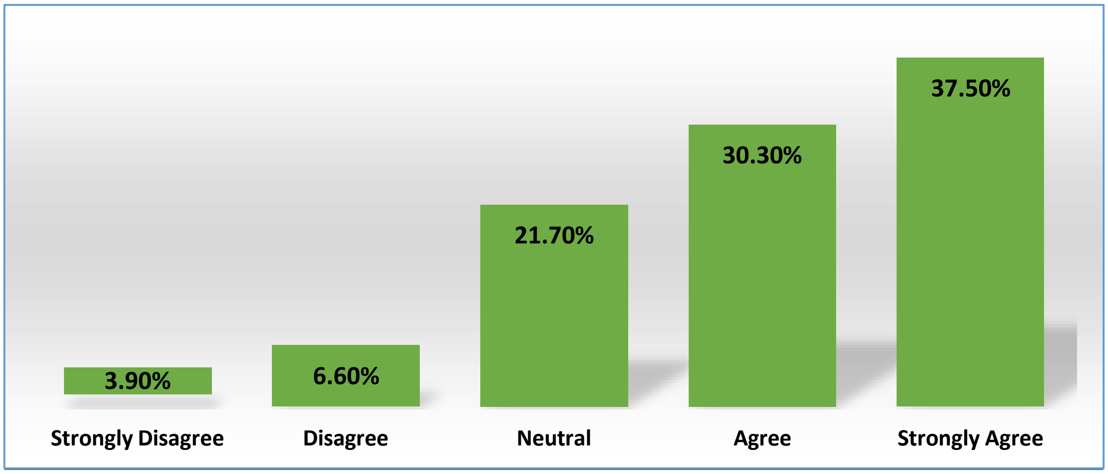
Figure 5.6: Following CSR Practices



5.3.2.3 Use of CSR Funds

The respondent employees were asked whether the companies should invest their funds in CSR activities in India or abroad. It was observed that 37.50% of the total number of employees strongly agreed and 30.30% of the employees agreed that the funds of the companies should be invested in CSR activities in India only and not abroad.21.70% of the total employees were indifferent on the spending of CSR funds, while 10% opined that the funds in CSR activities should be invested not only in India but also abroad. The figure below shows the opinion of the employees:

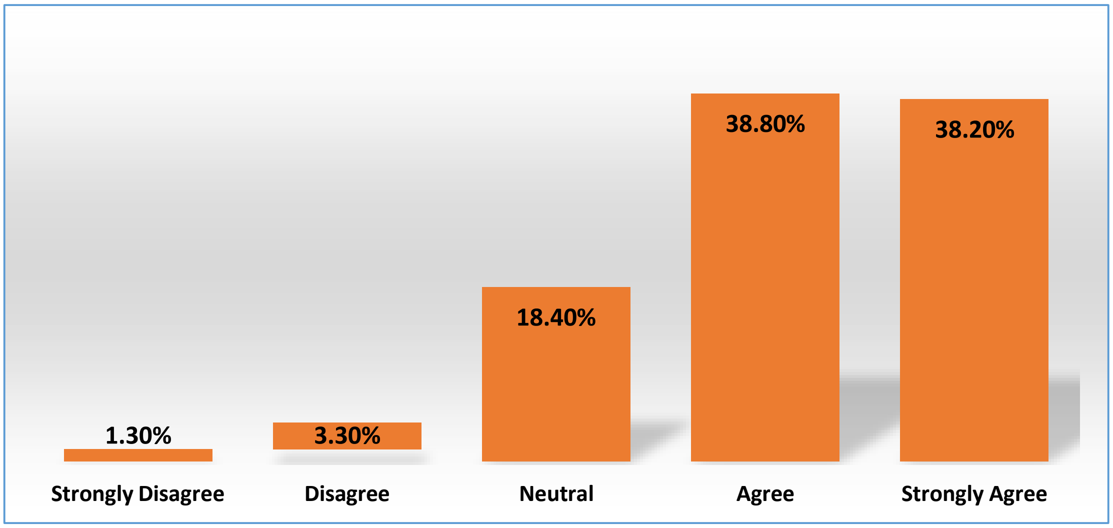
Figure 5.7: Use of CSR Funds



5.3.2.4 Nature of CSR activities

The figure explains the perception of employees towards the nature of CSR activities undertaken by the companies. It was found that 38.20% of the total number of employees strongly agreed and 38.80% of the employees agreed that the funds of the companies should not engage in mere charity or donation in the name of CSR activities. They opined that the CSR activities of the companies should be project based and not one time investment in any venture. Around 5% of the total respondents considered that charity or donation form a significant part of CSR activties undertaken by the companies and CSR activities can be a one time affair, while 18.40% of total employees were indifferent on the nature of CSR activities.

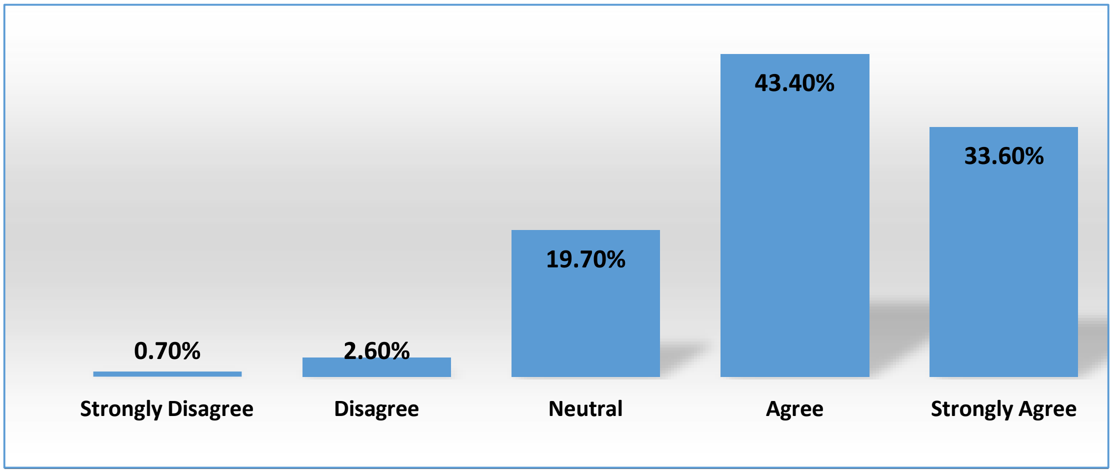
Figure 5.8: Nature of CSR activities



5.3.2.5 Joinining hands with NGOs

The figure explains the perception of employees towards joining hands wth NGOs for conducting CSR. It was found that 33.60% of the total number of employees strongly agreed and 43.40% of the employees agreed that the companies should join hands with NGOs to conduct the SR activities in a more effective manner. While 19.70% of the respondents were neutral on the association, only 3% of the employees disagreed.

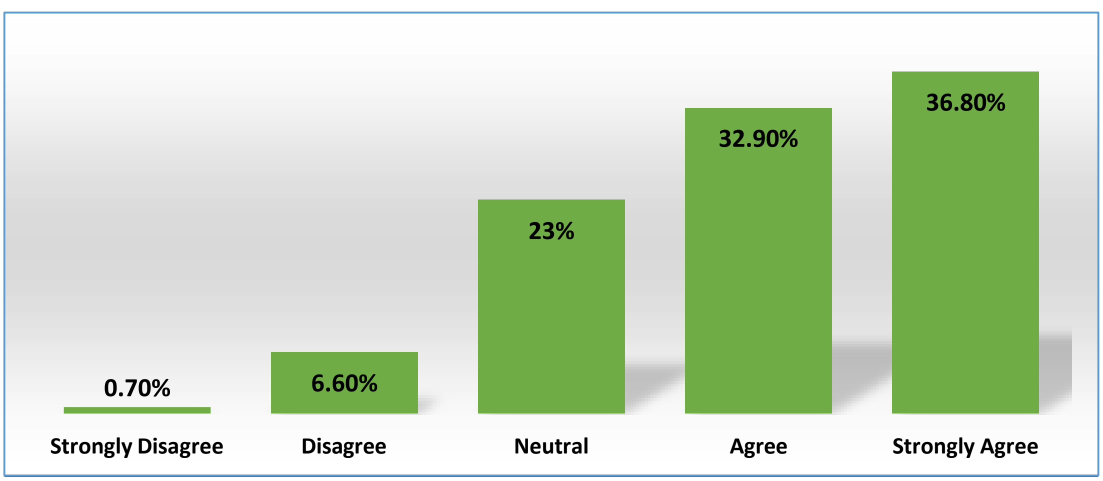
Figure 5.9: Joinining Hands with NGOs



5.3.2.6 Separate CSR Department

This figure explains that 36.80% of the total employees strongly agreed and 32.90% agreed that the companies should have a separate CSR department to conduct CSR activities. 23% of the respondents were neutral on the idea of having a separate CSR department while 7% didn't support the opinion.

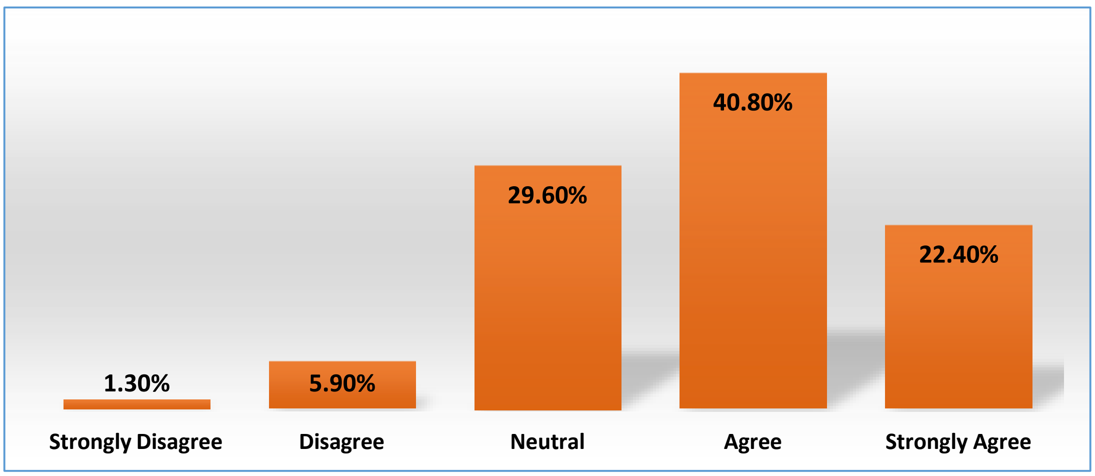
Figure 5.10: Separate CSR Department



5.3.2.7 Contribution towards CSR

This figure explains whether the employees supported the mandatory provision of contribution towards CSR. It was found that 22.40% of employee respondents strongly agreed and 40.80% agreed that the companies should invest 2% of the average profits of preceding three years for CSR activities. 7% of employees disagreed whereas 29.60% were neutral on this provision of mandatory investment.

Figure 5.11: Contribution towards CSR



5.4 Section D: CSR Initiatives and the CFP

This section is focused on analyzing the relationship between Corporate Social Responsibility initiatives taken by the companies and the Financial Performance of the companies using Exploratory Factor Analysis and Structural Equation Modelling.

5.4.1 Exploratory Factor Analysis

Exploratory factor analysis was applied to develop the measurement tool for identifying dimensions of measuring CSR. A total of 36 dimensions were selected on the basis of literature review (Table 5.4). The information was collected through a sample of 153 middle and high-level managers of the sample automotive companies on a **5-point Likert Scale** *(1: Strongly disagree; 2: disagree; 3: neutral; 4: strongly agree; 5: strongly agree).*

Table 5.13: Dimensions for Measuring CSR

Production of sustainable goods and services by the company	CSR 1
Corporate image and Market Share of the company	CSR 2
Support to inclusive growth and equitable development	CSR 3
Customers and Consumers satisfaction	CSR 4
Protecting Stockholders and Investors interest	CSR 5
Supplier relations and supply chain management	CSR 6
Industry research and development and innovation	CSR 7
Focusing on Quality as a core value	CSR 8
Public Policy and Regulatory Framework adopted by the company	CSR 9
Handling Investor grievances handling policies	CSR 10

Following Code of Conduct of business with ethics, transparency and accountability followed by the company	CSR 11
Following an Environmental Policy	CSR 12
Following the System of reduce, reuse and recycle	CSR 13
Development and diffusion of environmentally friendly technologies.	CSR 14
Providing regular voluntary information about environmental management to stakeholders	CSR 15
Supply of clear and accurate environmental information on its products, services and activities to stakeholders	CSR 16
Adopting a Policy towards employees	CSR 17
Taking Greater employee satisfaction measures	CSR 18
Following Occupational Health and Safety policies	CSR 19
Skills and Career Development of Employees	CSR 20
Providing a good work-life balance for employees (flexible working hours or work from home facility)	CSR 21
Non-discrimination, Diversity and Equal Opportunity	CSR 22
Prevention of Forced and Compulsory Labor	CSR 23

Adopting Poverty Alleviation measures	CSR 24
Community Development and investment	CSR 25
Creation of Employment	CSR 26
Alliances with NGOs, charities and not for profit organizations	CSR 27
Employee Volunteering	CSR 28
Infrastructural Development	CSR 29
Taking Women Empowerment measures	CSR 30
Direct economic value generated by the company	CSR 31
CSR initiatives taken by an organization affects its profitability	CSR 32
CSR initiatives taken by an organization enhances its public image	CSR 33
CSR initiatives taken by an organization increases the sales of the firm	CSR 34
CSR initiatives taken by an organization increases the earning per share of the firm	CSR 35
CSR initiatives taken by an organization increases the credibility of the firm	CSR 36

The specific conditions that must be ensured before executing the Exploratory Factor Analysis were met. A five point Likert scale had been used for collecting the data through questionnaire. The size (153) of the sample respondents is four times more than the number of variables (36). It was observed that all the variables correlated fairly well and none of the correlation coefficients were particularly large. The Kaiser- Meyer-Olkin (KMO) Test (Table 5.14) was .875 and chi- square value of Bartlett's Test of Sphericity (Table 5.14) was found to be significant (chi sq= 2975.435, p= .000). For the KMO test, a score of .70 is considered adequate while .80 or higher is excellent (Hair et al. 2010), hence, confirming the acceptance of exploratory factor analysis.

Table 5.14: Results of KMO and Barlett Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.875
Bartlett's Test of Sphericity	Approx. Chi-Square	2975.435
	df	630
	Sig.	.000

The EFA revealed that some of the measures did not seem to represent their respective constructs satisfactorily and hence were removed from the further analysis and the final rotated component matrix was generated. The variables that were not retained were CSR_2 (Corporate image and market share of the company), CSR_9 (Public policy and regulatory framework adopted by the company), CSR_12 (Following an environmental policy), CSR_15 (Providing regular voluntary information about environmental management to stakeholders), CSR_16 (Supply of clear and accurate environmental information on its products, services and activities to stakeholders) and CSR_27 (Alliances with NGOs, charities and not for profit organizations).

5.4.1.1 Rotated Component Matrix

The factor analysis used maximum likelihood method and generated 4 components with eigen values above 1. The promax rotation clubbed the items in 4 components as shown in Table 5.15, along with their factor loadings and the Cronbach alpha values. It should be noted that in the following table showing factor loadings, loadings below .3 have been excluded for ease of interpretation.

Out of the 36 dimensions (Table 5.13) in the original set of indicators, 30 were used in the subsequent SEM.

1. The dimensions CSR 26, CSR 20, CSR 21, CSR 24, CSR 23, CSR 19, CSR 18, CSR 22, CSR 30, CSR 25, CSR 29 and CSR 28 got clubbed under the head “CSR_SOC” which comprised of the social dimensions of the CSR initiatives taken by the companies. The Cronbach alpha value was found to be .911, which is an acceptable value of reliability.

2. The dimensions CSR 5, CSR 1, CSR 3, CSR 31, CSR 7, CSR 10, CSR 6, CSR 8, CSR 11 and CSR 4 were grouped under the head “CSR_ECO” which comprised of the economic dimensions of the CSR initiatives taken by the companies. The Cronbach alpha value was found to be .858, which is an acceptable value of reliability.

3. The dimensions CSR 36, CSR 14, CSR 33, CSR 13 and CSR 17 were named as "CSR_ENV" which included the environmental dimensions of the CSR initiatives taken by the companies. The Cronbach alpha value was found to be .670, which is an acceptable value of reliability.

4. The dimensions CSR 32, CSR 34, CSR 35 were named as "CSR_FIN" which included the dimensions indicating the effect of CSR initiative on financial performance of the companies. The Cronbach alpha value was found to be .895, which is an acceptable value of reliability.

Table 5.15: CSR Dimensions with Factor Loadings and Cronbach Alpha Values

CSR Dimensions	**Variables**	**Factor Loadings**	**Cronbach Alpha values**
CSR_SOC	CSR 26	.821	.911
	CSR 20	.808	
	CSR 21	.785	
	CSR 24	.722	
	CSR 23	.701	
	CSR 19	.683	
	CSR 18	.669	

	CSR 22	.649	
	CSR 30	.629	
	CSR 25	.605	
	CSR 29	.558	
	CSR 28	.510	
	CSR 5	.782	
	CSR 1	.774	
	CSR 33	.676	
	CSR 31	.641	
	CSR 7	.622	
CSR_ECO	CSR 10	.602	.858
	CSR 6	.575	
	CSR 8	.525	
	CSR 11	.490	
	CSR 4	.489	
	CSR 36	.539	.670
	CSR 14	.524	

CSR_ENV	CSR 33	.511	
	CSR 13	.501	
	CSR 17	.408	
CSR_FIN	CSR 35	.836	.895
	CSR 34	.801	
	CSR 32	.727	

Source: Own Elaboration

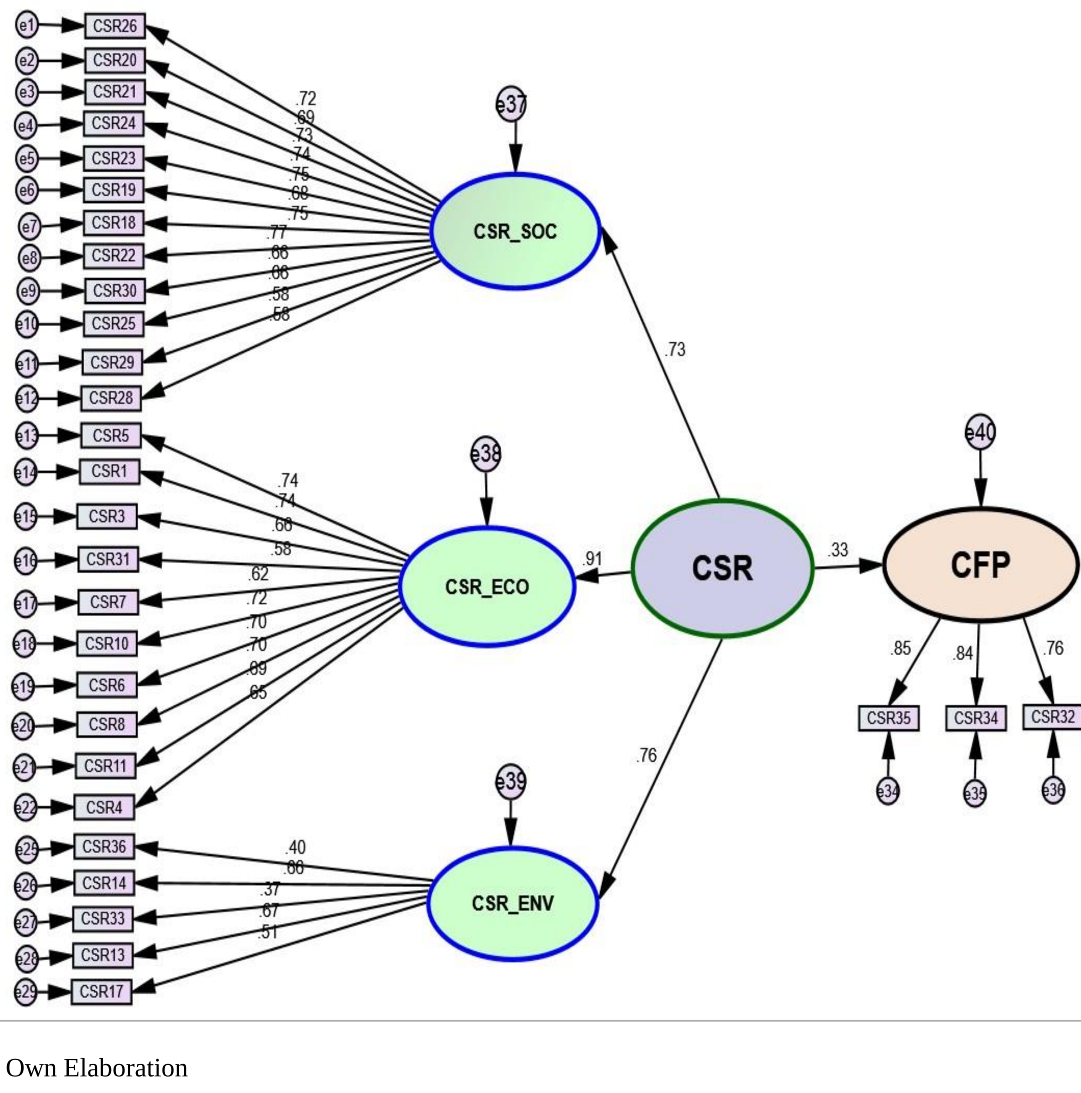
5.4.2 Structural Equation Modeling

The proposed conceptual model (Figure 4.1) established the effect of CSR_SOC (Social dimensions of CSR initiatives), CSR_ECO (Economic dimensions of CSR initiatives) and CSR_ENV (Environmental dimensions of CSR initiatives) on the corporate financial performance. The hypothesis of the study was examined by estimating a SEM model in AMOS22 – a computer program through which all interactions between variables represented in the conceptual model are captured and examined as a single statistical test.

The SEM method also provides individual metrics for evaluation of particular bivariate relationships. The model was graphically represented along with standardized estimates of regression weights to develop scales for each of the constructs in the structural model and evaluate them in terms of reliability and validity to estimate measurement models for each of the constructs in the model and evaluate them in terms of measures of fit and interpretation.

The conceptual model (Figure 4.1) is illustrated in a path diagram. A path diagram represents a pictorial portrayal of all relationships in the model (Hair et al, 1998). It is a graphical representation of how the various elements of the model relate to one another. The path diagram and goodness of fit indices calculated in the first attempt was found to be as follows:

Figure 5.12: Path Diagram of the Preliminary Model



Source: Own Elaboration

The path diagram above shows CSR as a second order reflective construct expressed through 3 first order sub constructs, representing different aspects of CSR. The rectangles in the diagram depicted the sub constructs which were inferred from their respective sets of questionnaire items. The Table 5.13 presents the specific meaning of each item in detail.

5.4.2.1 Model Fit of Path Diagram of the Preliminary Model

Model fit refers to the extent to which a hypothesized model is consistent with the data and determines the acceptance or rejection of the model. Once the parameter estimates were obtained for a SEM model, the next step was to determine how well the data fit the model.

Table 5.16: Overall Goodness of Fit Measures for the Preliminary Model

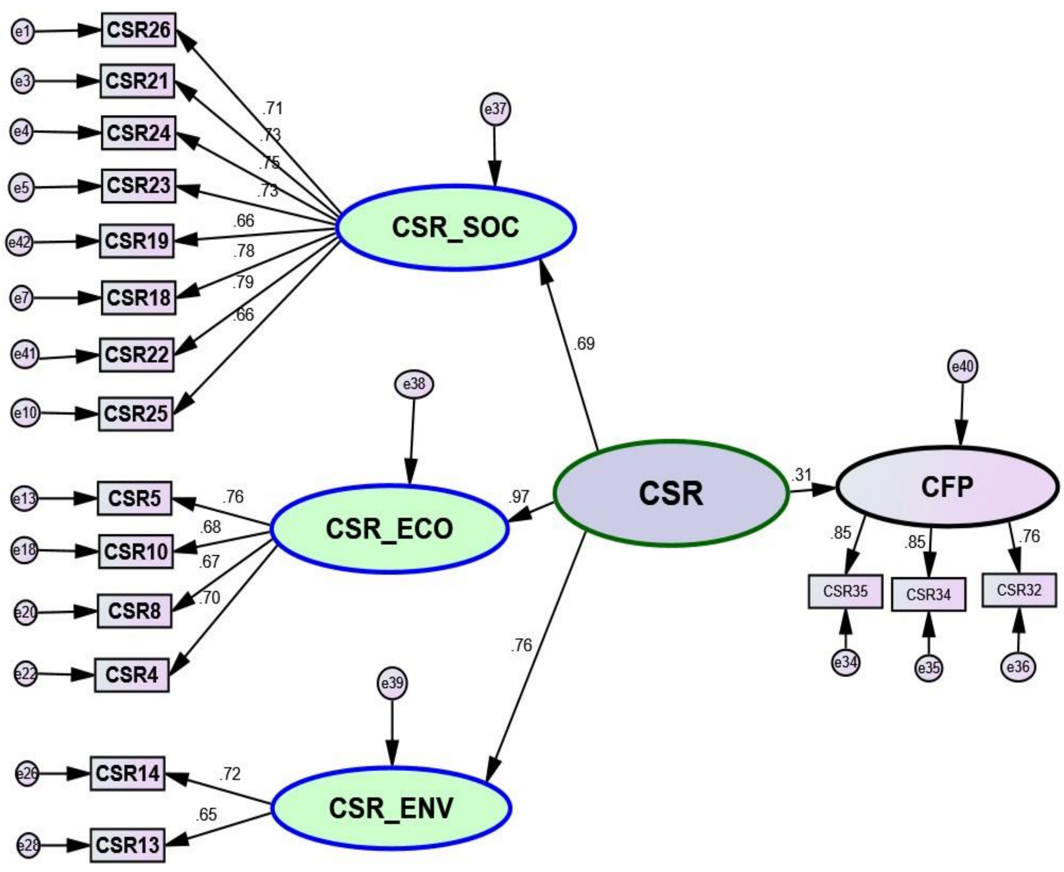
Metric	**Value**	**Base Value**	**Acceptance**
CFI (Comparative Fit Index)	.829	≥ 0.9	Not acceptable
AGFI (Adjusted Goodness of Fit Index)	.711	≥ 0.8	Not acceptable
RMSEA (Root MS of Approximation)	.07	≤ 0.05	Not acceptable

RMSR (Root MSd Residual)	.06	≤ 0.05	Not Acceptable
NFI (Normal Fit Index)	.71	0 to 1	Acceptable

Source: Own elaboration

The preliminary model was amended to improve the model fit. Modification indices and standardized residuals calculated through AMOS 22were used to modify the model resulting in the final model. The items CSR_20, CSR_30, CSR_29 and CSR_28 were removed from the construct CSR_SOC. The items CSR_1, CSR_3, CSR_31, CSR_7, CSR_6, CSR_11and CSR_4 were removed from the construct CSR_ECO. The items CSR_36, CSR_33 and CSR_17 were removed from the construct CSR_ENV in the final model. The final path diagram with the improved Goodness of Fit are given below:

Figure 5.13: Path Diagram of Final Model



Source: Own Elaboration

5.4.2.2 Model Fit of Path Diagram of Final Model

Table 5.17: Overall Goodness of Fit measures for the Final Model

Metric	**Value**	**Base Value**	**Acceptance**
CFI (Comparative Fit Index)	.829	≥ 0.9	Acceptable
AGFI (Adjusted Goodness of Fit Index)	.85	≥ 0.8	Acceptable

RMSEA (Root MS of Approximation)	.05	≤ 0.05	Acceptable
RMSR (Root MSd Residual)	.041	≤ 0.05	Acceptable
NFI (Normal Fit Index)	.87	0 to 1	Acceptable

Source: Own elaboration

The model fit of the final model with all the indices' values beyond the threshold limits is indicative of the fact that the model is offering an adequate approximation of empirical data, hence it is acceptable. The standardized factor loadings of the dimensions of CSR initiatives (CSR_SOC, CSR_ECO, CSR _ENV) ranged from 0.65 for CSR_13 to 0.79 for CSR_22. The extent of variance of observed variables of the factor is indicated through the squared multiple correlations. The R2 statistics corresponding to the latent variable (CSR_ECO) was found highest at 0.94, 0.57 for (CSR_ENV) and the lowest for (CSR_SOC) at 0.467.

The model was further analyzed and adjusted on the regression paths among CSR and CFP which is given by a standardized regression weight of .31. This depicts that there exists a weak but significant and positive relationship between the two variables CSR and CFP. This implies that CSR is not the main determinant of CFP but one of them. There are other factors that contribute to the corporate financial performance of the companies.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Chapter 5 had detailed the analysis of the CSR initiatives taken by the companies, the guidelines followed for disclosure of the same in their reports during the period 2009-2014. The relationship between CSR and CFP has been studied in detail. Both primary data analysis and secondary data analysis of the relationship has been comprehensively done in this chapter.

The present study aims at investigating two relationships:

1. The relationship between corporate social responsibility initiatives taken by the companies and financial performance of companies in the automotive sector.
2. The relationship between corporate social responsibility disclosure level and financial performance of companies in the automotive sector.

To investigate the relationships following objectives were framed:

1. To examine the Corporate Social Responsibility initiatives of the select companies in Automotive Sector in India.
2. To analyse the relationship between disclosure of Corporate Social Responsibility initiatives and the Financial Performance of the companies.
3. To examine the perception of employees regarding the implementation of the new Companies Act 2013 provisions being followed by the companies.
4. To analyse the relationship between Corporate Social Responsibility

initiatives and the Financial Performance of the companies.

The relationship between corporate social responsibility disclosure level and financial performance of companies in the automotive sector was studied by doing content analysis followed by multiple regression analysis on 26 sample automotive companies. The CSR Disclosure Index was created and the effect of the disclosure of sustainability information was studied on the CFP variables (ROE, PAT, ROA, D/E) with and without controlling the size of the firm.

The relationship between corporate social responsibility initiatives taken by the companies and financial performance of companies in the automotive sector was analysed using Exploratory Factor Analysis and Structure Equation Modelling. The analysis was done by conducting a survey on 153 employees (middle level and senior level management) of select automotive companies

The findings of the study are presented in this chapter and are stated objective wise as below followed by the conclusions, the limitations of the study and recommendations for the research and practitioners for further study.

6.1 FINDINGS

Objective 1: To examine the Corporate Social Responsibility initiatives of the select companies in Automotive Sector in India.

- The corporate social responsibility initiatives taken by the companies in the automotive sector during the period 2009-14 is disclosed by all the companies in the form of one report or another. However, most of the sample companies are not following some stipulated guidelines or a standard reporting structure for CSR disclosure. Such companies are large in number and have been disclosing their CSR practices either in the form of a separate section 'Corporate Social Responsibility' in their annual reports or in Director's report. While other companies are disclosing just in the form of a small paragraph under the head 'Management Discussion' in the annual report. A few companies also disclose their initiatives on their webpages.

- Only a few automotive companies have followed global guidelines of reporting like GRI-G-3 given by Global Reporting Initiative, guidelines by United Nation Global Compact. Guidelines given by ISO 26000 and Account Ability Standard have not been adhered to by the sample companies. This shows that the Indian automotive companies have yet to realise the significance of global reporting of CSR initiatives. It was found that the companies have maintained CSR Policy as a part of the mandatory provision of the Companies (CSR Policy) rules, 2014 and Companies Act 2013. The policy contained the details of list of CSR activities to be taken by the companies, the proposed amount of expenditure of the same. The details of CSR Committee formed, its members, the meeting schedules were clearly found stated by all the companies.

- It was found that more than half of the automotive companies have disclosed all the economic dimensions of the CSR activities and the disclosures (economic, environmental and social) have increased in the subsequent years starting from 2009. The economic initiatives included the direct economic value generated by the companies, customer satisfaction, Stockholders' and investors' interest, industry research and development, quality, investor grievances and handling policies, conduct of business with ethics, transparency and accountability. The disclosure of some initiatives like corporate image and market share, supply chain management, procedures for hiring from local community, public policy and regulatory framework was not given much significance by some companies.

- The environmental initiatives undertaken by most of the companies were confined to development and diffusion of environmentally friendly technologies, develop environment friendly products and following the system of 3Rs: reduce, reuse and recycle. The companies have yet to frame environmental policy and make provisions for supply of regular and accurate environmental information of its products and services to stakeholders.

- The social initiatives taken by most of the organizations included skills and career development of employees, their occupational health and safety, employee satisfaction and their well-being, labour management relations, community development, poverty alleviation, employment creation, alliances with NGOs, women empowerment, vocational training, infrastructural development and other philanthropic activities. The social areas where the companies are still not active are promotion of human rights, work life balance for employees, freedom of association and collective bargaining, prevention of child labour and road safety programmes.

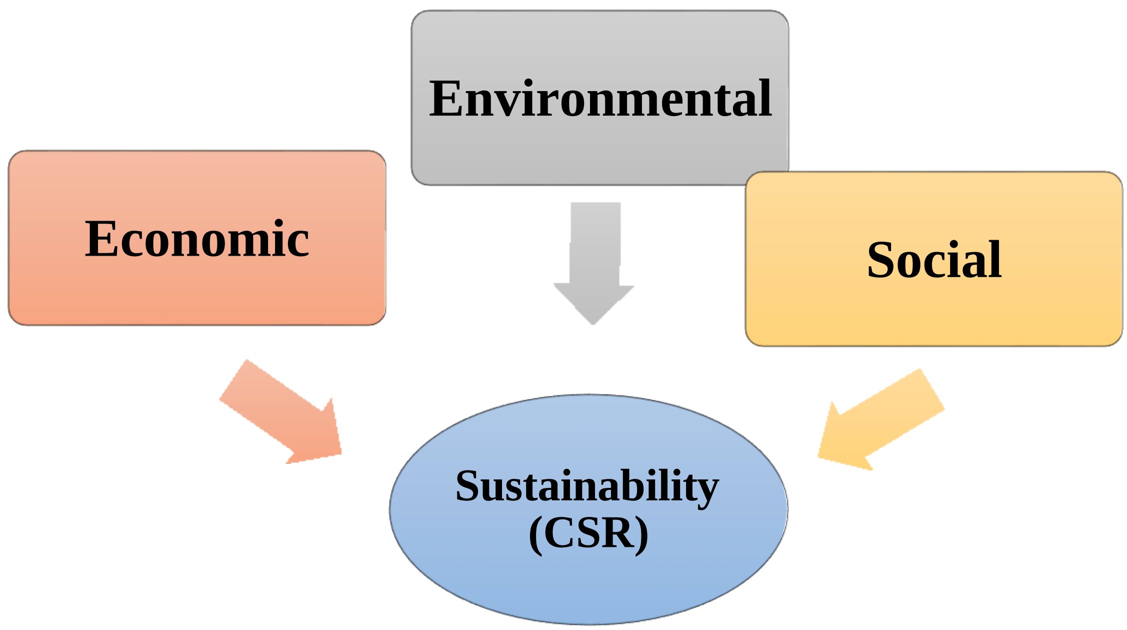
- It has been found that the companies are more inclined towards taking economic initiatives and disclosing economic performance than the environmental and social performance information in their reports. The reason for the extensive economic disclosure could be the perception of companies to recognize economic responsibility towards Stockholders and investors to be the prime obligation of the companies to reap enhanced benefits.

Objective 2: To analyse the relationship between disclosure of Corporate Social Responsibility initiatives and the Financial Performance of the companies.

The relationship between corporate social responsibility disclosure level and financial performance of companies in the automotive sector was studied by doing content analysis followed by multiple regression analysis on 26 sample automotive companies. The CSR Disclosure Index was created and the effect of the disclosure of sustainability information was studied on the CFP variables (ROE, PAT, ROA, D/E) with and without controlling the size of the firm.

The CSR Disclosure Index was created by dividing the sustainability or CSR information into three head categories: Economic, Environmental and Social have been taken keeping the Triple Bottom Line Effect as the base and the sub categories The sub categories are selected on the basis of nine principles given in the National Voluntary Guidelines given by Ministry of Corporate Affairs, seven principles of social responsibility defined by ISO 26000, ten principles given by United Nations Global Compact, three principles of Account Ability1000 Series of Standards. The dimensions set by GRI-G-3 Guidelines and the core areas for CSR initiatives given by the Companies Act 2013 also form the base for composing the CSR Disclosure Index. The three head categories of CSRDI are given in the figure below:

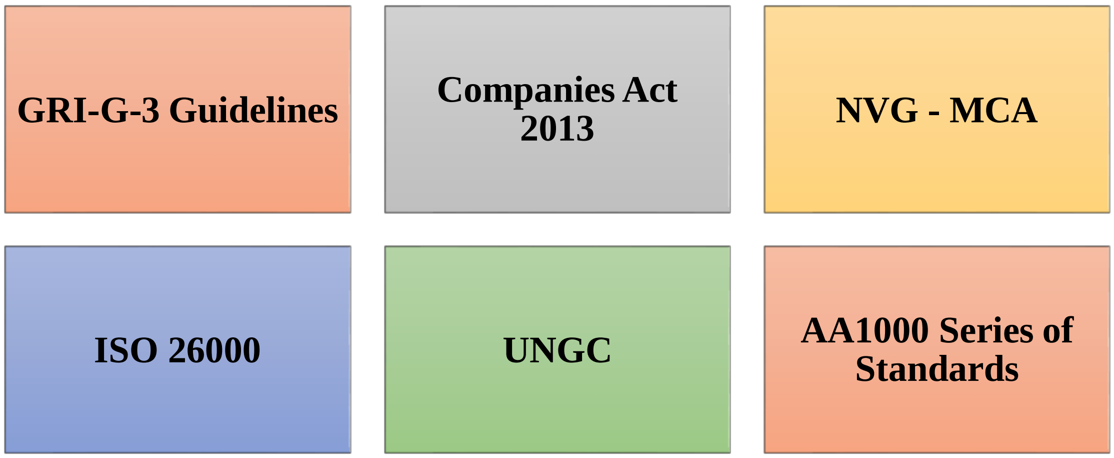
Figure 6.1a: Corporate Social Responsibility Disclosure Index (Head Categories)



Source: Own Elaboration

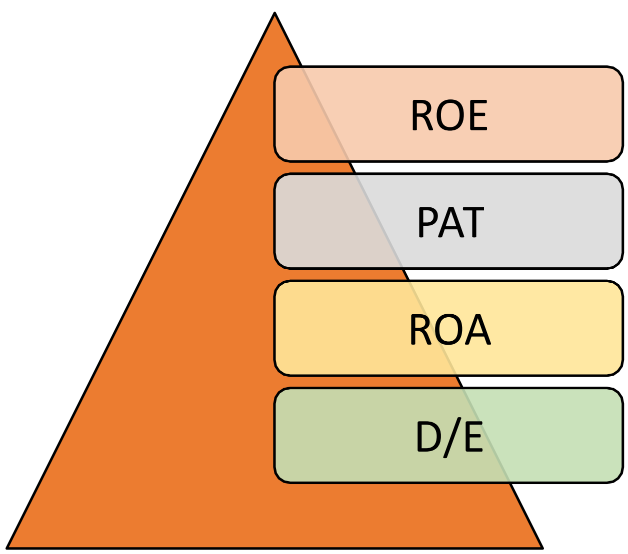
The guidelines on the basis of which the sub categories of the CSRDI were selected are given in the figure below:

Figure 6.1b: Corporate Social Responsibility Disclosure Index (CSR Guidelines)



The Corporate Financial Performance was measured by the following variables given in the figure below:

Figure 6.2 Corporate Financial Performance Variables



Source: Own Elaboration

The findings of the relationship between CSR Disclosure and CFP of the select automotive companies are:

- The results in Tables 4.5 (a), (b)and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Return on Equity of the firm. Hence, the first hypothesis: **H1: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Return on Equity** stands rejected.

- The results in Tables 4.6 (a), (b)and (c) show that there is a significant relationship between the disclosure of economic performance information and social performance information and Profit After Tax of the firm. It is also found that there is no significant relationship between the disclosure of environmental performance information and Return on Equity of the firm. Hence, the second hypothesis:

  H2: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Profit After Tax stands partially accepted and partially rejected.

- The results in Tables 4.7 (a), (b)and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Return on Assets of the firm. Hence, the third hypothesis:

  H3: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Return on Assets stands rejected.

- The results in Tables 4.8 (a), (b)and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Debt Equity of the firm. Hence, the fourth hypothesis:

  H4: There is a negative relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Debt/Equity stands rejected.

It was also revealed that CSR disclosure and CFP are not associated even when measured along with annual turnover or sales as a controlled variable.

- The results in Tables 4.9 (a), (b) and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Return on Equity of the firm, after controlling the size of the firm. Hence, the fifth hypothesis:

H5: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Return on Equity after controlling the size of the firm, stands rejected.

- The results in Tables 4.10 (a), (b) and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Profit After Tax of the firm, after controlling the size of the firm. Hence, the sixth hypothesis:

  H6: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Profit After Tax after controlling the size of the firm, stands rejected.

- The results in Tables 4.11 (a), (b) and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Return on Assets of the firm, after controlling the size of the firm. Hence, the seventh hypothesis:

  H7: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Return on Assets after controlling the size of the firm, stands rejected.

- The results in Tables 4.12 (a), (b) and (c) show that there is no significant relationship between the disclosure of economic performance information, environmental performance information and social performance information and Debt/Equity of the firm, after controlling the size of the firm. Hence, the eighth hypothesis:

H8: There is a positive relationship between the disclosure of Sustainability performance (economic, environmental and social) information and Debt/Equity after controlling the size of the firm, stands rejected.

Objective 3: To examine the perception of employees regarding the implementation of the new Companies Act 2013 provisions being followed by the companies.

- The study revealed the employees' perception of the provisions of Companies Act 2013 regarding the mandatory expenditure on CSR activities. It was found that more than 70% of the respondent employees agreed that the companies should conduct research for undertaking CSR activities in an effective manner, irrespective of the high cost involved. 90% agreed that companies should follow CSR practices. Around 3/4th of the employees agreed that the CSR activities of the Indian companies should be based in India only and not abroad and should be project based. Around 80% agreed that the companies should join hands with some other organization (like an NGO) for conduct of CSR activities in a more effective manner. 60% of the employees were of the opinion that the company should have a separate CSR Department to conduct CSR activities. Almost all of the employees believed that the companies should invest every year 2% of their average profits of preceding three years for CSR activities.

The provisions of the latest Companies Act 2013 with respect to Corporate Social Responsibility are shown in the figure below:

Figure 6.3: Latest Companies Act 2013 provisions with respect to Corporate Social Responsibility

Source: Own Elaboration

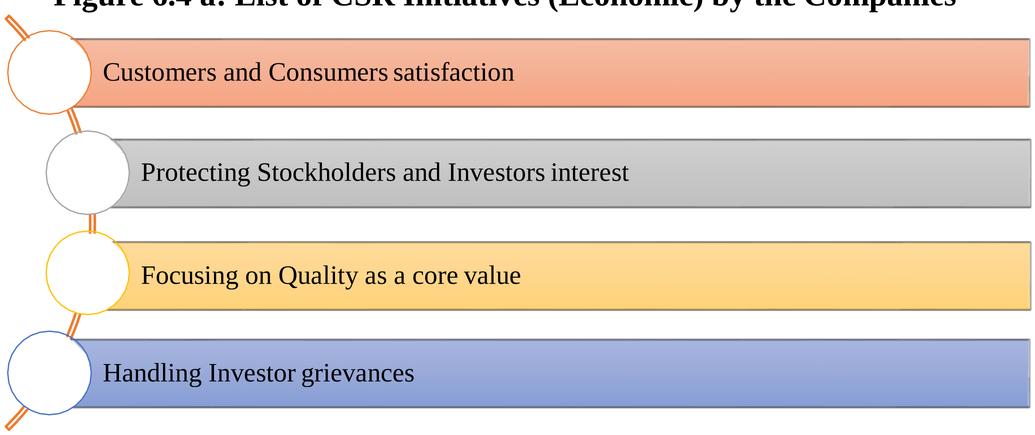
Objective 4: To analyse the relationship between Corporate Social Responsibility initiatives and the Financial Performance of the companies.

The said objective was fulfilled using Exploratory Factor Analysis and Structure Equation Modelling. The analysis was done by conducting a survey on 153 employees (middle level and senior level management) of select automotive companies.

The CSR initiatives (Economic, Environmental and Social) taken by the select automotive companies were listed and the employees' perception was studied to analyse the relationship between CSR and CFP of the select companies.

- It was found that the employees perceived that their companies were active in taking CSR initiatives related to corporate image and market share of the company, public policy and regulatory framework adopted by the company, following an environmental policy, providing regular voluntary information about environmental management to stakeholders, supply of clear and accurate environmental information on its products, services and activities to stakeholders and alliances with NGOs, charities and not for profit organizations. However, the analysis using SEM explained that these initiatives do not contribute to the profitability of the companies. The list of CSR initiatives (Economic) which are perceived by the employees to affect the profitability of the firm are stated in the figure below:

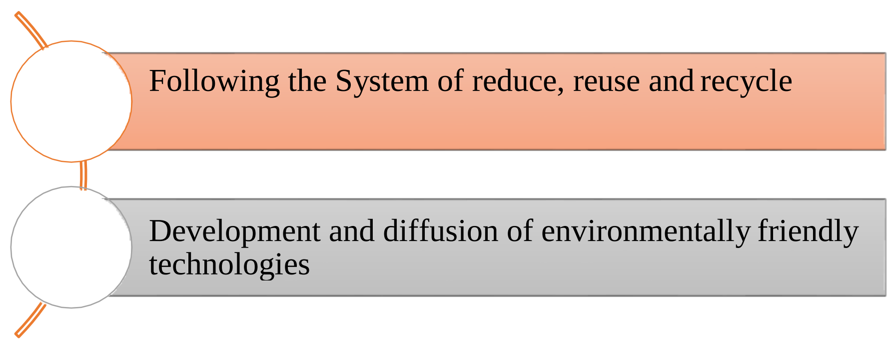
Figure 6.4 a: List of CSR Initiatives (Economic) by the Companies



Source: Own Elaboration

- It was found that the companies' employees perceived that their companies follow an environmental policy, provide regular voluntary information about environmental management to stakeholders, and supply clear and accurate environmental information on its products, services and activities to stakeholders. The system of reduce, reuse and recycle by their companies and taking initiatives in the development and diffusion of environmentally friendly technologies were the major initiatives taken by the companies. However, the analysis using SEM explained that all these initiatives do not contribute to the profitability of the companies. The list of CSR initiatives (Environmental) which are perceived by the employees to affect the profitability of the firm are stated in the figure below:

Figure 6.4 b: List of CSR Initiatives (Environmental) by the Companies

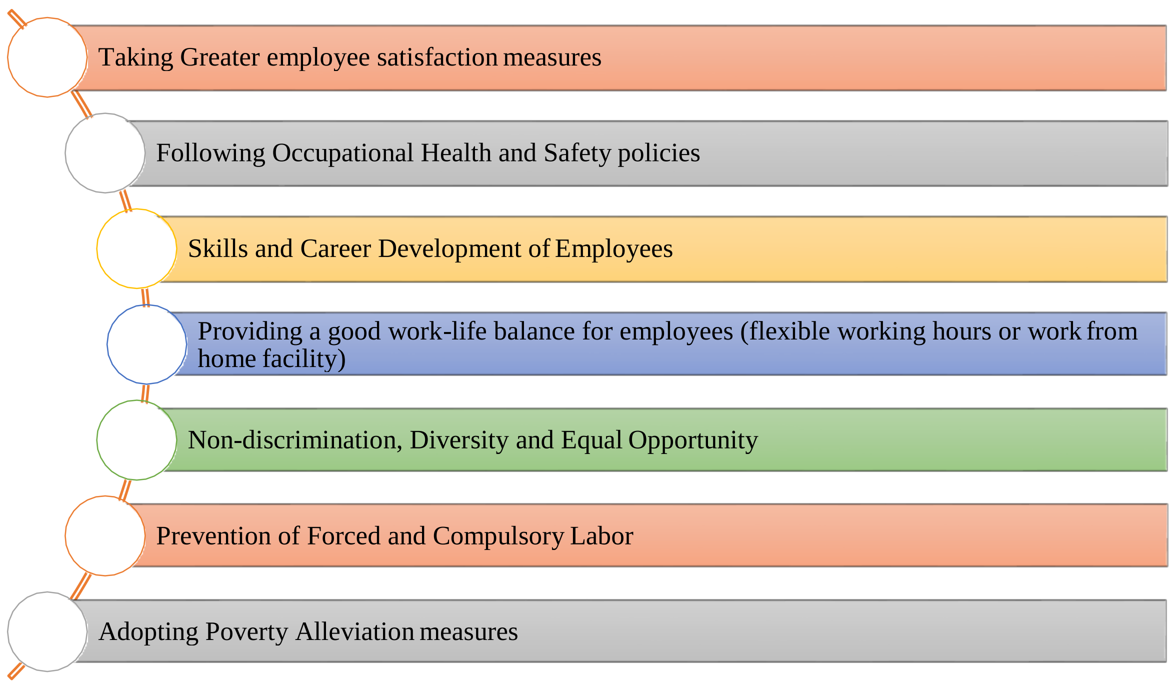


Source: Own Elaboration

- The study explains that the companies are adopting a policy towards employees, taking greater employee satisfaction measures, following occupational health and safety policies, working on skills and career development of employees, providing a good work-life balance for employees (flexible working hours or work from home facility), aiming at non-discrimination, diversity and equal opportunity among the employees, preventing forced and compulsory labour. The companies are also adopting poverty alleviation measures, creating employment, taking initiatives for community development and investment.

Following the provisions of the new Companies Act 2013, the companies are also forming alliances with NGOs, charities and not for profit organizations for the conduct of CSR activities. Employee volunteering and infrastructural development and taking women empowerment measures are some of the core initiatives taken by the companies. However, the analysis using SEM explained that all these initiatives do not contribute to the profitability of the companies. The list of CSR initiatives (Social) which are perceived by the employees to affect the profitability of the firm are stated in the figure below:

Figure 6.4 c: List of CSR Initiatives (Social) by the Companies



Source: Own Elaboration

The profitability of the companies was based on the following parameters in the figure below:

Figure 6.5: List of Parameters measuring Profitability

CSR initiatives taken by an organization affects its profitability

CSR initiatives taken by an organization increases the sales of the firm

CSR initiatives taken by an organization increases the earning per share of the firm

Source: Own Elaboration

- The study found that the employees' perception about the CSR initiatives taken by their companies confirm that there exists a weak but significant and positive relationship between corporate social responsibility initiatives taken by the companies and corporate financial performance. Hence the ninth hypothesis: **H9: There is a positive relationship between the Corporate Social Responsibility initiatives taken by the firms and the Corporate Social Performance of the firm,** stand accepted.

6.2 CONCLUSIONS

The augmenting pressure of the globalized economy has made the concept of CSR a need of the hour. Indian corporate houses, by developing a globally tolerable socially responsible behaviour (Sharma Seema 2011) are clearly exhibiting their capacity to make a significant difference in the society and advance the overall quality of life (Berad 2011). Known as a successful management strategy, CSR has become a buy-in at all levels of the company (Oron Emmanuel 2011). Mere following CSR as a strategy by the companies is not enough, its reporting to the Stockholders is equally significant. CSR reports are a communication tool not merely to help stakeholders' understand how the companies pursue CSR activities, but also to make companies globally competitive and sustainable. With the introduction of CSR provision in the Companies Act, India Inc. is increasingly getting involved in conducting and reporting CSR activities that contribute to society and various stakeholders. The new act is a welcome step and all companies satisfying the CSR criteria will have to undertake CSR activities under the new CSR regime. The step would eventually, boost much required social projects with some professional management of the private sector (Lal Mansukh 2013).

The conclusions that may be drawn from the present study, objective wise are discussed here below:

Objective 1: To examine the Corporate Social Responsibility initiatives of the select companies in Automotive Sector in India.

The annual reports or the sustainability reports or the CSR reports for the period of five years were studied and following conclusions may be drawn:

The companies in the automotive sector are active in taking CSR initiatives fulfilling the 3Ps of Triple Bottom Line: economic (profit), environmental (planet) and social (people).Most of the automotive companies disclose their CSR initiatives inthe form of a separate section 'Corporate Social Responsibility' in their annual reports or in Director's report. Most of the sample companies are not following some stipulated guidelines or a standard reporting structure for CSR disclosure. A few automotive companies follow global guidelines given by GRI and UNGC. With the increased awareness of the significance of CSR contribution, the companies have eventually increased their CSR initiatives. There has been marginal increase in the CSR (Economic) disclosure score from 2009-10 to 2013-14. The CSR (Environmental) disclosure score has also increased from 2009-10 to 2013-14. The CSR (Social) disclosure score has increased to a large extent during the period of five years. A major reason is also the latest clause of Companies Act 2013 stating that every company satisfying a certain criteria is mandatorily required to invest 2% of their average profits of the preceding three years in CSR activities, failing which that company has to submit a report to the Ministry of Corporate Affairs stating the reason of non-contribution.

Objective 2: To analyse the relationship between disclosure of Corporate Social Responsibility initiatives and the Financial Performance of the companies.

This objective has been fulfilled by doing content analysis followed by multiple regression analysis on 26 sample automotive companies. The CSR Disclosure Index was created and the effect of the disclosure of sustainability information was studied on the CFP variables (ROE, PAT, ROA, D/E) with and without controlling the size of the firm. The conclusion that may be drawn from the above analysis was that:

There is no positive relationship between the CSR information (economic, environmental and social) variables and CFP (return on equity, return on assets, debt on equity) before and after controlling the size of the firm. However, there exists a positive relationship between the CSR information (economic and social) variables and profit after tax before controlling the size of the firm but there is no significant relation between CSR information (environmental) and profit after tax, after controlling the size of the firm.

Objective 3: To examine the perception of employees regarding the implementation of the new Companies Act 2013 provisions being followed by the companies.

The study revealed the employees' perception of the provisons of Companies Act 2013 regarding the mandatory expenditure on CSR activities.

The conclusions that may be drawn are that the employees of all the sample automotive companies perceive that their companies should follow all the provisions of Companies Act 2013, relating to CSR initiatives.

Objective 4: To analyse the relationship between Corporate Social Responsibility initiatives and the Financial Performance of the companies.

The said objective was fulfilled using Exploratory Factor Analysis and Structure Equation Modelling. The analysis was done by conducting a survey on 153 employees (middle level and senior level management) of select automotive companies.

The CSR initiatives (Economic, Environmental and Social) taken by the select automotive companies were listed and the employees' perception was studied to analyse the relationship between CSR and CFP of the select companies.

The conclusions that may be drawn from the analysis were:

- The companies are actively demonstrating their participation in the CSR initiatives for the economic, environmental and social benefit
- The economic activities that may affect the profitability of the companies are : Customers and consumers satisfaction, protecting Stockholders and investors interest, community focusing on quality as a core value and handling investor grievances
- The CSR initiatives (Environmental) that may affect the profitability of the firm are: Following the system of reduce, reuse and recycle, development and diffusion of environmentally friendly technologies.
- The CSR initiatives (Social) that may affect the profitability of the firm are: Taking greater employee satisfaction measures, following occupational health and safety policies, skills and career development of employees, providing a good work-life balance for employees (flexible working hours or work from home facility), non-discrimination, diversity and equal opportunity, prevention of forced and compulsory labour and adopting poverty alleviation measures
- It may also be concluded that there exists a weak but significant and positive relationship between corporate social responsibility initiatives taken by the companies and corporate financial performance.

6.3 RECOMMENDATIONS

On the basis of the findings of the study, the following suggestions can be made to the companies:

1. With respect to the provisions of Companies Act, 2013
   a. The companies should conduct research for undertaking CSR activities in an effective manner, irrespective of the high cost involved.
   b. The companies should follow CSR practices and the practices should not be a one-time charity or donation but the activities should be project based.
   c. The companies should join hands with some other organization (like an NGO) for conduct of CSR activities in a more effective manner.
   d. The companies should have a separate CSR Department to conduct CSR activities.
   e. The companies should invest every year 2% of their average profits of preceding three years for CSR activities.
2. Companies should be responsible for adding value to the community through their operations. The corporate world commitment towards the CSR can give them an opportunity to explore the potentially viable areas to augment the company profits portfolio. It should be taken as a strategic decision by the companies and to deepen it as a core business.
3. It is of utmost importance to the companies to share with their Stockholders the kind and amount of investment they are making in the field of CSR and

how are they working towards betterment of the society. This necessitates the creation of awareness about CSR amongst the general public. The companies should increase the intensity and frequency of making CSR disclosure through reporting.

4. Organizations must realize that upliftment of the society is not the sole responsibility of the government, corporates have a dominant role instead. Hence, the companies should invest more in the projects which helps in societal development at large.
5. The government should also mandate the following of provisions of the new Companies Act 2013, obligating the companies to take initiatives and then disclose them on a regular basis.
6. The Government should introduce a regulatory mechanism through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.

The companies should aim at ingraining CSR into the DNA of core business activities of companies.

6.4 FUTURE RESEARCH

There is a substantial amount of research that still needs to be done concerning the link between corporate social responsibility and financial performance.

1. The corporate financial performance is studied only on accounting based financial variables, which are considered to be better indicator of profitability. However, market based financial variables like earning per share and Tobin Q can be used as a measure for corporate financial performance.

2. It can be observed from the results in this research that companies CSR scores are predominantly increasing in the years 2009-2014 and future research could be more significant in coming years as companies will expand its CSR investments following the latest provisions of new Companies Act 2013 relating to mandatory CSR investments by companies fulfilling a certain criteria.

3. Another suggestion for future research is to study a larger sample than the one observed in this research. Due to the adoption of criteria as per new Companies Act 2013, the sample was limited to 26 companies only. Considering that the total number of companies in the automotive companies in the PROWESS data is 492, future research could apply another research design, which allows the inclusion of the total population of companies. An increased sample size in

future studies may allow higher levels of generalization.

4. The present study is confined to only automotive sector in India, the future researchers can select some other industries for the purpose of study and some more options of implementation of the concept of CSR can be suggested.

5. This research should act as a guiding force for the managers in the companies to formulate strategies for implementing CSR as a full time activity in the companies.

6.5 CONTRIBUTION OF THE STUDY

Apart from increasing the number of scholarly works with neutral outcomes as far as the link between CSR and CFP is contemplated, this study contributes, theoretically and practically, to the existing literature body of CSR and financial performance relationship research field in a number of ways:

1. The results outline that during the time span of 2009-2014, there was no significant relationship between CSR performance and financial performance (in terms of ROA, ROE, PAT and D/E) across the Indian automotive companies. The information about the existence of this insignificant relationship has a significant practical implication. This in turn, could influence the extent to which companies choose to invest in CSR activities if these financial measures are considered important.
2. The findings of the study that investment in CSR activities by the companies has an effect on profitability, sales and credibility of the firm, provides further

evidence for managers that CSR may develop customer trust, mitigate reputation risks, and create long-term shareholder value.

3. The detailed examination of the global and Indian guidelines for CSR disclosure, in the study has offered an insight to the companies that to be globally competitive and sustainable, not only Indian guidelines but global guidelines like GRI or UNGC guidelines should be followed by the companies for CSR reporting. Moreover, inconsistency with the international standards makes cross-border comparisons difficult.

4. The outcomes are arguably more trustworthy than some other studies because of directly asking managers about their perceptions of how CSR is used in their companies rather than relying on more general ratings derived from third-party databases

Although CSR is still at a nascent stage in India, management should be cognizant of the strategic benefits that firms may realize from engaging in CSR activities. A better understanding and practice of CSR among companies will not only augment companies' sustainability, but also advance the development of CSR in India.