

# Websites and CSR Disclosure: An Exploratory Study of Corporate Behemoths in India

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## ABSTRACT

*Corporate houses in India adopted digital communication for the purpose of legitimising their action much late. With the imposition of GRI, it became a compulsive practice to disclose CSR activities on the website. The compulsion also prompted them to sometimes start experimenting with different forms of social media in addition website for a purposeful communication. Digital media has virtually made other conventional forms of communication obsolete for the PR professionals. The extensive use of digital communication is not only a cheaper mode of communication but it also increases the faith of stakeholders in terms of knowledge about the company as the information is readily available in the website. In an era of brand perception war and optics based discourse, websites have become an inseparable part of building trust. Corporate social responsibility is no more a philanthropic activity buy now it is an in-built corporate strategy. The most effective mechanism for any strategy to succeed requires a certain amount of faith of the beneficiaries and stakeholders in the intention and activities of the investor. A fair level of disclosure and easy accessibility to the disclosed information helps the company to win loyal brand followers and it serves as most effective advertising strategy. The paper explores the how far Indian corporate giants are interested to use website for the purpose of disclosure of CSR communication through the websites to win legitimacy for their actions.*

**Keywords- Disclosure, CSR, Accessibility, CSR Models, Digital Media**

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Corporate communication is a holistic approach that a corporation takes to communicate itself with its various stakeholders. The core of corporate communication is the trinity that involves identity of the organization, its image and organization of reputation in front of the organization's various set of public. In the present-day communication context of corporate identity and image, something that will finally help in building the reputation in the long run in the financial market has become crucial as it gives competitive advantage to the company and makes it a lucrative exchange partner for different stakeholders. Therefore, companies invest a lot of resources in building a positive image for the company so that it turns out to be beneficial both financially and socially in the competitive market place. Apart from these, corporate communication also holds three crucial elements in its fold like corporate and employer branding, corporate social responsibilities and corporate governance in addition to many other activities that help projecting organizational reputation in the most positive ways.

Corporate communication is “an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible so as to create a favourable basis for relationships with groups upon which the company is dependent” [Riel, (1995), p.44]. Corporate communication plays

a significant role in labour negotiations, marketing, public relations, lobbying, image making, and issuing advocacy (Cheney, 1983).

A significant part of corporate communication activities involves corporate social responsibility activities that help organizations to establish itself as socially sensible and conscious citizen of the country. Corporate Social Responsibility is the way a corporation integrates business with the society and the environment. Business environments are changing world over. In the changing environment it has become increasingly important for the companies to acknowledge their role as social entities and behave prudently as good corporate citizens. CSR acknowledges the debt that the corporation owes to the community within which it operates. CSR in reality is the alignment of business operations with social values.

From an academic standpoint, recent research points at CSR as a source of competitive advantages, since it may be considered as an excellent vehicle to enhance the legitimacy of the firm among relevant interest groups (Jamali 2008); and to develop a strong long-term reputation (Brown and Dacin 1997).

Nowadays, companies go beyond their economic obligations and are particularly meticulous in considering and accounting their activities' impact on the environment. In the financial sector where different stakeholders are especially sensitive to corporate social responsibility (CSR) issues, managers have realized that future success may depend on balancing short-term financial goals with long-term sustainable issues (Ogrizek 2002)

However, more recently, the Government of India's Companies Act (2013) has made it mandatory for companies having a net worth of INR 500 crore or more, or turnover of INR 1000 crore or more, or a net profit of INR 5 crore or more during any financial year to spend at least 2 percent of the average net profits the company made during the three immediately preceding financial years. The process of corporate governance through CSR has been enshrined in to law with the enactment of Company's Act 2013 by the Parliament of India and the notification of the same in the Gazette of India on 30th August 2013. The Ministry of Corporate Affairs (MCA) vide notification dated 27th Feb 2014 has made the provisions of section 135 and amended schedule VII of the said Act applicable with. Effect from. April, 2014. Schedule VII lists the activities to be undertaken under CSR. This could see a resurgence of the influence of the state in encouraging companies to fulfil their social responsibilities.

All these new regulations have led companies invest a lot in carrying out CSR activities. However, it is not only about to spend the money but also about how transparently the money is being spent relating to business policies, strategies and the consequent relationships with every stakeholder. Therefore, CSR is important, but it is as much important is the way CSR reports are communicated. Transparency is the buzzword for achieving the success in business environment today.

Further, in the age of World Wide Web and social media, companies are increasingly becoming aware of potentialities of online medium and acknowledge it as a powerful tool for

disseminating information among the key stakeholders. Online medium binds the companies with their various set of stakeholders and provides a platform for exchange of communication to and fro the companies and their stakeholders. Corporate websites are the face of the companies and through it the companies try to create identities and build image and reputation. Apart from the social media tools such as Facebook, twitter, blogs etc., and corporate websites are also a platform for communication and in the age of digital delivery of information, corporations make use of this platform to connect with the society, community and other key stakeholders.

**WWW and Corporate Communication:** “The internet is revolutionizing public relations. Research shows how the use of the World Wide Web among communication professionals has increased, improving productivity and efficiency, two-way communication, research, and issues. Communication has therefore enhanced “management role enactment and perceived decision-making power”. (Porter and Sallot, 2003,)

“Internet provides enormous opportunities for public relations professionals in terms of issues management, relationship management, environmental scanning, story placement and other key professional communications functions” (Porter, Sweetser, Chung, 2009)

Robin M. Mayhall, (2005) argues about the tremendous potential of the internet in the sphere of public relations. “For the public relations practitioner, the internet is one of the greatest innovations of all time. Its continually increasing popularity opens up myriad opportunities for improving our ability to practice our profession. The internet facilitates nearly every imaginable form of communication”.

Canadian Research Firm, FAD Research, in a study titled, “Changing Media, Changing Roles: New Media Comes of Age” had mentioned about the role of the new media tools in changing the overall media landscape of the world way back in the year 2006.

“Media consumption is gravitating towards increased use of interactive platforms that are not tied to a single location or confined to the display of a single type of media. Media programming is being promoted and distributed across a wider array of platforms.

Consumers are headed towards reaching a state of ultramedia, a condition whereby all media is accessible at any time from any location. Media production is no longer a business that occurs in discrete silos as producers need to consider the array of channels open to them to reach an audience. Conducting regulation of the media environment has become increasingly complex (and irrelevant). Traditional media packagers and distributors continue to be disintermediated as producers find new ways to go directly to market.” (FAD Research, 2006)

The research works that focus on the role of internet in public relations, one undertaken in the United States in 2007 recognized the huge scope of internet in devising public relations strategies. “The Internet gives public relations practitioners a unique opportunity to collect information, monitor public opinion on issues, and engage in direct dialogue with their publics about a variety of issues”. (McAllister & Taylor, 2007)

### CSR Models:

Generally speaking, CSR services in India mostly follow four models of CSR (Kumar et al., 2001). These are (1) the ethical model, (2) the statist model, (3) the liberal model, and (4) the stakeholder model. The rich and especially families with corporate holding in India had started philanthropic activities from well before independence under the leadership of Tatas and Birlas as they were inspired hugely by Gandhi. This philanthropic practice later became known as Ethical model based on the principle of Trusteeship.

In post-independent India, the Statist model which was a contribution of socialist thinking of the Government of India till the late Eighties depended hugely on the welfare model of the state and PSUs were used as an extension of the Government to bridge the gaps in development especially in the remote places where the temples of modern India as propagated by Nehru started operation and a huge number of people were displaced to accommodate the oil refineries or steel plants. During this pre-globalization era, the state tried to achieve social objectives through its public-sector organizations, many of which continue their social missions even today (Sundra, 2000). The focus of CSR was on enforcing legal aspects of community and worker relationships during this time.

The Liberal model, reinforces the economic fundamentalism perspective as well as the shareholder value theory, which mandates the companies to meet only their economic and legal responsibilities.

The fourth one, the Stakeholder model brings forth the view that a company is expected to meet the needs and expectations of all its stakeholders and not just those of shareholders. Changes in India's economic philosophy after liberalization has influenced the transformation of CSR models from state-led, to corporate-led under the liberal and stakeholder models.

Transparency achieved through an adequate level of disclosure is the only way to convince the stakeholders about the practice of different models as well as to inform the stakeholders how far the corporate house is dedicated to the cause of the stakeholders. Transparency is not only important in matters of financial spending but also in matters like business policies, business and administrative strategies, mission and visions of the company, stakeholder policies, work environment and culture as well as in regards to relationships with every stakeholders are important in the highly competitive market situation. All these are identifiers of a company's image and identity and eventually influence the formation of reputation for the company. Similarly, CSR is important, but as much important is the way the companies communicate their CSR reports. Transparency is the key to success in business environment today.

**Study objective:** The study seeks to find out how far Indian public sector and private giants listed by Forbes as the first three in each sector in both 2017 and 2018 are interested to use internet or to precisely speaking their websites to disclose the annual spending on the CSR, their area of focus and the kind of models these corporate houses are using to operate their

CSR activities in the backdrop of digital revolution brought in by extensive use of websites as well as social media like Facebook, Twitter and Instagram.

The researcher has framed the following specific research objectives for the purpose of the study.

- To study the nature of CSR disclosure like the extensiveness of the reports,
- To understand the intended level of accessibility of the reports,
- To understand the CSR models applied by Indian corporate giants

The current study is exploratory by nature as there is not much literature available on how websites are used for disclosure purpose in India especially in the context of the companies under discussion and therefore following research questions have been framed to serve the objectives.

**R Q. 1-**How important is the website as a channel of communication as used by PSU's and private sector companies for publication of CSR activities?

**R.Q.2.** - What level of transparency is practiced by PSU's and private sector companies under discussion?

**R Q. 3-**What models of CSR are usually followed by the PSU's and private companies under discussion?

**Method of Analysis:** The current study employs qualitative content analysis. It has, for the purpose of the study, taken into consideration only the uploaded content on company websites. The study looks into the websites of Indian Oil Corporation, ONGC and NTPC among public sector companies and has considered TCS, Reliance and Tata Motors among the private sector companies. Level of intended disclosure has been measured in terms of their uploaded content and the respective mission and vision have been taken into consideration to find out what kind of models of CSR they employ for attaining their stated mission and vision. The researcher has used secondary data and since the information is already coded by the corporate under different heading and it being a qualitative analysis, inter-coder reliability technique has not been applied. Researcher used data available on the websites of these companies from 2013 to 2018 as it was the beginning of the use of the websites by Indian companies for the purpose of CSR related data and shows the early trend of use of website for the purpose of transparent and legitimate communication based on the comparative levels of disclosure

**Findings:** The Public Sector Undertakings like ONGC and NTPC are predictably are not much room for opacity so far as the effective use of websites for transparent disclosure part is concerned. Both the corporations upload every single issue relating to their CSR activities, and exhibit an example of finely tuned corporate communication, "an instrument of management by means of which all consciously used forms of internal and external communication are harmonized as effectively and efficiently as possible so as to create a favourable basis for relationships with groups upon which the company is dependent" [Riel, (1995), p.44]. Both the companies seem to be interested in developing a long term relationship with the stakeholders. Suchuman (1995) argues "Legitimacy is a generalized

perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions”(pp. 574). ONGC uses Twitter as it is one of the best formats of two-way communication. Indian Oil Corporation Limited, on the other hand among the PSUs under consideration is not very comprehensive in terms of the publication of their CSR activities on the website. It’s not that their opacity is intended but since it has a strong marketing network reaching out to the lowest common denominator, website communication gets less priority for the corporation. It appears to have forgotten that CSR serves also as a promotional activity, “CSR communication simply means transmitting CSR information using promotional techniques to support CSR-based brand identity and reputation”(Kumar, S. and Kidwai, A. ,2018).

The removal of opacity through the effective use of websites and allowing it to be accessed and used by public with an interest in the company helps not only in terms of transparency but also helps in developing a relationship based on trust. Website communication is not only an effective tool for optics but also legitimises corporate house’s effort in building a favourable brand perception which is an important contribution in an optics-based discourse of current corporate environment. Global Reporting Initiative (GRI) has been adhered to in terms of the level of disclosure so far as the publication of CSR reports are concerned by most of the companies under discussion which only refers to the maturity and acceptance of CSR as an integral part of corporate strategy by Indian corporate houses. The efforts in conforming to GRI standard reveals that now Indian companies do not suffer the traditional corporate technique of opacity but as has been argued by Podnar(2008) that a communication should not only be open but it needs to look transparent and fair to achieve highest level of faith and create a favourable environment of optics is yet to be ingrained in the core value of corporate giants. In many cases, the relevant data is difficult to be tracked on the website of these companies and therefore the basic advantage of digital media in helping the visitor in smooth data tracking is lost on the visitor. The difficulties sometimes faced by the visitor of the website might remind the visitor of a bureaucratic communication instead of two way symmetrical communication (Grunig,2006). Disclosure leads to an assurance in the minds of the stakeholders that the investment is in safe hands and enhances the mutual trust which essentially is the objective of corporate communication.

The Private Sector giants, Tata Consultancy Services, Tata Motors and Reliance Industries Limited, are more impressive in terms of their use of websites so far as data tracking is concerned. These companies also have adopted the GRI standards in terms of disclosure level and the efforts to build a heightened level of mutual trust and positive perception ensured to post their flagship programmes and the outcomes on the websites, These private houses have used their websites as influencers and have started to use digital traffic as an alternative to advertising reach and frequency.

As has already been argued, four models of CSR can be found in Indian context (Kidwai et al., 2018). Most of the companies under discussion seem to have followed the Stakeholder model inspired by Freeman. Some of the companies considered under the study are seen to have dedicated trusts for CSR purpose but the functions undertaken by the trusts only conform to Stakeholder model.

**Conclusion:** JakaLindic(2006) focusing on the importance of the internet as a tool of public relations argued, “Relations with media and journalists can have a strong influence on the image of an organization among other publics. When using technology in PR with media, the goal should be focused on getting the job done quickly and as easy as possible. This is one of the rare situations where company can simultaneously perform better and at a lower cost. With the use of Internet related technologies, the costs of reaching journalists are much lower than classical ways of communication. But even other publics (customers, employees, suppliers) are not so much dependent on the information from journals and editors as they used to be. They can use different independent communities and mediators. The Internet offers several advantages when compared to the other media such as speed of communication, almost immediate product delivery, interactivity, customization and personalization; it can improve productivity, efficiency and issues management.”

Mayhall(2005) mentions that the internet has potential opportunities for greater professional development and research for the public relations practitioners. “Recent years have seen the advent of numerous websites, internet mailing lists, and “e-zines” or electronic newsletters devoted to improving the practice of public relations. Practitioners can find a wide variety of resources for their own education, knowledge development, and professional networking.

In addition, internet also serves public relations professionals by with an unlimited source for research information. It helps them to investigate their own company, to find out more about a competitor or look into a potential client, and generally helps with information on almost any topic imaginable “.D Breakenridge, (2008) in her work, “PR 2.0: New Media, New Tools, New Audiences” sheds light on the potential of the internet to keep connected all the time. “You have the ability to be wired with knowledge from the time you wake up in the morning until the moment you fall asleep at night. There’s your home desktop computer, PDA, work computer, wireless laptop, and Apple iPhone – you can log on just about anywhere, anyplace, to find any piece of obscure information you need”.

In another study in the same vein, titled, “Internet technologies and trends transforming public relations”, P Christ (2005) says that, “it has been identified that the most important impact of the Internet on the practice is its phenomenal capability to make any kind of information available almost instantly”.

But some researchers also believe that public relations practitioners all over the world have been rather slow in adopting the internet as a potent tool of communication. Porter, Sweetser, Chung, (2009) have argued that the many benefits of internet like websites, blogs and podcasts have been used by the public relations professionals much later after the professionals of other fields and expertise, “They wait until the general population has adopted a tool before fully embracing it. Both managers and technicians seem to be taking a “wait and see” attitude toward blogs, much like they did in the early days of the World Wide Web. Building on the work of others, we expect as adoption of such tools become more prevalent and ubiquitous, differences in use will evolve based on roles”(2009).

Therefore there is not much to be surprised that Indian public sector professionals still believe in a clumsy way of presenting facts on their websites while their private counterparts have laped up the digital forum in much more aggressive way and virtually catapulted it to the main channel of communication. While PSUs are quite extensive in term of facts and data on the website, their presentation on the website is quite cumbersome. There is a lot of ground to recover as digital media is full of opportunities for public relation practitioners and in a few years of time the conventional modes of communication are likely to be irrelevant for both stakeholders as well as PR practitioners.

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