CSR Communication Strategy in Indian Organizations

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Abstract

Corporate Social Responsibility (CSR), over the last few decades, has become a buzzword among organizations and its stakeholders. Communicating CSR has evolved from a unidirectional mode to a bi-directional mode, enabling companies build positive reputation with stakeholders – from design phase to implementation of any CSR initiative. Penal measures, as stipulated in the amendments to Companies Act 2013, make it imperative for businesses and academic experts to interpret CSR reporting and communications in greater depth. Every company chooses to implement CSR in its own manner based on its size, the industry in which it operates, the inherent culture, the demands of its stakeholders and the company's own history. This study examines the communication materials meant for consumption by the intended audience of CSR communications (internal/external actors) along with official social media presence, CSR communication modalities, including challenges and gaps in CSR communication pertaining to Indian Organizations. Qualitative data from one hundred Indian companies across nine sectors are analyzed to see how these companies address CSR reporting and communications in arriving at a framework for communicating CSR Initiatives.

Keywords

Corporate Social Responsibility, Corporate Social Responsibility Reporting, CSR communication, CSR Reporting, and Annual report

1. Introduction

Increasing scrutiny by stakeholders on businesses to communicate social responsibility (CSR) has prompted organizations to develop CSR activities in favor of their workforce, clients, value chain partners and the community in which they function and exist (Matten & Moon, 2008). Rapid consumption of information in this digital and connected world has increased the need for making CSR strategies, policies, appropriate financial and operational activities by companies publicly available, in order to recognized as responsible businesses. Therefore, an increased attention on CSR in communication methods and conventions is now inevitable (Nielsen & Thomsen, 2011).

Weder and Karmasin (2011) proposed a "quadruple bottom line" postulating that ethics and commitment must be understood communicatively, as well. They proposed that "Corporate Communicative Responsibility" be extended to the triple bottom line as the fourth dimension, emphasizing that CSR must be communicated responsibly. This implies that contemporary methods of reporting CSR such as engaging with stakeholders through dialogues and meetings and these details recorded in official or regulatory documents be used as disclosure methods. Engaging and communicating with their stakeholders regularly on its CSR initiatives, activities and measurable impacts are considered one of the good practices of responsible organizations (Du et al., 2010). Communicating CSR initiatives have been done through

products, advertisements in print, social and mass media, establishing corporate accountability is best seen in corporate social responsibility reports or annual reports (Archel et al., 2011). Bhattacharya and Sen (2004) established that responsible organizations communicating CSR regularly are rewarded by consumers. Moreover, communicating CSR initiatives allows managers and other stakeholders to view the world with a better understanding and opinion (Basu and Palazzo, 2008). Theoretical advances have elucidated the successful methods and its reach in informing stakeholders of companies' CSR strategy, operational details and measurable outcomes (Morsing and Schultz, 2006). Schneider et al. (2007) surmised that CSR communication is evolving continuously' and from companies have moved on from just conveying information to using platforms and channels to all consumers and stakeholders to have their say. This has blurred the boundaries of communication between organization and its stakeholders (Capriotti, 2011, Anjana, 2018). An accurate summary of these activities is illustrated in companies' annual reports or integrated reports, a requirement to be complied by all listed organizations.

Studies have shown that mandatory CSR disclosures and reporting have prompted companies to engage and communicate CSR initiatives and the consensus is that, large companies comply with these obligations more readily, especially those having a direct impact on environment or community (Holder-Webb et al., 2009, Priya T, 2019). This has paved way for smaller and medium sized companies to participate and companies in CSR activities as these are considered as a means of stakeholder engagement (Perrini 2006) and are crucial for achieving the companies' goals (Barnett, 2007). Anil et al. (2019) and Vinay H (2018) have posited that Indian companies are utilizing resources beyond than that is mandated by Companies Act.

2. Methodology

The primary objective of this study is to identify the intended audiences of CSR communications of Indian companies through qualitative data analyses of its communication materials, pertaining to CSR reporting, particularly annual reports. Through purposive sampling 100 companies, both private sector companies and public sector enterprises (PSEs) listed on the Bombay Stock Exchange (BSE) and/or the National Stock Exchange (NSE) during the financial year 2018-19 were shortlisted from the following nine sectors; Banks, Consumer Goods, Engineering Projects, Food Products, Oil & Gas, Pharmaceuticals, Power, Software & BPM, and Textiles. CSR information from websites including annual reports were analyzed to identify the stakeholders, towards whom CSR activities were communicated. Prior to mandated CSR through Companies Act, 2013, private companies stressed more on their CSR activities than public sector enterprises and post 2013, both private and public sector companies have communicated their CSR activities using CSR reporting standards (Anjitha S, 2018).

3. Results and Discussion

3.1: Banking Sector

Companies operating with Banking license as issued by the Reserve Bank of India were included in this sector. 9 out of 10 companies included in this study had directed their communication regarding CSR activities to their shareholders as shown in Fig, 1. CSR communication has been mainly directed towards managing the expectation of shareholders, employees and customers as a socially responsible company in Banking sector.
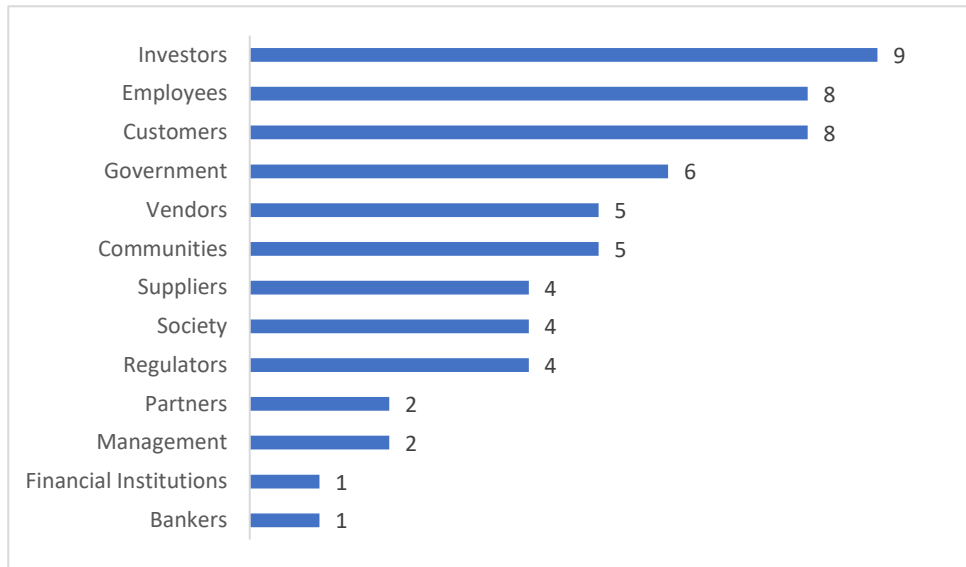
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Figure 1: Intended audience of CSR communications by companies in Banking Sector

3.2: Consumer Goods

Companies involved in manufacturing and distribution of consumer appliances like TVs, Fridge, Air conditioners etc. FMCG companies manufacturing and distribution of frequently used essential or non-essential goods such as soaps, toothpaste, cosmetics etc are included in this sector. Companies that are solely involved in the manufacturing of food & beverage products were excluded. This sector is dependent on consumer sentiments and needs to communicate compliance and adhere to quality standards and industry standards. Figure 2 shows that of 15 companies in this sector, 13 companies directed its communication towards, investors, Customers and Government were the other consumers of CSR information, primarily through mass media, print media and digital channels.
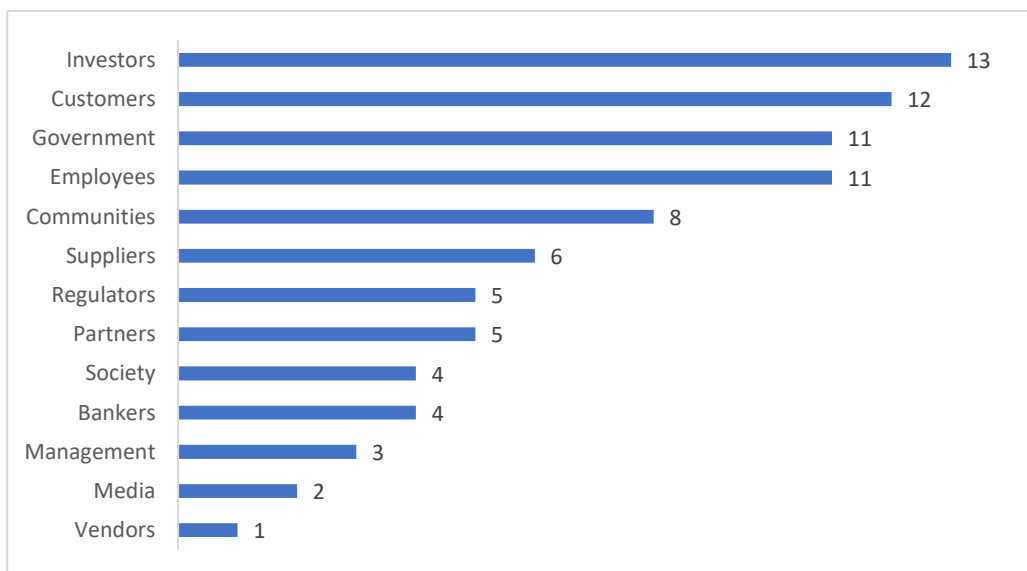

Figure 2: Intended audience of CSR communications by companies in Consumer Goods Sector

3.3: Engineering Projects:

Companies involved in manufacturing and supply of industrial & manufacturing equipment, construction equipment, industrial spares & consumables, other equipment & machinery and related engineering, procurement and construction services. Being a capital-intensive business, funders of these projects are the primary recipients of CSR communication as shown in Figure 3 (9 of 10 companies). To gain trust and good working relation with logistics and supply chain partners including contract staff, involvement and communication of concern for well-being and participation in CSR Initiatives. Moreover, occupational health and safety of stakeholders necessitates compliance with regulatory guidelines.
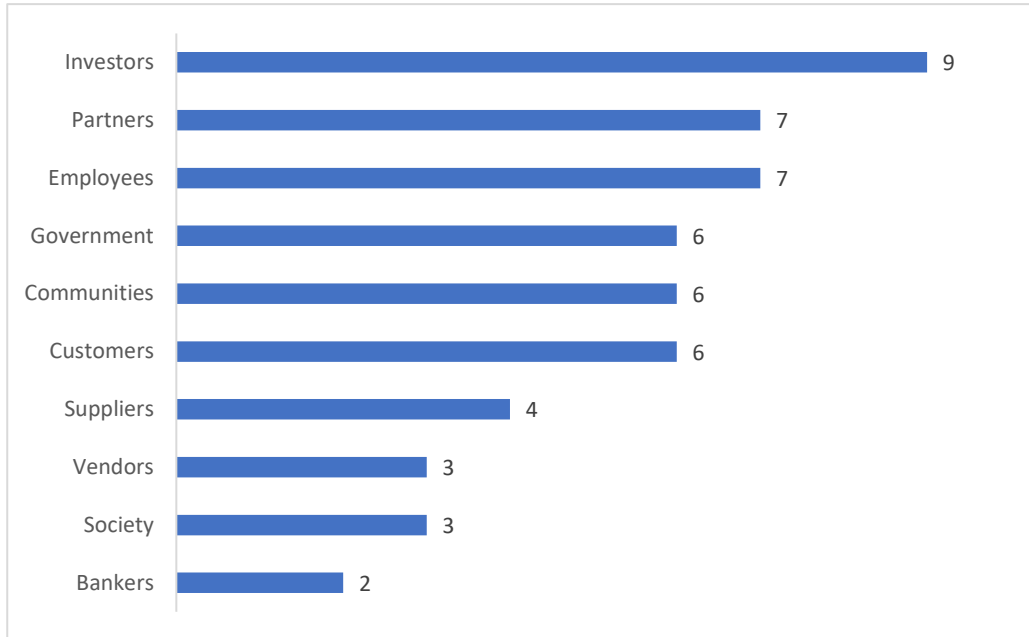
Figure 3: Intended audience of CSR communications by companies in Engineering Projects Sector

3.4: Food Products:

Companies involved in manufacturing and distribution of food products including snacks, fruits, vegetables, dairy products, meatpacking, dietary supplements, vegetable & edible oils, animal feeds etc. The companies involved in the manufacturing of food products as well as FMCG products have not been included in under this sector and have been retained under Consumer Goods sector. 11 of 15 companies included in this sector directed their CSR communiques towards investors and customers as shown in Figure 4. Gaining and maintaining the trust of these stakeholders is critical to business longevity. Maintaining quality standards and workforce management are reiterated periodically to ensure continuity of business.
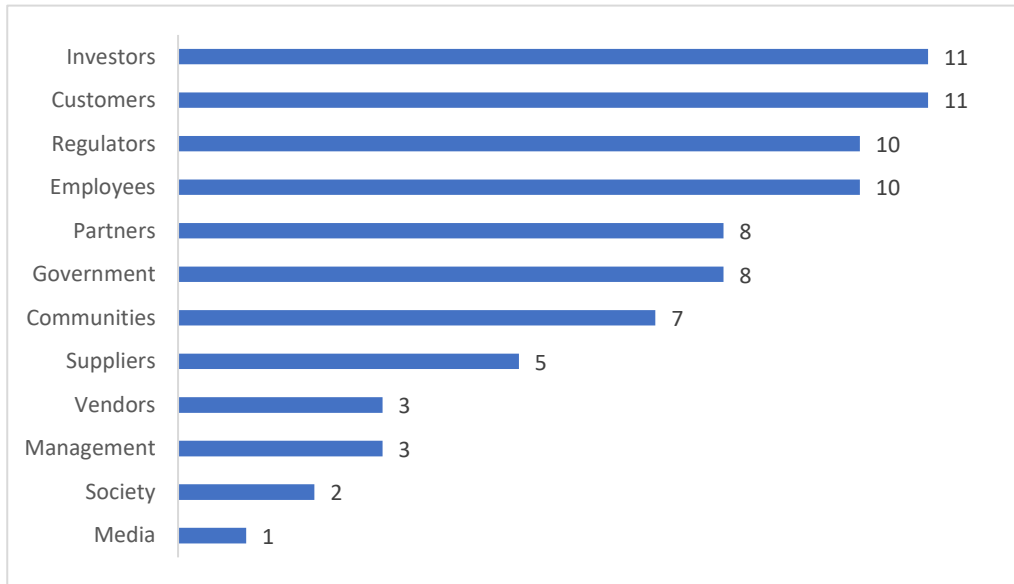
Figure 4: Intended audience of CSR communications by companies in Food Products Sector

3.5: Oil and Gas:

Companies involved in exploration for drilling and production of oil & gas resources, Companies involved in Processing, Transmission & Marketing Manufacturing and distribution of natural gas through the pipelines for both domestic and industrial purposes are included. Companies engaged in refining and supply of oil & gas products are included as well. Heavily dependent on natural resources and capital-intensive business, companies in this sector have the need to maintain a balance between investors, communities and consumers through communication as shown by 8 of 10 companies in this sector and illustrated in Figure 5.
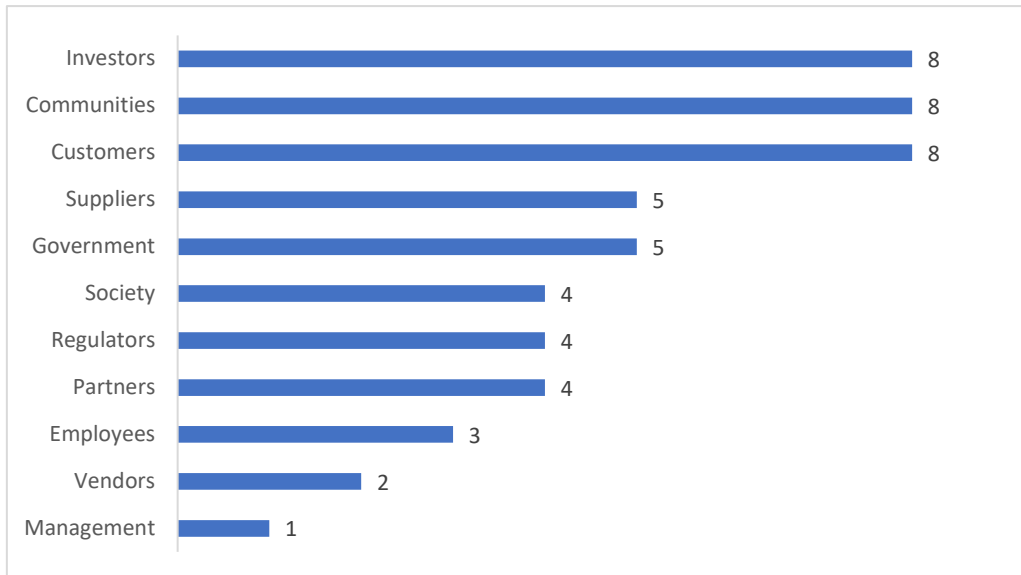

Figure 5: Intended audience of CSR communications by companies in Oil and Gas Sector

3.6: Pharmaceuticals:

Companies engaged in manufacturing of drugs and pharmaceutical products such APIs, drug intermediates, injectables, formulations, capsules, tablets, life science and biotechnology products as well as those involved in providing clinical research services and allied activities are included in this sector. From manufacture to use, stringent quality standards and managing exigent circumstances necessitates programs, activities and communications are directed towards employees and consumers. 9 out of 10 companies implemented their CSR activities and communicated the same towards employees and customers as shown in figure 6.
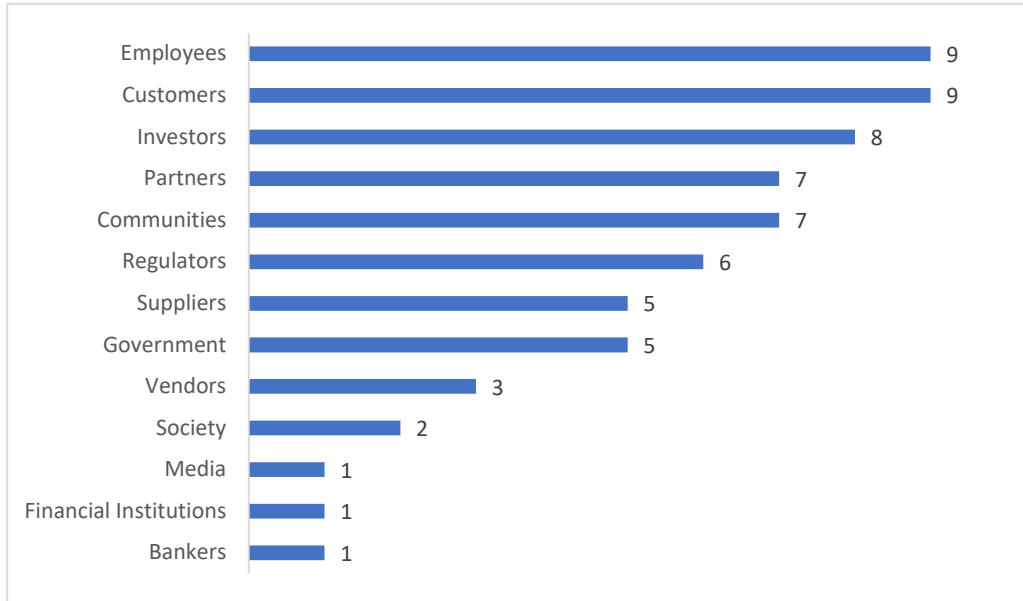

Figure 6: Intended audience of CSR communications by companies in Pharmaceutical Sector

3.7: Power:

Companies engaged in generation, transmission and distribution of electricity rely on workforce and location in it operates. Safeguarding life and health of local communities and employees makes it imperative for these organizations to direct their CSR activities towards their welfare and well-being through effective communication. 8 out of 10 companies in this sector directed their major communication efforts towards employees and local communities as illustrated in Fig 7.
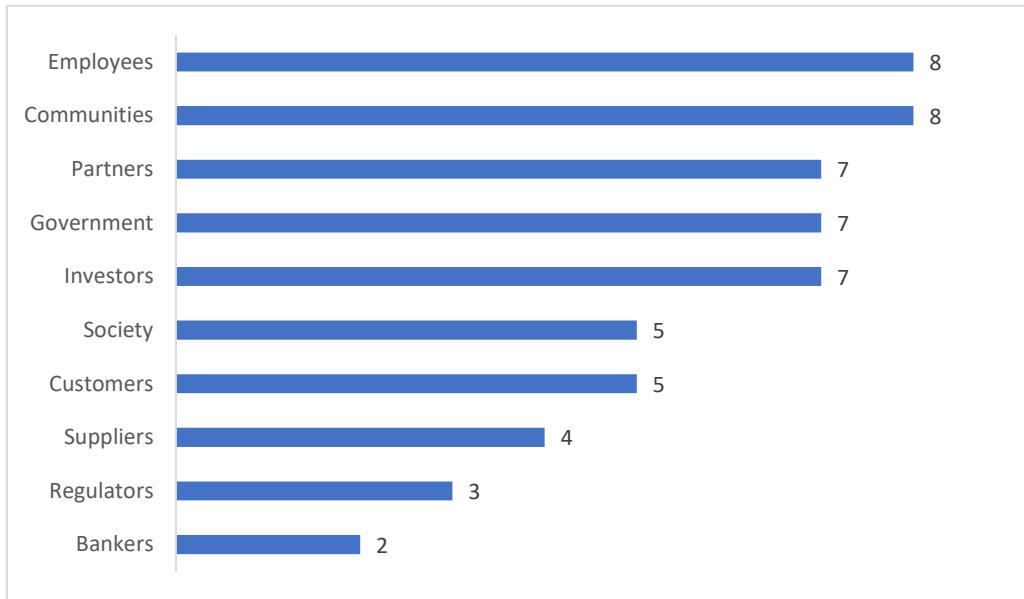
Figure 7: Intended audience of CSR communications by companies in Power Sector

3.8: Software & BPM:

Companies engaged in providing various types of services related to information technology including consultancy services. This sector is reliant on workforce and the modern illnesses that accompany sedentary lifestyle and disruptive work-life balance. Retaining talent is dependent on engaging wit employees in a meaningful manner, a criterion which needs to be balanced with cost structure. Demonstrating social responsibility through employee wellbeing and customer satisfaction are foci of communication in 9 of 10 companies in this sector as shown in Figure 8.
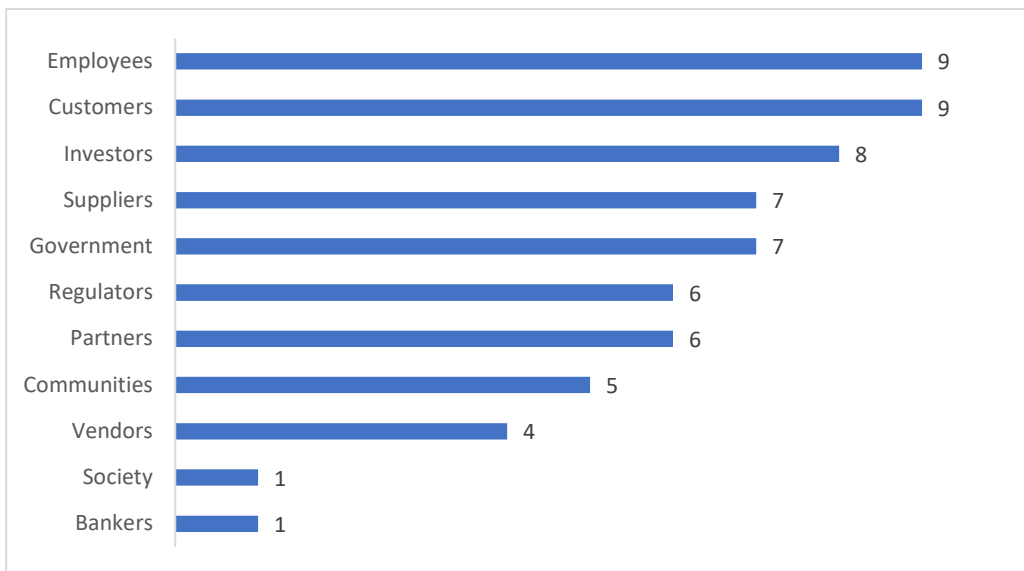

Figure 8: Intended audience of CSR communications by companies in Software and BPM Sector

3.9: Textiles:

Companies engaged in manufacturing and distribution of textile fibres and finished textile products are usually small to medium scale relying on workforce with vocational skills. Workers are prone to occupational illnesses and promoting well-being through CSR activities focused on employees and communities is key towards business longevity. 8 out of 10 companies directed their CSR communication towards employees as shown in Fig. 9
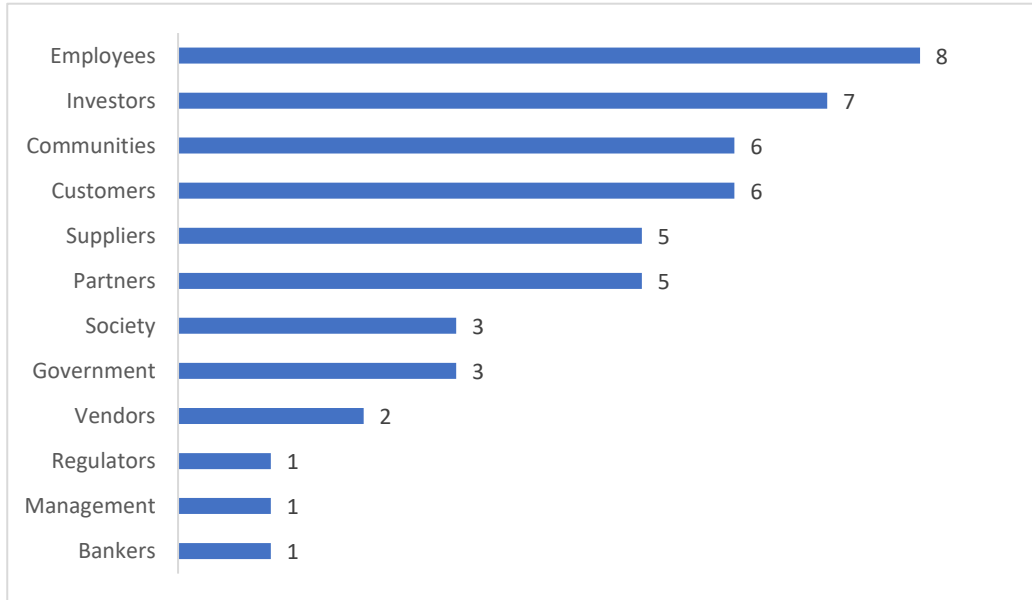

Figure 9: Intended audience of CSR communications by companies in Textile Sector

4. Conclusion

80 of 100 Indian companies directed their CSR communication to investors, not only from financial point of view, but also from an ethical standpoint. As shown in Fig. 10. Communicating to customers that the organization is socially responsible and ensures the wellbeing of employees and community is a tested measure of establishing credibility and building long lasting relations.
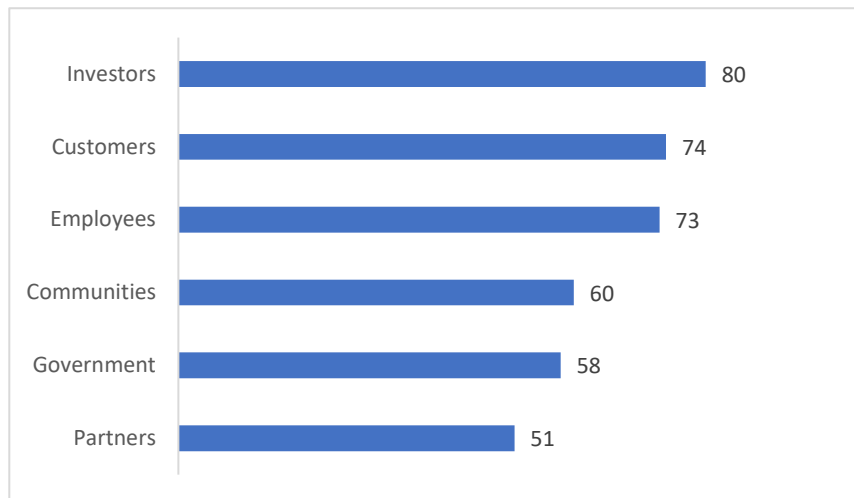

Figure 10: Intended audience of CSR communications by companies in Textile Sector

Communicating CSR activities undertaken by an organization to its shareholders, customers, employees, local communities, government programs and partners in its value chain is the mantra adopted by successful Indian companies.

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