Study of Performance of Indian Corporate Sector on Internal Factors of CSR

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ABSTRACT

An amalgamation of available international principles, guidelines and reporting initiatives in area of Corporate Social Responsibility (CSR) yielded a framework comprising of broad definitions for 21 factors represented in 28 items and categorized under four dimensions i.e. operational, economic, environmental and social. For assessment of CSR of an organization, the researchers framed a structured schedule. In the present study sample comprised of 100 organizations that gave their consent for the participation. The sample had 2 primary, 66 secondary, 28 tertiary and 2 quaternary sector companies. A top official or his nominee was administered a self-framed questionnaire for the purpose of assessment of CSR. CSR factors identified internal to organization were Development of CSR Policy and transparency and reporting (Operational dimension); Financial Management, Bribery and Corruption, Consumer Affairs, Science and Technology (Economic Dimension); Waste and Raw Materials Management, Air Quality and Noise Pollution Management, Energy and Water Management, Environmental Development (Environmental Dimension) and Employee Relations (Social Dimension). A preliminary analysis of the data from hundred companies based on internal factors of CSR showed that a lot of ground was required to be covered in the areas of environmental issues, bribery and corruption.

Key Words: Development of CSR Policy, Transparency and Reporting, Financial Management, Bribery and Corruption, Consumer Behaviour, Science and Technology, Energy and Raw Materials, Air Quality and Noise Pollution Management, Energy and Water Management, Environmental Development and Employee Relations.

Introduction

Businesses have shaped societies and cultures. Klein (2000) has summarized, "out of the hundred biggest economic institutions in the world today, about half are countries and half are companies". The world, at present, is a single social space, experiences globally on a scale and intensity that far outstrips any earlier period (Scholte, 2001). Over the past few decades the move towards a globalized, free market economy has deregulated the international environment (Retallack, 2002) leading to the coalescence of significant power in the hands of a relatively small number of international and global corporations (McIntosh, 2002) resulting in corporate responsibility debate (Kingsnorth, 2003). Corporate sector lays emphasis on technology as central to development – a paradigm that promises environmental and social problems will be resolved through growth, scientific advancement and technology transfer via private capital flows, free trade and occasional philanthropy (O'Riordan, 1976).

As governmental and inter-governmental institutions fail to protect the greater interest a governance gap is being experienced (Welford, 2002) and with the increase in corporate domination, it is widely felt that business should take initiative for the general well-being of humankind through service, creative invention and ethical philosophy (Hawken, 1996). To complement the traditionally profit-driven arena of business (Klein, 2000), the concept of sustainable development identified as 21st century business paradigm (Elkington, 1997), is proposed as a solution for a wide range of problems in the international agenda (Cowe & Porritt, 2002).

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (Barnett, 2007). The main function of an enterprise is to create value through producing goods and services that society demands, thereby generating profit for its owners and shareholders as well as welfare for society, particularly through an ongoing process of job creation. However, new social and market pressures are gradually leading to a change in the values and in the horizon of business activity, resulting in a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short-term profits, but through market-oriented responsible behaviour (Duncan & Moriarty, 1997). Companies are aware that they can contribute to sustainable development by managing their operations to enhance economic growth and increase competitiveness while ensuring environmental protection, inclusion of customer interests and promotion of social responsibility, an increasing number of firms have embraced a culture of CSR (EC, 2002). Despite the wide spectrum of approaches to CSR, there is large consensus on its main features.

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Literature Review

CSR is behaviour by businesses over and above legal requirements, voluntarily adopted because businesses deem it to be in their long-term interest (Barnett, 2007). Henderson (2001) intrinsically linked CSR to the concept of sustainable development. As it's (sic CSR) main feature, businesses need to integrate the economic, social and environmental impact in their operations (Kenneth & Bongo, 2007). Aguilera et al. (2007) stated that 'CSR is not an optional "add-on" to business core activities - but about the way in which businesses are managed'. Davis (1960) had said "Social Responsibility referred to the businessman's desire of actions to be taken for reasons at least partially beyond the organizations economic or technical interests". In current concept it implied the utility of a business to diversify into social welfare, a trend away from the traditional ghetto, indicating that as a business functions within the society and its welfare is a responsibility binding upon the businessmen. The entirety of CSR can be discerned from the three words contained within its title phrase: 'corporate,' 'social,' and 'responsibility.' Therefore, in broad terms, CSR covers the responsibility corporations (or other for-profit organizations) have to the society within which they are based and operate. More specifically, CSR involves a business, identifying its stakeholder groups, incorporating their needs and values within the strategic and day-to-day decision-making process. Therefore, a business' 'society' within which it operates, which defines the number of stakeholders to which the organization has a 'responsibility,' may be broad or narrow depending on the industry in which the firm operates and its perspective. CSR definitions also vary across continents, nations and societies.

Davis (1975) proposed five propositions for social responsibility in corporations and thus outlined the basic principles for developing social responsible policies. The propositions stated that social responsibility arises from social power; business has to operate as a two-way open system with the open receipt of inputs from society and open disclosure of its operations to the public; social costs as well as benefits of an activity, product or service should be thoroughly calculated and considered in order to decide whether to proceed with the manufacture of a product or not; the social costs of each activity, product or service should be priced into it so that the user pays for the effects of the consumption on society; beyond social costs reduction, business institutions as citizens have responsibilities for social involvement in areas of their competence where major social needs exist.

Buchler and Shetty (1976) examined the managerial responses to social demands in the area of consumer, urban, and environmental affairs. Results showed that comparatively higher proportion of large firms (sales over $800 million) had introduced structural changes as opposed to smaller firms (sales under $800 million), and more firms were in manufacturing than non-manufacturing. However, majority of the firms had introduced internal organizational changes such as in company policy, Buchler and Shetty (1976, p.77) indicated, "that many firms are apparently not prepared to make well-planned and integrated responses to the corporate social responsibility challenge".

Holmes (1978) completed a follow-up study that included 75 firms from her original sample of 192 (Holmes, 1977) to assess the organizational arrangements that were used in making decisions with social implications. Preferred approaches originally had been found to be a permanent department, employing individual executive, a permanent committee, a temporary task force or a combination of these. The follow-up study showed that there was a trend toward an increase in the use of formal departments and away from the use of individual executives, but the results were not statistically significant.

Freeman and Daniel (1987) presented the process of corporate social responsibility and developing responsible stakeholder policies by using the approach of stakeholder management. They analyzed stakeholder management at three levels-rational level, wherein the groups which have a stake in the organization must be identified and the nature of relationship between the corporation and stakeholder group must be stated. At second level i.e. process level, stakeholder management is integrated into a strategic management process so as to ensure that the influences of stakeholders in critical areas of business activities are not overlooked. At the final transactional level, daily transactions with stakeholders are analyzed so that legitimate stakeholder concerns are fully satisfied.

Freeman and Liedkta (1991) critically re-examined the corporate social responsibility and provided three propositions. The first proposition 'the stakeholder' stated that corporations are connected networks of stakeholder interests. This proposition includes suppliers, employees and customers among others making them legitimate partners in the dialogue. The second proposition describes that corporations are places in which both individual human beings and human communities engage in caring activities that are aimed at mutual support and unparalleled human achievement. The third proposition proposed that corporation's are means through which human beings are able to create and recreate, describe and re-describe their visions of self and community.

The Law Society (2002) viewed corporate social responsibility from two dimensions. The internal dimensions of CSR comprise human capital, health and safety and restructuring. The second external dimension of CSR involves local communities, business partners, suppliers and consumers, human rights and environmental concerns. According to the second dimension, a firm acts as a fraternity where social performance of companies can effect and be affected by the social practices of their business partners, suppliers and consumers. It is, therefore, essential for firms to have clear CSR policies and legally implement the same.

According to Lockwood (2004) firms must shift from first and second generation social responsibility practices of not risking a firm's business success in the name of CSR and move over to third generation CSR practices where a firm addresses significant societal issues, such as poverty and cleansing the environment and the HR function must lead this shift.

Heal (2004) proposed an economically coherent analysis of corporate social responsibility, and suggested how it is reflected in financial markets.In some sectors of the economy private and social costs are roughly in line and distributional debates are unusual: here corporate social responsibility has little role to play. Others believe that CSR can play a valuable role in ensuring that the invisible hand acts, as intended, to produce the social good. It can also act to improve corporate profits and guard against reputation risks.

Fombrun (2005) studied the evolving standards regarding building of corporate reputation through Corporate Social Responsibility initiatives. Some have been derived from forceful regulatory action by a few European countries or pan-European regulatory bodies. However, others have been derived from the efforts of various government and non-government groups for adopting standards that companies could relate to employees and committees.

Zur, Evans and Bridson (2008) proposed that investments in and implementation of socially responsible and sustainable practices and strategies is, infect, a capability of the firm. They concluded that organisational culture; corporate strategy and target stakeholders influence the development of a strong CSR orientation.

In a situation where the world requires innovative companies to address the serious global challenges faced by humanity, India, with its rapidly changing business environment, has tried to retain the partnership of enterprise, society and nature. The common domination that exists for CSR has been collectively referred as "third generation CSR" (Kumar, 2002). The third generation is an approach where companies look to development results. This differs from the first generation of CSR that looked at philanthropy as one way of using profits, and the second generation that was searching for ways of minimizing the negative impact of the companies operations. The most important element of third generation CSR is that it examines the core activities of an organization and determines means by which the company can involve and through this ultimately evolve and thus it contributes to welfare, even when this does not translate into immediate returns. Integrating CSR into core business activities calls for major transformation and can result in major structural and fundamental changes making CSR process development and implementation difficult and a painful journey. Utter clarity of the organization on the Internal and external factors of CSR can make this transformation smoother.

CSR Dimensions

Different researchers have defined the dimensions and corresponding factors of CSR in their studies. Kok et. al. (2001) discussed CSR at 3 levels i.e. minimum legal compliance (only operational), enlightened self-interest (CSR as a strategic weapon), proactive change (taking positions far beyond the requirements of the law). The Law Society (2002) has viewed corporate social responsibility from the internal dimensions of CSR comprising of human capital, health and safety and restructuring & external dimensions of CSR involving local communities, business partners, suppliers and consumers, human rights and environmental concerns. CSR is said to be nothing but what an organization does to positively influence the society in which it exists (CCRT, 2004) and could take form of community relationship, volunteer assistance programmes, healthcare, initiatives, special education / training programmes and scholarships, presentation of cultural heritage and beautification of cities. Kumar (2004) has proposed a CSR model for Indian context that comprises of community development, environmental management and workplace. According to World Bank, CSR's main components are environmental protection, labour security, human rights, community involvement, business standards, marketplace, enterprise and economic development, health and promotion, education, leadership development and human disaster relief. Triple Bottom Line concept (Crawford, 2002) focused on three dimensions of sustainability i.e. economic, environmental & social. Mbare (2004) has placed CSR on three pillars economic, environmental and social. Additionally issues concerning human rights at the work place, child labour was also considered. Dimitriades (2007) mentioned CSR as having a multidimensional construct comprising four subsets 1) Economic, 2) Legal, 3) Ethical and 4) Voluntary Philanthropic responsibilities.

Abroad as in United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits unhindered, except by their duty to pay taxes. They donate a certain share of the profits to charitable causes. The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business reasons. The model is more sustainable because social responsibility becomes an integral part of the wealth creation process. The model visualizes CSR as central to company operation and its survival in difficult times and not as a philanthrophic exercise. In different countries, there will be different priorities, and values that will shape how business must act.

Important International Frameworks of Corporate Social Responsibility are UN Global Compact, OECD Guidelines for Multinational Enterprises (the Guidelines), International Federation of Organic Agriculture Movements (IFOAM), SIGMA (stands for: Sustainability, Integrated Guidelines for Management), AA1000 framework on securing the quality of social and ethical accounting, auditing and reporting, the Earth Charter, 'CSR Frame of Reference' for the Dutch CSR Platform (MVO Platform), etc. In India, the Bombay Chambers of Commerce CSR handbook released for the guidance of Indian industry in 2004 identified four broad emerging areas of corporate social responsibility. Chakraborthy (1991, 2001) showed the deep roots of Indian ethos from which Indian managers can develop a structure of values forming a basis for stakeholder policies. He has discussed CSR in terms of deeper psycho-philosophical insights into human existence both individual and collective. Gopalkrishna (1992) studied the perception of middle and top-level managers for CSR where as Anand (2002) identified CSR's building blocks of corporate reputation in Indian context. Bansal & Kandola (2003) took a value based look at CSR, while Prakash-Mani (2002) observed that changing economic structure has laid foundation for CSR in India. Surveys conducted by Partners in Change (2002), Centre of Social Markets (2001), CSR-2002 survey (CII-UNDP-BC-PWC, 2002), CERM (2002) showed that the respondents are unanimous on CSR being very much a part of corporate action and that passive philanthropy is no longer sufficient. The surveys also showed that the companies do not have a systematic approach and find it difficult to access, how much they have to spend for CSR activities.

Due to a wide variety of frameworks a number of researchers have constructed their instruments for measuring CSR. Morimoto et al. (2004) examined the possibility of developing a new corporate social responsibility auditing system based. GopalKrishna (1992) found the most acceptable method of social audit is performance goal methods in Indian companies. Centre for Corporate Research & Training (CCRT, 2004) found in a study Monitoring and reporting on social and environmental issues was limited.

The literature is largely split between approaches that consider CSR to be extrinsically driven and those that consider it to be intrinsically driven. Approaches based on extrinsic drivers of firms' social behaviour try to establish a link to external pressures (e.g. shareholder demands, regulation, or media pressure). More intrinsic perspectives, on the other hand, argue that CSR is driven by morality and is thus a goal in its own right (Carroll, 2000; Lindenberg, 2001; Quinn and Jones, 1995) and focus primarily on managerial motivations (Heugens et al., 2008). Although most studies in management emphasize the extrinsically driven model of CSR (Aguilera et al., 2007; Swanson, 1999), some endeavour to integrate the two approaches conceptually (Jones, 1995; Jones and Wicks, 1999; Logsdon and Yuthas, 1997) or argue for their parallel existence (Child and Tsai, 2005). Meznar and Nigh (1995), for example, considered both internal and external factors in exploring US firms' public affairs bridging versus buffering activities and found that management values were important in the case of bridging.

Objectives of the Study

1. To understand the internal aspects of CSR Dimensions, in an organization.

2. To study the self-assessment of the companies on the CSR Dimensions, internal to an organization.

Research Methodology

Construction of CSR tool

The CSR tool developed for the survey was based on the review of frameworks used in surveys conducted in India. These were 'Frame of Reference for CSR' used by India Committee of the Netherlands (ICN) together with the Dutch consultancy firm CREM (Consultancy and Research for Environmental Management) and Partners in Change, a Mumbai based NGO and framework by Bombay Chambers of Commerce in its CSR handbook of 2004. Other reviews included were, United Nations Global Compact, Global Reporting Initiative and codes of leading companies. Areas identified were grouped into four dimensions by consulting experts in industry and academics to reduce overlapping. The four dimensions namely Operational, Economic, Environmental and Social were found to comprise of 21 factors and the final 5-point scale consisted of 28 rating items. 11 factors were internal and 10 factors were external to the organization. In the present paper only internal factors have been considered.

Population and Sample

The sample was selected from a population comprising of companies listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The population was also defined on the basis of the type of sectors i.e. primary, secondary, tertiary and quaternary in the Indian industry (Zoltan, 2009). Judgmental and snowball sampling were used and a sample of 100 was completed for the study. At least one questionnaire was filled from each company.

Administration

In the present study sample comprised of 100 organizations that gave their consent for the participation. The sample had 2 primary, 66 secondary, 28 tertiary and 2 quaternary sector companies. A top official or his nominee was administered a self framed questionnaire for the purpose of assessment of CSR.CSR factors identified internal to organization were Development of CSR Policy and transparency and reporting (Operational dimension); Financial Management, Bribery and Corruption, Consumer Behaviour, Science and Technology (Economic Dimension); Energy and Raw Materials, Air Quality and Noise Pollution Management, Energy and Water Management, Environmental Development (Environmental Dimension) and Employee Relations (Social Dimension) a preliminary analysis of the data from hundred companies on the basis of internal factors of CSR showed that a lot of ground was required to be covered in the areas of environmental issues, bribery and corruption

The sample's geographical spread was very wide and covered companies from a large part of India, so very few questionnaires could be filled personally. Telephone and online survey methods were extensively used. The response was very low and many turned down the request for participation in the survey. All the respondents answered only under condition of complete anonymity, as CSR is a sensitive issue. A declaration that their names, designations and company name would not be disclosed to any third party, had to be included along with questionnaire to assist in data collection.

Scoring and Analysis

Scoring on each rating item was done on five response categories were a) Very Low, b) Low, c) Medium, d) High and e) Very High. The data was analyzed through chi-square to check the probability of the extent to which observed frequencies matched the calculated expected frequencies on each factor / rating item.

Results and Discussion:

Definitions and dimensions of CSR are as varied as number of studies and frameworks. But predominantly three dimensions i.e. Economic, Environmental and Social and occasionally Operational appears in the research literature. However, some like the EU green paper, Law society (2002), and other concerted efforts in India have led to understand CSR factors that effect an organization. These may be internal or intrinsic, in its operations and hence can be controlled or external or extrinsic factors, which are deemed not being under the control of organization. The discussion is based on factors, which we analyzed in our study as being internal or intrinsic to the organization.

Development of CSR policy

Development of CSR Policy was one of the five factors measuring operational dimension of CSR. According to Hohnen & Potts (2007) 'in any successful management strategy, a CSR process needs both high level management vision and support, and buy-in at all levels of the company hence should have representation on CSR teams from throughout the organization'. The importance of level at which CSR policy is developed and the determination whether it is taken as a serious strategic decision or not can be understood by Holmes (1978) study which concentrated on organizational arrangements for CSR. Table 1 gives mean value as 3.44 with std. of 1.11, the highest in all the other factors, indicating a wide variation in rating of companies on development of CSR policy. The chi-square result (11.88) was found not to be statistically significant.

Transparency and Reporting

Companies are expected to be open and transparent in their policies, and in accounting for their social conduct (CSR Frame of Reference, 12). Transparency does not only refer to a company's policy and rational decision, but also to the production process and business practices. CSR reaches beyond it's own operations. Companies that make CSR a part of the value chain, are expected to do everything within their power to enable, promote and implement CSR practices throughout their chain(s) of operation (CSR Frame of Reference, 11). This means that their CSR responsibility is extended to their contractors, subcontractors, suppliers, licensees, distributors, etc. Davis (1975) laid down disclosure as one of the five important principles of CSR.

The mean is the third highest among internal factors at 4.43 with a std. of 0.74. The lowest value was also two on the scale i.e. no company rated very low on the scale. The result of chi-square was found not to be statistically significant. The reason for high rating could be that all the companies covered in the sample were listed on either BSE or NSE and hence would be complying with SEBI guidelines.

Financial Management

Financial scams in recent past have wrecked havoc in financial markets across the world. Global Reporting Initiative (GRI) has emerged as the facilitating force in building a new reporting infrastructure, designed to complement rather than displace financial reporting. GRI is the steward of that infrastructure, reporting guidelines that address the non-financial aspects of economic, environmental, and social performance of organizations. Mainstream financial analysts and companies are becoming aware that CSR issues are not marginal but, have materiality for a company, necessitating more strategic thinking about CSR (Strandberg, 2005). Socially Responsible Investment (SRI) funds draw from a limited pool of firms, one that is richer and more likely to contain well-run firms that outperform the broader market in the long run. Moreover, through the process of screening, fund managers gain valuable information about particular firms and the market overall (Lowry, 1991). Hence measurement on this factor was done on two items a) financial standards and transaction records and b) socially responsible investment. The mean for financial standards and transaction records was 4.82 and for SRI it was 2.97 (table 1). The difference in means indicates the difference in rating on two items with higher rating on the first item than on the latter. The std. on (a) is lowest (0.39) among all internal factors with minimum rating being 4. The chi-square result (Table 2) is also not statistically significant indicating the high rating was expected. The rating on financial transaction and records could be because all the companies were listed on the stock exchanges and hence were governed by SEBI guidelines. Results on SRI were also not statistically significant.

Consumer Affairs

Advertising and distribution play important role in increasing sales but, also for providing accurate information and preventing a customer from being duped or cheated by a retailer or dealer. One of the areas of consumer affairs is Cause-Related Marketing (CRM). Humanity, Corporate Social Responsibility and strategic Philanthropy are often terms used to describe Cause-Related Marketing. It is association of company's product and moral concerns, a technique that is used to market a product or service for mutual benefit and is a corner stone of a company's marketing plan allowing companies to meet social and commercial goals by attracting and retaining customers, increasing the goodwill of the company, motivating employees and reinforcing company missions. Research has shown that cause-related marketing in effective in determining consumer buying patterns (Mrudula and Rao, 2005). As the CRM does impact the overall image and goodwill of the company, it does form a part of a broader CSR framework. Consumer Affairs includes activities related to helping the company's products in being identified, branded and easily accessible for purchase by the consumers. In short, they lead to profit generation for the companies. The mean value was found to be 4.22 with a std. 0.64 and minimum value of 3 (table 1) indicating high rating across all sectors and industries. But the result was found to be statistically significant.

Bribery and Corruption

Global Compact and Earth Charter cover in detail about issues related to bribery and corruption. Global Compact's 10th principle says that 'business should work against corruption in all its forms, including extortion and bribery'. Corruption is inherently wrong. It is a misuse of power and position and has a disproportionate impact on the poor and disadvantaged. It undermines the integrity of all involved and damages the fabric of the organizations to which they belong. The reality that laws made for corrupt practices & criminals may not always be enforced, is no justification for accepting corrupt practices. To fight corruption in all its forms is simply the right thing to do. The mean was found to be one of the lowest 2.95 with a std. of 1 indicating wide variation and majority of the companies across industry and sector rating from very low to medium on the scale. The results (18.90) were found not to be statistically significant.

Science and Technology

Strong in-house Research & Development (R&D) is a corner stone for the long-term success of the company. An improvement through R&D not only adds to profitability but also reduces unnecessary cost. Earth charter 7th principle talks of adopting patterns of production, which are beneficial to both company and environment. The process of innovation and change has showed positive effects by reducing the share of labour costs and costs of raw materials per product. Also the ways of utilizing raw materials and optimizing the resources have lead to highly significant economic results. On the other hand centuries from now when raw materials will be depleted the economic results could be severely affected. Hence, the need to develop new technologies utilizing renewable resources and recycling techniques for thwarting future threats is a reality. The mean on the factor was 3.94 with std. 0.99 indicating average rating to be high i.e. 4 on the scale of five. But the standard deviation is large indicating substantial variation in rating between industries and sectors. The result (24.48) was found to be statistically significant.

Air Quality and Noise pollution Management

Maintenance of air quality in side the plant and outside is important for the companies. They have to also maintain noise levels as they are known to affect the normal working of individuals and abnormal levels of noise can also cause deafness. The mean for the factor was 3.17 with a std. 1.10, second highest among internal factors. The mean value clearly indicates that across sectors and industries' rating was medium. Only 76 of 100 sampled responded on this factor. Analysis showed that only 6 service companies out of 28 rated on the issue. The result was found not to be statistically significant.

Energy and Water Management

The relation between sustainable development and energy resources and their utilization have been studied extensively (MacRae, 1992; Goldemberg et. al., 1988). A large portion of the environmental impact in a society is associated with its utilization of energy resources. Through efficient utilization of resources, society maximizes the benefits, while minimizing the negative impacts. Since most energy resources are to some degree finite, greater efficiency allows such resources to contribute to development over a longer period of time. Mean values for energy and water management are 3.37 and 3.55 respectively. The rating on water management is better than on energy conservation. However results on energy conservation were found not to be statistically significant whereas water conservation management results were significant indicating results were not observed as expected.

Waste and Raw Materials

Reserves of natural resources are on the decline. Companies not only need to know how to effectively utilize them but, also how to recycle wherever possible and search for alternate means. There are wastes that can be a cause for health hazards and must be disposed of in a safe and environmental friendly way. Ethical acquiring of resources has further added dimension to it and that is 'fairness'. Fairness can be constructed in various senses: rewarding endeavour, providing for need, avoiding harm to others and honouring a promise. In case of raw materials they should be acquired through ethical means. Unethical acquiring of raw material only feeds discontent among local communities and can be cause for corruption and bribery. Results on both waste (28.24) and raw materials (36.35) management were found to be statistically significant.

Environmental Development

Exports consignments from developing countries, including India, have been denied market access particularly to OECD markets. This has led to a move towards upgrading environmental management systems (like voluntary ISO 14001, HACCP), as well as obtaining certification and labels in India. The Indian government too has setup environmental testing and certification laboratories, and help in environmental training, to enable the exporters to align their products to international environmental demands. The analysis here focuses on environmental management behavior, as reflected in the increase in environmental certification and product specific labels. While evaluating of environmental performance of a producing unit, it does reflect the change in the mindset of the Indian Businesses to incorporate environmental aspects in their production or processes (Sawhney, 2004). Results on both rating items of environmental management i.e. environmental certification and reclaiming lost environment were found not to be statistically significant. The mean on two rating items show below average rating for reclaiming lost envenomed and above high rating for most of the companies for environmental certification indicating companies were acquiring environmental certification by achieving standards as required by the law.

Employee Relations

Research says that employee attitudes and behaviours are heavily influenced by how fair they consider their organization's actions to be. Employees often rely on fairness perceptions to decide whether management is trustworthy, non-biased, and will treat them as legitimate members of the organization. Principle 3, 4, 5 and 6 of United Nations Global Compact (UNGC) discuss in detail the area of employee relationship. Principle 3 concentrates on the concept that business should uphold the freedom of association and the effective recognition of the right to collective bargaining. Issues related to the elimination of all forms of forced and compulsory labour are present in principle 4. Principle 5 deals with the effective abolition of child labour and the 6th with the elimination of discrimination in respect of employment and occupation. The Earth Charter also deals with some aspects although in a general terms in principle 11, where it affirms gender equality and equity as prerequisites to sustainable development and ensuring universal access to education, health care, and economic opportunity. Most companies claim that they take care of their employees but do not provide details on how. The factor rated above high on the scale with the mean on factor being 4.32. Results were also found not to be statistically significant.

Conclusion

The results on Consumer Affairs, Science and Technology, Water conservation, Waste and Raw Materials Management was found statistically significant indicating results to be different from expected. Whereas factors such as Development CSR Policy, Transparency and Reporting, Financial Management, Bribery and Corruption, Air Quality and Noise Pollution, Energy Conservation, Environment Development and Employee Relations were found not to be statistically significant. These factors were internal to the organization and are areas where an organization can be expected to have some measure of control. An analysis of the mean values indicated that factors with highest means could be also the areas where that organization can have more control. In this analysis (table 1) financial standards and transaction records and environmental certification have highest means. The next highest are employee relations and consumer affairs. The lowest mean is of rating item on reclaiming lost environment. But a good 24 organizations abstained from rating on environmental issues saying they were not applicable, out of this 22 were form the tertiary sector. The results in the area of environmental issues could have been affected to an extent if these 24 respondents had also evaluated their organization in light of environmental issues. Future research could concentrate on environmental issues in the service sector to get a more accurate picture.

Table 1: Descriptive statistics on CSR Factors internal to organization

DIMENSIONS	FACTORS		Mean	Stdev	Min	Max	frequency
	Development of CSR policy		3.44	1.11	1	5	100
OPERATIONAL	Transparency and reporting		4.43	0.74	2	5	100
	Financial Management	a) Financial standards and transaction records	4.82	0.39	4	5	100
		b) Socially Responsible Investment	2.97	0.95	1	5	100
	Consumer Affairs		4.22	0.64	3	5	100
	Bribery and Corruption		2.95	1.00	1	5	100
ECONOMIC	Science and Technology		3.94	0.99	1	5	100
	Air Quality and Noise pollution		3.17	1.10	1	5	76
	Energy and Water Management	a) Energy conservation	3.37	1.09	1	5	76
		b) Water conservation, disposal of contaminated water and recycling.	3.55	1.05	1	5	76
	Waste and Raw Materials Management	a) Waste recycle and safe disposal	3.54	0.99	1	5	76
		b) ethically acquired raw materials	3.21	0.94	1	5	76
	Environmental Development	a) Reclaiming lost environment	2.75	0.83	1	5	76
ENVIRONMENTAL		b) Environmental certification	4.51	0.66	3	5	76
SOCIAL	Employee Relations		4.32	0.62	3	5	100

Table 2: Chisqaure on Internal dimensions.

DIMENSIONS	FACTORS		Degree of freedom	Probability	Chisquare	Inference
	Development of CSR policy		12	0.46	11.88	Not significant
OPERATIONAL	Transparency and reporting		9	0.46	8.57	Not significant
	Financial Management	a) Financial standards and transaction records	3	0.16	5.17	Not significant
		b) Socially Responsible Investment	12	0.07	9.37	Not significant
	Consumer Affairs		6	0.01	16.91	Significant
	Bribery and Corruption		12	0.09	18.90	Not significant
ECONOMIC	Science and Technology		12	0.02	24.48	Significant
	Air Quality and Noise pollution		12	0.14	7.21	Not significant
	Energy and Water Management	a) Energy conservation	12	0.23	11.09	Not significant
		b) Water conservation, disposal of contaminated water and recycling.	12	0.00	30.54	Significant
	Waste and Raw Materials Management	a) Waste recycle and safe disposal	12	0.00	28.24	Significant
		b) ethically acquired raw materials	12	0.00	36.35	Significant
	Environmental Development	a) Reclaiming lost environment	12	0.09	18.99	Not significant
ENVIRONMENTAL		b) Environmental certification	6	0.24	7.97	Not significant
SOCIAL	Employee Relations		6	0.52	5.15	Not significant

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