

**An Institutional Analysis of the Nature of Corporate Social  
Responsibility Reporting in a Developing Country Context:  
A Case Study of the Indian Petroleum and Gas Industry**

**By  
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## **Declaration of Authorship**

I, Shilpi Banerjee, hereby declare that this thesis and the work presented in it is entirely my own. To the best of my knowledge and beliefs, the thesis contains no material previously published or written by any other person except where due reference is made. Where I have consulted the work of others, it is clearly stated.

I wish to further declare that no part or whole of this thesis has been presented to any other university for consideration for an award for a PhD degree or any similar degree.

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Name and signature of candidate

Shilpi Banerjee

Signed: .....Shilpi Banerjee

Date: .....25.1.2018

*To my son*

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## Abstract

This study examines corporate social responsibility (CSR) reporting in the developing countries context; drawing attention to reporting as an important tool of CSR communication. Running parallel to numerous corporate scandals, CSR reporting in the Indian petrol and gas industry has been on a steady rise, especially since the mandating of CSR spending by the Companies Act of 2013. Such contradictory and changing CSR landscape created opportunities for conducting this study, aiming to understand ‘what are companies reporting, why are they reporting and how are they reporting?’ In academic literature CSR reporting and its communication has been termed as merely ‘aspirational talks’ rather than ‘action oriented’, however the reasons behind such aspirational talk has hardly been discussed in the developing countries context. Also, very few studies have explained how the external environment of an organisation impacts companies reporting; with many calling for developing research on the macro levels impacting CSR. Addressing such research gaps this study aims to examine the role-played by institutional pressures stemming from the social context in shaping companies CSR reports and how rhetoric influences reporting with the aim of gaining legitimacy. The primary question: *‘What role do institutional pressures play in the rhetoric of CSR reporting adopted by the Indian petroleum and gas companies in order to gain legitimacy?’* Was analysed through a qualitative case study of four large domestic Indian petroleum and gas companies. Data was collected through interviews (40 respondents from business, government, academia, business associations, NGO’s) and various reports (annual, CSR and sustainability reports) of companies. The findings reveal the ‘ceremonial nature of reporting’ with heavy ‘aspirational talks’, indicating the substantial use of rhetoric for gaining legitimacy. CSR reporting has been enacted ‘ceremoniously’ as a response to perceived expectations arising from various institutional pressures which has led to a corporate commitment for reporting that can be understood as a new form of ceremonial myth; little more than a symbolic gesture intended to testify to a company’s good faith and to its adherence to shared beliefs in order to gain legitimacy. However, the study acknowledges that reporting provides companies an opportunity to articulate ideas, lay down principles, formulate definitions, advertise their vision, goals and plans which in turn can stimulate positive social change; even in situations where reporting is not completely reflected in their practices, which can lead to manipulations, deceit and falsifying of intentions.

**Key words**

Corporate social responsibility (CSR), CSR reporting, CSR communication, Institutional theory, Legitimacy, Rhetoric, Case study, petroleum and gas industry and developing countries.

## Table of Contents

<b>List of Figures</b> .....	<b>13</b>
<b>List of Tables</b> .....	<b>14</b>
<b>List of abbreviations</b> .....	<b>16</b>
<b>Explaining key abbreviations</b> .....	<b>17</b>
<b>Glossary of key terms</b> .....	<b>20</b>
<b>Chapter One: Introduction</b> .....	<b>26</b>
1.0. Chapter Overview .....	26
1.1 Introduction .....	26
1.2 Conceptualising CSR and CSR reporting .....	32
1.3 Aims and contributions of the thesis .....	34
1.3.1 Theoretical contributions.....	34
1.3.2 Methodological contributions.....	41
1.3.3 Practical proposed contributions.....	42
1.4 The research questions and research objectives .....	43
1.5 Methods.....	45
1.6 Structure of the thesis .....	48
1.7 Chapter summary and conclusion .....	52
<b>Chapter Two: Literature Review</b> .....	<b>53</b>
2.0 Chapter overview.....	53
2.1 CSR.....	53
2.1.1. Growth of CSR theories: .....	56
2.2 Starting from society: CSR as social construction .....	58
2.3 CSR reporting an important tool of CSR communication .....	60
2.3.1 Reviewing CSR reporting and communication literature .....	63
2.3.2. Literature gaps .....	73
2.4 CSR as an interface between business and society: broadening the debate .....	79
2.5 Chapter summary and conclusion .....	84
<b>Chapter Three: Theoretical framework</b> .....	<b>86</b>
3.0 Chapter overview.....	86
3.1 Macro level of study .....	87
3.2 Institutional theory.....	88
3.2.1 Defining ‘Institutions’ .....	90
3.2.2 The various schools of thought pertaining to institutional theory .....	91
3.2.3 Constructs of neo institutionalism as adopted in this study .....	95
3.2.4 Neo institutionalism in organisational analysis .....	97



3.2.5 Institutionalisation .....	98
3.2.6 Early approaches to institutional theory.....	99
3.2.7 The three pillars of the institutional order.....	100
3.3 Legitimacy.....	104
3.3.1 Defining legitimacy .....	105
3.3.2 Why do organisations need legitimacy? .....	107
3.3.3 Approaches to the study of legitimacy.....	108
3.3.4 Forms / types of legitimacy .....	109
3.4 Chapter summary and Conclusion.....	111
<b>Chapter Four: Theoretical Framework .....</b>	<b>112</b>
4.0 Chapter overview.....	112
4.1 Institutional theory and rhetorical analysis .....	113
4.2 Rhetoric in organisational communication .....	113
4.2.1 Defining Rhetoric .....	114
4.2.2 Classical and new rhetoric.....	115
4.2.3 Ethos, Pathos, and Logos .....	116
4.2.4 Growth of Institutional Rhetoric.....	118
4.2.5 Scope of rhetoric.....	123
4.2.6 Discourse and rhetoric.....	126
4.2.7 Isomorphism and organisational language.....	128
4.3 Bridging the theoretical gaps and concepts.....	129
4.3.1 Bridging institutional theory and legitimacy (institutional pressures and types of legitimacy) .....	129
4.3.2 Bridging rhetoric and legitimacy.....	132
4.3.3 Towards bridging institutional theory rhetoric and legitimacy .....	134
4.4 Summary of the adopted theoretical constructs .....	136
4.5 Chapter summary and conclusion .....	139
<b>Chapter Five: The Research Context .....</b>	<b>141</b>
5.0 Chapter Overview.....	141
5.1 Justifications for choosing the petroleum and gas industry .....	141
5.2 Overview of the Indian petroleum and gas industry.....	143
5.3 CSR and the petroleum and gas industry of India.....	146
5.4 Evolution of CSR in India.....	147
5.5 Institutionalisation of CSR: recent trends .....	150

5.5.1 The Companies Act of 2013 .....	151
5.6 Other domestic and international CSR guidelines for the Indian petroleum and gas industry .....	156
5.7 Chapter summary and conclusion .....	157
<b>Chapter Six: Research Methodology and Research Design.....</b>	<b>159</b>
6.0 Chapter overview.....	159
6.1 The research design .....	159
6.1.1 the research paradigm .....	161
6.1.2 Research design .....	169
6.1.3 Qualitative study.....	169
6.2 Case study .....	170
6.3 Data Triangulation.....	172
6.4 Selecting the sample and the data collection procedure .....	173
6.4.1 Sample.....	175
6.4.2 CSR reports .....	177
6.4.3 Data collection and interviews .....	179
6.5 Data accessibility.....	181
6.6 Conducting the interviews .....	184
6.7 Gaining access.....	187
6.8 Sources of evidence .....	188
6.9 Methods and data analysis .....	193
6.9.1 Detailed explanation of the data analysis process .....	195
6.10 Ethical considerations .....	198
6.11 Criteria for evaluating qualitative research.....	200
6.12 Limitations and contributions.....	201
6.13 Chapter summary and conclusion.....	203
<b>Chapter Seven: Findings and Analysis.....</b>	<b>204</b>
7.0 Introduction .....	204
7.1 Regulatory Pressures .....	205
7.1.1 Findings: identification of regulatory pressures .....	205
7.1.2. CSR activities .....	209
7.1.3 CSR activities as shaped by regulatory pressures.....	216
7.1.4 Impact of regulatory pressures on communication of CSR budget.....	219
7.1.5 Regulatory pressures and legitimacy .....	223

7.1.6 Key emerging themes and discussions.....	224
7.2 Normative pressures .....	224
7.2.1 Identifying normative pressures .....	227
7.2.2 Normative professional pressures and the shaping of the CSR activities of companies.....	229
7.2.3 Regulatory and normative pressures interlinked .....	232
7.2.4 Linking normative pressures to legitimacy .....	232
7.2.5 Key emerging themes and discussions.....	234
7.2.6 Key themes arising from the tangible aspects of professional pressures .	235
7.3 Cultural-cognitive pressures.....	236
7.3.1 Identifying cultural-cognitive pressures.....	236
7.4 Regulatory, normative, and cultural-cognitive pressures linked.....	240
7.4.1 Relating legitimacy to cultural-cognitive pressures.....	240
7.4.2 Key emerging themes and discussion .....	242
7.5 Chapter Summary .....	244
7.6 Conclusion.....	245
<b>Chapter Eight: Findings and Analysis .....</b>	<b>246</b>
8.0 Introduction .....	246
8.1 Rhetoric, institutional pressures, and legitimacy.....	247
8.2 Regulative pressures .....	252
8.2.1 Rhetorical devices used to gain legitimacy in relation to regulatory pressures.....	253
8.2.2 Regulative pressures and inferences to legitimacy .....	255
8.2.3 Summarising the regulative pressures, rhetoric and legitimacy .....	258
8.3 Rhetorical analysis of normative pressures.....	258
8.3.1 Legitimacy and normative pressures in relation to rhetorical appeals.....	260
8.4 Rhetorical analysis of cultural-cognitive pressures .....	262
8.4.1 Relating legitimacy to the rhetorical analysis of cultural cognitive pressure .....	264
8.4.2 Summarising the findings of cultural cognitive pressures and legitimacy in relation to institutional pressures.....	268
8.5 Chapter Summary .....	269
8.6 Conclusion.....	271
<b>Chapter Nine: Findings &amp; Analysis.....</b>	<b>273</b>

9.0. Introduction .....	273
9.1 Misalignment in talk and text.....	274
9.2 The original model of the study and changes to the original model .....	279
9.3 Complexities of CSR reporting in an institutionalised environment.....	282
9.4 Companies failed to reveal the intrinsic motives behind their engagement in CSR reporting .....	285
9.5 Significance and importance of macro institutional pressures.....	286
9.6 Institutionalisation of CSR giving rise to rhetoric resulting in de-globalisation of CSR .....	288
9.7 The social nature of CSR reporting for gaining legitimacy .....	290
9.8 Complex reporting created due to multiple pressures .....	292
9.9 Chapter summary and conclusion .....	293
<b>Chapter Ten: Discussion and Conclusion.....</b>	<b>296</b>
10.0 Chapter overview.....	296
10.1 Summary .....	296
10.2 Gaps and contributions .....	303
10.2.1 Theoretical gaps and contributions.....	303
10.2.2 Practical gaps and contributions .....	306
10.2.3 Methodological contributions.....	307
10.3 An evaluation of limitations and directions for future research.....	308
10.4 Beyond minimizing the limitations: more future research directions .....	310
10.5 Final thoughts and conclusion.....	312
<b>Appendix A- CSR Spending of Companies .....</b>	<b>315</b>
<b>Appendix B- Penalties for non-compliance with CSR provisions under the Companies Act of 2013.....</b>	<b>316</b>
<b>Appendix C- The Indian petrol and gas Industry.....</b>	<b>317</b>
<b>Appendix D- Sample Interview Guide.....</b>	<b>318</b>
<b>Appendix E – Description of the CSR reports of companies .....</b>	<b>322</b>
<b>Appendix F: Media reports analysis of the petrol and gas industry .....</b>	<b>325</b>
<b>Appendix G- CSR activities undertaken by companies in nationalistic fervour .....</b>	<b>327</b>
<b>Appendix H- Companies coding framework.....</b>	<b>330</b>
<b>Appendix I- Findings of rhetorical strategies of companies .....</b>	<b>337</b>
<b>Appendix J- Findings of rhetorical coding excerpts: selected examples .....</b>	<b>339</b>
<b>Appendix K- Rhetorical coding continued .....</b>	<b>343</b>
<b>References.....</b>	<b>347</b>

## List of Figures

Figure 1 - The research questions and methods .....	44
Figure 2 - Thesis structure.....	48
Figure 3 - Overview of the Pluralistic CSR Framework (Gond and Matten, 2007).....	59
Figure 4 - The conceptual model derived from the literature review .....	139
Figure 5 - Petroleum and gas companies in India .....	146
Figure 6 - CSR Clause in the Companies Act of 2013 (Clause 135) .....	151
Figure 7 - Role of the board and CSR committee .....	153
Figure 8 - A framework for design – the interconnection of worldwide strategies of inquiry and research methods .....	160
Figure 9 - Research paradigms .....	162
Figure 10 – The process of research access.....	188

## List of Tables

Table 1 - Heterogeneity in the literature.....	65
Table 2 - Mapping the research development in CSR reporting and communication.....	67
Table 3 - Levels of analysis in organisational studies .....	88
Table 4 - Definition of the term 'institution' .....	90
Table 5 - Comparing old and neo Institutional theory.....	94
Table 6 - The three pillars of institutions .....	101
Table 7 – Institutional carriers.....	102
Table 8 – Rhetorical appeals .....	117
Table 9 – Themes and categories of CSR rhetoric .....	126
Table 10 – Summary of adopted theoretical constructs .....	137
Table 11 – Snapshot of the Companies Act of 2013 .....	154
Table 12 – CSR reports of companies.....	177
Table 13 - Sample size of companies .....	180
Table 14 - Sample of other organizations.....	180
Table 15 – A list of regulatory pressures taken from the companies’ websites .....	190
Table 16 – A list of some more regulatory pressures recognised through secondary data....	191
Table 17 – The Data Analysis Process .....	196
Table 18 – Rhetorical coding .....	196
Table 19 – Rhetorical coding excerpts – selected coding examples .....	197
Table 20 – Phases of the data analysis .....	198
Table 21 –List of Regulatory Pressures.....	207
Table 22 – Key CSR practices and CSR activities.....	209
Table 23 – Cross-reference of CSR activities with regulatory pressures .....	216
Table 24 - Regulatory pressures and CSR activities .....	218
Table 25 - CSR budgets of companies .....	220
Table 26 – Normative guidelines and company adherence .....	228
Table 27 – CSR activities influenced by normative pressures .....	230
Table 28 - Rhetorical justifications (social) .....	249
Table 29 - Rhetorical justifications (Environment).....	249
Table 30 - Rhetorical justifications (Economics).....	250
Table 31 - Rhetorical justifications (Governance) .....	251
Table 32 - Rhetorical justifications (Employee).....	251
Table 33 – Examples of the rhetorical coding excerpts of Reliance Petrol and gas.....	254

Table 34 – CSR budget of Reliance .....	265
Table 35 - Model of the study .....	279
Table 36 – Change in the model of the study .....	280

## List of abbreviations

GRI	Global Reporting Initiatives
NGO	Non-Governmental Organisations
UN	United Nations
FICCI	Federation of Indian Chamber of Commerce and Industry
IICA	Indian Institute of Corporate affairs
ASSOCHAM	Associated CHAMbers of commerce and industry
DPE	Department of Public Enterprises
IPIECA	International Petroleum Industry Environmental Conservation Association
IICA	Indian Institute of Corporate Affairs
INR	Indian Rupees
CSR	corporate social responsibility
UNGC	United Nations Global Compact
ONGC	Oil and Natural Gas Corporation Limited
IOL	Indian Oil Corporation limited
MPNG	Ministry of Petroleum and Natural Gas
P&NG	Petroleum and Natural Gas
MCA	Ministry of Corporate Affairs
CII	Confederation of Indian Industries
NVG	National Voluntary Guidelines
NELP	New Exploration and Licensing Policy
RIL	Reliance Industries Limited
TERI	Energy and Resources Institute
PSU	Public Sector Undertaking
OISD	Oil Industry Safety Directorate
HR	Human Resource
OPEC	Organisation of the Petroleum Exporting Countries
GDP	Gross Domestic Product
IPIECA	International Petroleum Industrial Environmental Conservation Association
BP	British Petroleum
UNDP	United Nations Development Programme
USAID	US Agency for International Development
GHC	Greenhouse Gas Emissions
MoPNG	Ministry of Petroleum and Natural Gas
DGH	Directorate General of Hydrocarbons
PCRA	Petroleum Conservation Research Association
OISD	Oil Industry Safety Directorate
PPAC	Petroleum Planning and Analysis Cell
PAT	Profit After Tax
BSE	Bombay Stock Exchange
RTE	Right to Education



## Explaining key abbreviations

**OISD** – The Oil Industry Safety Directorate (OISD) is a technical directorate, under the Ministry of Petroleum and Natural Gas (MoPNG), that formulates and coordinates the implementation of a series of self-regulatory measures aimed at enhancing safety in the petrol and gas industry in India. In January 1986, to ensure the proper implementation of various aspects of safety in the petrol industry, the government of India decided to set up a ‘safety council’ at its apex under the administrative control of the Ministry of Petroleum and Natural Gas; this acts as a special self-regulatory industry agency for safety matters and procedures.

**IICA** – The Indian Institute of Corporate Affairs (IICA) was established by the Ministry of Corporate Affairs (MCA) for capacity building and training in various subjects and matters relevant to corporate regulation and governance, such as corporate and competition law, accounting and auditing issues, compliance management, corporate governance, business sustainability through environmental sensitivity and social responsibility, e-governance and enforcements, etc. The institute has been designed to provide a platform for dialogue, interaction, and partnership between governments, corporations, investors, civil society, professionals, academics and other stakeholders.

**NVGs** – The National Voluntary Guidelines (NVGs) on social, environmental, and economic responsibilities of businesses is a set of nine principles (discussed in chapter 5) that offers businesses an Indian understanding of and approach to inculcating a responsible business conduct. The Ministry of Corporate Affairs (MCA) released these guidelines in July 2011.

**SEBI BRR**– The Securities and Exchange board of India (SEBI) is the regulator for the securities market in India. In 2012, SEBI for the first time made the inclusion of a Business Responsibility Report (BRR) mandatory as a part of the annual report of the top 100 listed companies. The reporting requirement was set in line with the National Voluntary Guidelines (NVGs) on social, environmental, and economic responsibilities of businesses.

**DPE** – The Department of Public Enterprises (DPE), a government organisation launched CSR guidelines on the 1<sup>st</sup> of April 2013, issued by the Indian government and focused on public sector enterprises in India. The DPE guidelines have a special focus on employee rights and welfare and are aimed at all Central Public sector enterprises (CPSEs), and include a section on sustainability reporting and disclosure.

**TERI** – The Energy and Resources Institute (TERI) established in 1974, is a leading think tank, based in New Delhi, India that conducts research on energy issues for sustainable development of India and the global south. TERI's research focus areas are in clean energy, water management, pollution management, sustainable agriculture, and climate resilience.

**Petroleum and natural gas (safety in offshore operations) Act**– The petroleum and natural gas (safety in offshore operations) Act 2008, was framed under the Oil fields (regulations and development) Act 1948, intended for the regulation of safety in the offshore exploration, exploitation, conservation, and management of petroleum and natural gas and matters connected therewith.

**INR** – The Indian Rupee (INR) is the currency of India. The most popular Indian Exchange rate is the INR to USD (US dollars) and so this paper follows the same trend by converting all INR figures into USD. The currency code for rupees is INR and the symbol is ₹. The study used the exchange rate published on xe.com website on the 6th of November 2016. Bearing in mind the fluctuations in the currency rate, 1 USD =66.7953 INR was taken as an average for this document.

**CII** – The Confederation of Indian industries (CII) is a non-government, not-for-profit industry-led and managed organisation founded in 1895 and considered India's premier business association. The CII has over 8,000 members from both the private and public sectors. The petroleum and gas companies that form a part of this study are members of the CII. The organisation works closely with the Indian government on policy issues, interfacing with thought leaders and providing a platform for consensus building and networking on key issues.

**ASSOCHAM** – The Indian ASSOCIATED CHAMBERS of commerce and industry (ASSOCHAM) is a not-for profit organisation established in 1920 serving more than 450,000 corporate members. The sample companies of this research work closely with the ASSOCHAM on CSR issues and have been recognised by this organisation for best practices in CSR.

**FICCI** – The Federation of Indian Chambers of Commerce and Industry (FICCI) is a non-government, not-for-profit organisation established in 1927 and considered as the oldest apex business organisation in India, with a history closely interwoven with India’s struggle for independence and its industrialization. FICCI, which works closely with the petroleum and gas sector, has a membership that spans both the public and private sectors, reaching over 250,000 companies, including the sample companies of this research. FICCI provides a platform for networking and consensus building within and across sectors

**RTE**- The right of children to free and compulsory Education Act or Right to Education (RTE) is an Act of the Parliament of India enacted on 4 August 2009, which describes the modalities of the importance of free and compulsory education for children between 6 and 14 years of age in India under Article 21 a of the Indian constitution. India became one of the 135 countries to make education a fundamental right of every child when the Act came into force on 1 April 2010.

## Glossary of key terms

**Corporate social responsibility (CSR):** A range of definitions for CSR exists in contemporary literature (Dahlsrud, 2008), considering the fragmented nature of CSR; however this thesis aligns with the prevailing epistemological stance that CSR is a social construction, forged between organisations and stakeholders (Lee and Carroll, 2011) and in this sense builds up on conceptualising CSR as, “ business responsibility for the wider societal good as manifested by both organisations and society” (Matten & Moon, 2008). Consequently the thesis builds on the definitional foundation of CSR from the institutional (Fernández-Allés, 2001; Meyer & Rowan, 1991; Scott, 2007), institutional legitimacy (Meyer and Scott, 1983) and from the mandatory CSR (McWilliams & Siegel, 2001) perspective (since this study discusses institutionalisation of CSR reporting in the Indian context). From the institutional perspective this thesis builds upon the definition provided by DiMaggio and Powell (1983), who point out that “ *companies will adapt more efficiently to its environment and can achieve legitimacy and the benefits they derive from it if they a) consider the regulative pressures (legal and political pressures exerted externally by agencies such as the government) b) mimic the process, practices and strategies of successful companies (cognitive powers, i.e a set of beliefs, assumptions and explicit knowledge) and c) normative powers of collaborating with professionals and taking into account the experience and previous training of managerial personnel, to generate a professional knowledge that will address the problems of the environment for firms with greater confidence*” (Fernández-Allés, 2001). The mandatory elements of defining CSR are aligned with the definition of McWilliams & Siegel (2001) who state CSR as “*actions that appear to further some social good beyond the interests of the firms, and that which is required by law*”.

**CSR communication:** There has been a burgeoning literature on CSR communication with a plethora of conceptualisations (Crane and Glozer, 2014). This thesis aligns itself with few of these conceptualisations and definitions that point towards CSR communication as a means for gaining legitimacy. This is much dominant in the literature discussing disclosure and reporting topics (e.g. Neu et al.,

1998) that typically sees CSR communication as a means for building, preserving or restoring legitimacy with various publics (Bebbington et al., 2008; Cho et al., 2012; Deegan et al., 2002). It also aligns with the definition provided by Podnar (2008) that states CSR communication as, *“a process of anticipating stakeholders’ expectations to provide true and transparent information on economic, social and environmental concerns”*.

**CSR reporting:** This thesis posits CSR reporting as an important element of CSR communication and in doing so it follows the definition of CSR reporting as *“an important communication tool or channel, which can ensure greater corporate transparency and enable a better engagement with multiple stakeholders”*. (Golob and Bartlett, 2007). The thesis considers the role of communication through reports in informing, responding to, and involving stakeholder groups in the construction and execution of CSR strategies (Morsing & Schultz, 2006) to be crucial for the survival of companies. The challenges in reporting discussed in the thesis follow the direction by Schoeneborn & Trittin, (2013) who points out in their research that, *“due to the institutional environment in which companies operate creates many challenges in CSR reporting; thus, companies often manipulate or fudge through persuasive language to gain legitimacy”*.

**Macro aspect of the research:** The three significant levels of studying organisations are micro, macro and meso (Miles, 1980). This thesis analyses the issue from the macro organisational behavior perspective that helps to understand the social structures of the organisation (Pfeffer, 1991) and the impact on organisational performance (Miles, 1980; Greenberg, 2011). The thesis aligns itself to past research that has addressed issues of CSR reporting and CSR communication by focussing on the external environment of the organisation, considering the macro-phenomena (e.g. Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006). One of the reasons for choosing to study the macro environment was that limited attention has been given to why organisations need to indicate their responsiveness and why companies communicate about certain activities (Lammers, 2006); therefore attention is required to understand the organisational action and behaviours that influence organisations as a whole (Cummings, 1982; Nystrom & Starbuck, 1981; Schneider,

1985); the social structure and the effects of the structure on the organisation (Pfeffer, 1991).

**Legitimacy:** This thesis argues that legitimacy is a core principle for determining the success of CSR activities (Lee & Carroll, 2011) and CSR reporting involves the process of legitimation. Suchman's (1995) seminal definition of legitimacy, “ *a generalised perception or assumption that the sections of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions*”, acts as the core understanding for legitimacy in this thesis. In chapter 3, Suchman's (1995) theory of legitimacy is explained further along with Dowling's (1975) conception of legitimation as a social process. Dowling's (1983) conception has helped understand the framework of CSR as an “*ongoing and emergent through unfinalisable process of legitimation*”. Aligning with the neo-institutional theory as the primary theoretical framework, this thesis posits that by conforming to the three external institutional pressures (regulative, normative and cultural cognitive) identified by Scott (2007), organisations can build support and gain legitimacy for their activities in specific institutional environments. Organisations proactively engage in managing these institutional pressures (as this research shows) by adopting certain legitimacy-seeking strategies (Pfeffer, 1978; Suchman, 1995).

**Rhetoric:** This thesis follows the definition of rhetoric as a “*means of persuasion and influence*” (Lawrence & Suddaby, 2006) with a focus on styles of argumentation. The thesis applies the three rhetorical devices used in the literature—logos, ethos and pathos and links them to institutional pressure and legitimacy. Since, through rhetoric, actors shape the legitimacy of practices by making persuasive arguments that justify and rationalise them (Green, 2004; Green, Li & Nohria, 2009; Suddaby & Greenwood, 2005), the concept is apt to develop an understanding about how and why companies report about their CSR.

**Organisation:** The definition of organisation applied in this thesis is, “ *a social system oriented to the attainment of a relatively specific type of goal, which contributes to a major function of a more comprehensive system, usually the society*” (Parsons, 1956). The study adopts the broader term of ‘organisation’ to align it with a

more comprehensive view of business in society; keeping in mind the interest in the discursive construction of CSR in this study. The more comprehensive view is to move beyond the economic theory of the firm and look at the terms business, company, corporation, firm and organisation as often being used as interchangeable in management research.

**Stakeholder:** The thesis aligns with the definition of stakeholder as conceptualised by Freeman (1984) as, “ *any group or individual who can affect or who is affected by the achievement of the firm’s objectives*”. The term stakeholder for this research broadly refers to the secondary stakeholders (e.g. regulators and NGO’s) and not the primary stakeholders (e.g. employees) since this study focuses on the macro environment analysis and therefore, does not focus on internal stakeholders rather focuses on the external stakeholders (government, NGO’s, business associations etc. who influence CSR reporting externally).

**Talk and Text:** This thesis borrows the concept of ‘talk’ from the CSR communication literature that discusses CSR being all about ‘talk’ and not action oriented (Christensen, Morsing and Thyssen, 2013); concepts of ‘walking and talking of CSR’ (Wickert, Scherer and Spence, 2016), and ‘inconsistency between organisational words and action’ (Bromley and Powell, 2012; Christensen and Cornelissen, 2011). These concepts have been useful for this thesis; in analysing the CSR reports and identifying if the reports are all about ‘talk’ or rather action oriented in India’s mandated CSR environment. The author recommends adding ‘text’ to this literature and suggests that one should pay attention to distinguish between the written (text) and spoken (talk) element of CSR reporting. Most research do not follow this and rather take it for granted that what companies write in their reports and verbally speak (for example managers speaking during interviews for this study) are similar. However, this might not always be the case, as the findings of this study shows. During the fieldwork it was observed that companies were carefully choosing to write what they wanted in the reports; in other words companies wrote only what they wanted their stakeholders to know in the reports. During interviews (while discussing every single detail of the reports with managers) the manipulations and inconsistencies in the reports were revealed. Media reports and interviews with other stakeholders (for e.g. government officials, academicians and NGO’s) further

strengthened this observation. This indicated that text (written) and talk (spoken) are not always necessarily aligned. This observation led to separating the reports from the interviews in this thesis. Text (written) talk (spoken) and walk (action) should be studied as three separate identities while studying CSR reporting and communication. Text and talk should not be bundled up together as one, as it exists in current research. Finally, central to the argument of this thesis is that CSR reporting in the form of talk and text provides companies an opportunity to articulate ideas, lay down principles, formulate definitions, advertise their vision, goals and plans and this in turn does stimulate positive social change.

**Institutional theory:** To understand the macro-phenomenon (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006) of CSR reporting, the lens of institutional theory—particularly focussing on institutional pressures—is applied to this research. This thesis draws on Scott’s (2014) three pillars of institutional pressures—regulatory, normative, and cultural-cognitive—and argues that company’s CSR reporting is shaped by these pressures that are embedded in every context shaping and reinforcing social routines (Zucker, 1991).

**De-globalisation of CSR/de-globalisation in CSR reporting:** ‘De-globalisation’ is a term used in this thesis to indicate how CSR reporting in India shows diminishing alignment to global CSR and CSR reporting norms; on the contrary there is an increasing alignment to the domestic CSR regulations and CSR reporting policies. De-globalisation here does not refer to economic terms; rather this thesis suggests looking at language (verbal and textual) of reports that could also potentially point towards aspects of de-globalisation, as it does in the case of this study. This is a term that was introduced and developed during the fieldwork while observing the CSR reporting trajectory of companies pointing towards heavy usage of regional and national language defining companies CSR policies, programmes and activities (for e.g. *Bharat India Jodo* (Join rural India), *Swachh Bharat Abhiyan* (Clean India Drive) and *Beti Bachao Beti Pado* (save the girl, educate the girl) etc.). CSR activities were primarily related to national causes and were influenced by the Companies Act of 2013. The thesis has captured these observations and has put forward the discussion about CSR de-globalisation in the Indian CSR context, from the author’s perspective.



**The Companies Act of 2013:** The Companies Act of 2013 is an Act of the Parliament of India that regulates the incorporation of a company, responsibilities of a company, directors, resolution of a company etc. This Act was enacted on the 29<sup>th</sup> of August 2013, replacing the nearly 60-year-old Companies Act 1956. The Act introduces Section 135 enforcing every company having a) net worth of Rs 500 cores or more or b) turnover of Rs 1000 crore or more or c) net profit of Rs 5 crore or more (1 USD =66.7953 INR) during any financial year to constitute a CSR committee of the board. The Act requires (on a comply-or-explain basis) companies to spend a minimum of 2 per cent of their net profits on CSR, recommending the companies to undertake CSR activities as specified in Schedule VII. The activities included in Schedule VII are: eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, combating malaria and other disease, reducing child mortality and improving maternal health, employment enhancing vocational skills, ensuring environmental sustainability and contribution to the Prime Ministers' relief fund or any other fund set up by the Central or State government).

## **Chapter One: Introduction**

### ***CSR reporting in the petrol and gas industry in the developing countries context***

#### **1.0. Chapter Overview**

The purpose of this chapter is to provide a general overview of this thesis, ‘*an institutional analysis of the nature of CSR reporting in a developing country context: A case study of the Indian petroleum and gas industry*’. In doing so, the chapter first provides an introduction to the research area describing its key characteristics and outlining the practical and academic context for the research in section 1.1. This section further articulates how CSR reporting is an important tool of CSR communication and presents an overview of the challenges and issues of CSR reporting in the Indian petrol and gas industry. Section 1.2 conceptualises CSR and CSR reporting and explains what it means for this research. Section 1.3 then sets out the main aims and contributions of the research, detailing the key research gaps that the thesis aims to address. Section 1.4 presents the main research question followed by the three sub research questions guiding this study. It also presents the research objectives for this thesis. Section 1.5 presents the methods used for the research. Section 1.6 provides a summary of the chapters, offering an overview of the key findings in anticipation of a more detailed discussion presented later (chapter 7, 8 and 9). Finally, the chapter closes with a conclusion in section 1.7.

#### **1.1 Introduction**

CSR reporting is an important tool of CSR communication (Moravcikova, Stefanikova & Rypakova, 2015) with communicative practices playing an important and formative role, for example, in driving organisational and social change (Christensen, Morsing & Thyssen, 2013; Haack, Schoeneborn & Wickert, 2012). In this regard, CSR communication has been widely discussed in management literature, acknowledging that responsible businesses should engage with their stakeholders on CSR issues and regularly communicate about their CSR programmes, products, and impacts. Therefore, the role of communication in informing, responding to, and involving stakeholder groups in the construction and execution of CSR strategies

(Morsing & Schultz, 2006) is receiving increased attention both in academic scholarship (Golob et al., 2013) and in practice (Schmeltz, 2012). However, academic literature in CSR raises concerns about communication of CSR that includes communicating CSR reports to stakeholders with many scholars claiming that the concept of CSR that originates in the field of organisation and management studies, poses a communicative challenge (Basu and Palazzo, 2008; Vaara and Tienari, 2008).

CSR means doing good and not just talking about it (Fernando, 2010; Webb et al., 2009). However, this might not be the case always. The presumed sophistication of responsible business initiatives takes place concurrently with wave upon wave of corporate scandals and accusations of harmful behaviours (Wickert, Scherer & Spence, 2016). This is particularly evident in the petroleum and gas industry, where CSR has had a relatively long tradition rooted in notions of philanthropy while, at the same time, it has represented a reaction to business social transgression (Mitchell, 1989). In spite of being one of the leading industries in championing CSR, petrol and gas industry has been subjected in the past to scathing global attacks for its irresponsible behaviour by both its stakeholders and the media (Frynas, 2005).

On the one hand, this industry has demonstrated a remarkable growth in corporate codes of conduct, in social reporting and initiating, and in funding and implementing significant community development schemes; on the other hand, there have also been innumerable hazards and oil spills (e.g., the Bhopal tragedy<sup>1</sup> and the Uran petrol spill<sup>2</sup>). The very nature of the petroleum and gas industry's operations poses serious threats at each stage of its industrial process; the visual impact and high externalities of clear-cut forests, open-pit mining, and petrol spills generate greater public concern

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<sup>1</sup> The Bhopal gas tragedy, a gas leak incident in India—considered the world's worst industrial disaster—occurred on the night of 2-3 December, 1984 at the Union Carbide India Limited (UCIL) pesticide plant in Bhopal, Madhya Pradesh. Over 500,000 people were exposed to methyl isocyanate (MIC) gas and other chemicals. The toxic substance made its way into and around the shantytowns located near the plant. A 2006 government affidavit stated that the leak had caused 558,125 casualties, including 38,478 temporary partial injuries and approximately 3,900 severely and permanently disabling ones (The Indian Express, December 3, 2014)

<sup>2</sup> India's Union Environment Ministry indicted the ONGC (Oil and Natural Gas Corporation), one of the largest domestic petrol and gas companies, for the petrol spill that was reported off the Uran coast near Mumbai in October 2013. The poor maintenance of pipelines and negligence shown by its handlers had led to the spill, causing severe environmental damage to the coastal area. (Times of India, 2/4/13)

than do the multidivisional form, personal structures, or civil service reform (Bansal, 2005).

The sensitivity of the industry has caused external stakeholders to demand much more CSR than in any other industry; to move beyond environmental sustainability, and to include non-environmental issues and social impacts of its operations (Spence, 2011) and to communicate the same in a non-transparent way in the CSR reports. Various initiatives taken by companies in this sector—for e.g. the publication of Shell's landmark first report to society in 1998—set a precedent for other companies (Livesey, 2002:325) in terms of pioneering a greater emphasis on CSR reporting. This prompted more contemporary theorisation about CSR reporting in subsequent years. Such activities have led to a growing recognition that communication to external stakeholders through CSR reports forms an essential element in the design, implementation, and success of CSR, and this in turn has given rise to a burgeoning CSR communication literature (Crane & Glozer, 2016) in recent times.

Studies have indicated the need to understand why companies communicate their CSR through reports and how they do so (Maon, Lindgreen & Swaen, 2010). The issue of how companies can gain and maintain legitimacy through communication (Schoeneborn & Trittin, 2013) of CSR reports and the need to understand the macro-environment impacting CSR reporting and communications (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006), are research areas that are not well developed in the developing countries context, especially India and requires some amount of attention. This study aims to address such research gaps in the literature by discussing two interrelated issues in the context of developing countries a) The first stems from a lack of understanding of the reasons for which domestic petroleum and gas companies in developing countries engage in CSR reporting b) The second issue is related to the limited knowledge of how companies communicate their reports to stakeholders. In a nutshell, the research aims to understand 'what, why and how' are companies communicating to external stakeholders about their CSR reports in the Indian petrol and gas industry?

Addressing the research gaps as discussed in the previous paragraph, the thought of examining CSR reporting in the Indian petrol and gas sector rose in the midst of the

launch of the Companies Act of 2013. The Companies Act of 2013 mandates CSR spending in India for the very first time (explained in Chapter 5 and 6) and is instrumental in the institutionalisation of CSR reporting in the Indian domestic companies. The Companies Act of 2013 has given a strong push to domestic companies to report about their CSR activities and CSR spending<sup>3</sup>. The institutionalisation of CSR in India was much intriguing to conduct this study; since there was certain amounts of inquisitiveness to understand how are companies coping up in the new environment? In order to examine the effects of institutional pressures on companies CSR the primary research question, ‘*What role do institutional pressures play in the rhetoric of CSR reporting adopted by the Indian petroleum and gas companies in order to gain legitimacy?*’ (The research question and sub questions are discussed below in section 1.4) was framed to understand ‘what are companies reporting, why are they reporting and how are they reporting?’

To understand this issue better, this thesis examines CSR reporting in the Indian context and aims to provide a conceptual model that stems from linking the theoretical lenses of institutional pressures, rhetoric and legitimacy. This helps in analysing the role played by institutional pressures on the rhetorical strategies of CSR reporting adopted by companies to gain legitimacy. It also highlights how institutional theory and legitimacy help us understand why companies engage in CSR, while rhetoric provides answers to how they communicate about their CSR.

The institutional rationale is a novel element for explaining organisational behaviours, and includes institutional pressures among its features (Meyer & Rowan, 1991). In order to understand the role played by the institutional environment in shaping company’s CSR reporting this thesis draws on Scott’s (2014) three pillars of institutional pressures—regulatory, normative, and cultural-cognitive—and argues that company’s CSR reporting are shaped by regulative, normative, and cultural-cognitive forces (Scott, 2001) which are embedded in every context, shaping and reinforcing social routines (Zucker, 1991). The thesis then connects the three pillars of institutional pressures to Suchman’s (1995) conceptualisation of three types of legitimacy—pragmatic, moral, and cognitive—to highlight the correlation between

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<sup>3</sup> Ministry of corporate affairs website (<http://www.mca.gov.in/SearchableActs/Section135.htm>) accessed 8<sup>th</sup> December 2017.

them. The study proposes that organisations engaging in CSR would respond to regulatory pressures in a bid to pursue pragmatic legitimacy, normative pressures in a bid to seek moral and/or pragmatic legitimacy, and cultural-cognitive pressures to pursue moral and cognitive legitimacy. Combining the notion of institutional pressures and legitimacy provides a framework to explain the reasons why companies engage in CSR reporting; in turn, the framework examines the institutional level macro-aspects impacting CSR reporting.

The notion of rhetoric is applied in examining the influences of institutional pressures on company's CSR reporting, which leads to an understanding of the specific textual strategies companies employ. It builds upon the links between institutional pressures and legitimacy—and upon those between legitimacy and rhetoric—and proposes a model suited to understand how companies use rhetoric to seek legitimacy when faced with institutional pressures that influence their CSR reporting. In doing so, this thesis aligns itself to Deephouse & Suchman's (2008) line of thought and, by applying it to rhetoric; it questions what type of rhetoric may be used to achieve certain types of legitimacy. Literature suggests that rhetorical devices can be used by organisations to seek legitimacy in relation to institutional pressures (Green, 2004; Green, Li & Nohria, 2009; Suddaby & Greenwood, 2005) and that is very much indicated in the findings of this thesis, for example, logos is used under conditions of regulatory pressures in order to achieve pragmatic legitimacy; logos, ethos, or pathos—alone or combined—are used in the presence of normative pressures that impose pragmatic legitimacy upon companies; and, finally, ethos or pathos are used to deal with cultural-cognitive pressures that push towards moral and cognitive legitimacy.

The research question was analysed by aligning the concepts of 'talk and text' to the conceptual model of this thesis. As explained earlier in the glossary, this thesis borrows the concept of 'talk' from the CSR communication literature that discusses CSR communication being all about 'talk' and not action oriented (Christensen, Morsing and Thyssen, 2013); concepts of 'walking and talking' (Wickert, Scherer and Spence, 2016), and 'inconsistency between organisational words and action' (Bromley and Powell, 2012; Christensen and Cornelissen, 2011). The context of 'text' is added by the author, with the suggestion that written (text) and spoken (talk)

element of CSR reporting must be studied separately and not clubbed in together as visible in many current research papers. The concept of ‘walk the talk’ discusses whether companies do (action) what they say (text and talk); but do companies write (text) and speak (talk) the same about their engagement in CSR? Should it be assumed that written (text) and spoken (talk) languages in CSR reporting is always the same. This was a dilemma faced during the company interviews, when the author observed that often the interview excerpts were not matching with the CSR reports. Verbally (talk) what companies say they do, and textually (text) what companies want their stakeholders to read might not be the same always, as the findings of this study shows and therefore, the author suggests that we need to be careful and separate talk and text in future research.

Text (written), talk (spoken) and walk (action) should be studied as three separate elements while studying CSR reporting and communications. By separating text and talk, some very interesting findings emerged- that of misalignment between what the companies were writing in their CSR reports and what they were talking during interviews. Companies choose strategically what to write in their CSR reports and controlled the information that should be passed on to the stakeholders. The manipulations were revealed during interviews (which forms the talk element of this research) and during the process of data triangulation. This indicated the ‘ceremonial nature of CSR reporting’ in the Indian petrol and gas sector with usage of ‘aspirational talks’ (Christensen, Morsing & Thyssen, 2013) by companies indicating the substantial use of rhetoric for gaining legitimacy. CSR reporting has been enacted ‘ceremoniously’ as a response to perceived expectations arising from various institutional pressures which has led to a corporate commitment for reporting that can be understood as a new form of ceremonial myth; little more than a symbolic gesture intended to testify to a company’s good faith and to its adherence to shared beliefs in order to gain legitimacy (Scott, 2014).

The argument companies do something else and say something else, which creates the communicative challenge (Basu and Palazzo, 2008; Vaara and Tienari, 2008) is predominant in the literature; however this thesis argues that perhaps “differences between words and action are not necessarily a bad thing and that such discrepancies have the potential to stimulate CSR improvements” (Christensen, Morsing &

Thyssen, 2013). CSR reporting inspite of showing misalignment in talk and text still provides companies an opportunity to articulate ideas, lay down principles, formulate definitions, advertise their vision, goals and plans which in turn can stimulate positive social change, even in situations where reporting is not completely reflected in their practices, which can lead to manipulations, deceit and falsifying of intentions (Khan et al., 2007; Boiral, 2007).

This section provided a brief introduction to the research and now I move on to conceptualising CSR and CSR reporting in the next section. Section 1.2 provides definitions of the key terms and terminologies of this research and explains what they mean for this research.

## **1.2 Conceptualising CSR and CSR reporting**

Defining CSR in the context of this research was a difficult task. Literature discusses how defining the term ‘CSR’ is a big challenge because: firstly, the concept of CSR is essentially contested, complex and has open rules of application; secondly, it is an umbrella term for business society relations; and, thirdly, it stands for a highly dynamic phenomenon (Moon, 2006). It is a challenge to define CSR also because it is a ‘cluster concept’ (Matten & Moon, 2008), often used synonymously with other terms such as corporate citizenship, corporate social leadership, corporate social accountability, responsible business, etc., due to the plethora and heterogeneity of actors in the CSR world (Moon, 2006).

The other challenge in coining the term CSR for this research arose from the fact that CSR is technically voluntary (Caroll, 1999), in the sense that it is not legally required, and companies are thus free to interpret its purpose and the extent to which they include the concept in their business practices (Matten & Moon, 2008). So then how best can one define the concept in environments where CSR is being institutionalised/mandated (in this case the mandating of CSR spending and reporting in India)? There is a heavy bias of literature on CSR in developed economies, which may reflect the West-centric origins, philosophies and agenda setting of CSR (Chapple and Moon, 2005; Kemp, 2001) and terming CSR as a voluntary initiative.



These definitions were limited in understanding CSR in institutionalised contexts, a feature that is fast developing in the emerging economies and developing countries<sup>4</sup>.

The definition that comes closest to defining CSR in the context of this study is: “*CSR is the commitment of a business to contribute to sustainable development working with employees, their families, the local community and society at large to improve their quality of life*” (WBCSD, 1998). The reason for choosing this definition for this study was due to one of the key word – ‘commitment’. Other definitions often point to moral obligation of an organisation to meet some needs of non-shareholding stakeholders. In an institutionalised CSR environment, that this study focuses on one needs to look beyond definitions of CSR from the voluntary and moral obligation perspective and bring in the element of CSR as ‘commitment’ for a more robust understanding and discussion. The aspect of the mandatory nature of CSR and that this thesis aligns to develop from a rather broad definition of CSR put forward by McWilliams & Siegel (2001) as “*actions that appear to further some social good beyond the interests of the firms, and that which is required by law*”. With the shift from philanthropy and charity to an institutionalised CSR environment in the Indian context, CSR can be defined in terms of ‘required by law’ and ‘commitment’.

CSR reporting for this thesis can be best defined as, “*an important communication tool or channel, which can ensure greater corporate transparency and enable a better engagement with multiple stakeholder*” (Golob and Bartlett, 2007). CSR reporting has become a very crucial communication tool for the petrol and gas companies in India especially since the launch of the Company’s Act of 2013, calling for transparent reporting. This thesis aligns with the definition of Golob and Bartlett (2007) in examining CSR reporting as an important communication tool and it also helps the thesis to understand whether mandatory CSR reporting actually ensures greater transparency and enables a better engagement with multiple stakeholders in the Indian context.

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<sup>4</sup> For example, Zambia’s Citizen Economic Empowerment (CEE), India’s Companies Act of 2013, South Africa and China’s mandatory reporting obligations, etc

### **1.3 Aims and contributions of the thesis**

This section discusses three main contributions of this thesis that reside around theory, methods and practice.

#### **1.3.1 Theoretical contributions**

The existing literature on CSR tends to take—at least implicitly—permeated with a normative or prescriptive stance on CSR reporting; this takes the form either of optimism about how the reporting and communication of CSR can be used to likely foster legitimacy and reputation (e.g. Sen, Bhattacharya & Korschun, 2006; Ferrell, Gonzalez-Padron, Hult & Maignan, 2010) or of a sceptical stance that labels the concept as ‘window dressing’ (Banerjee, 2008). In all this, the prospective, anticipatory, and formative role played by CSR reporting has tended to remain implicit and undertheorised.

Dealing first with the theoretical contribution in addressing the overarching research questions presented in section 1.4 this thesis aims addressing a significant research gap that resides around the process of institutionalisation of CSR for the sake of gaining legitimacy in extant CSR and management scholarship. The usage of rhetoric to combat institutional pressures for gaining legitimacy is a novel way of looking at why, what and how companies report their CSR to external stakeholders. The following paragraphs explains the gaps in literature where the thesis aims to make a contribution:

i) Bridging institutional theory, rhetoric and legitimacy in a novel way to examine CSR reporting in developing countries: One of the gaps identified in the literature was that although previous studies have linked rhetoric and legitimacy, they have largely failed to connect the aspect of institutional pressures with rhetoric and legitimacy in CSR reporting and communication (see Ihlen, 2011); that in itself, is an important element of rhetorical analysis that leads to the understanding of the role played by institutional pressures in CSR reporting. This is one of the core contribution areas of this thesis, especially extending these theoretical lenses to examine the CSR reporting of a developing country namely India. In the following paragraphs I explain how I have tried connecting these dots by presenting a model of examining CSR reporting from

the lens of institutional pressures, rhetoric and legitimacy and how the lens helps this research.

From the perspective of organisational behaviour and communication, the institutional lens provides many insights and possibilities to expand our understanding of organizationally situated communicated behaviours (Lammers & Barbour, 2006). Institutional theory is the backbone of this research as it provides a theoretical lens through which we can identify and examine the influences that promote the survival and legitimacy of organisational practices. The mandated institutional environment pushing companies for CSR reporting in the context of this thesis was guided by the theoretical perspective that suggests that organisations and their CSR activities are shaped by their institutional contexts (Green et al., 2008), which consist of those socially constructed norms, myths, or rationales that guide organisational behaviours and actions (Meyer & Rowan, 1977). Therefore the very assumption for this study was that companies respond to not only to competitive forces but also to institutional rationales to survive (Meyer & Rowan, 1991).

Analysing CSR reporting from the theoretical angle of rhetoric helped this thesis to comprehend that rhetoric used in a company's CSR report is a relevant place to determine the ethical attitudes behind its CSR (Ditlev-Simonsen & Wenstop, 2011). Rhetoric is treated as a means of persuasion and influence (Lawrence & Suddaby, 2006) with a focus on styles of argumentation. Using data from interview transcripts and documents such as CSR annual reports (Hartelius & Browning, 2008), researchers have focussed largely on "uncovering the intentions of institutional entrepreneurs, who use language to shape institutions" (DiMaggio 1988; Green et al., 2008; Suddaby & Greenwood, 2005).

Applying the three rhetorical devices used in the literature—logos, ethos and pathos—the research links rhetoric to institutional pressure and legitimacy in a novel way, which is an original contribution towards examining CSR reporting in the developing countries. In examining company's CSR rhetoric, the study analyses the significance of rhetorical theory—highlighted by the concepts of rhetorical situation and ethos, pathos, and logos—to analyse precisely how companies attempt to enhance their credibility when they report about their CSR. As, through rhetoric, actors shape

the legitimacy of practices by making persuasive arguments that justify and rationalise them (Green, 2004; Green, Li & Nohria, 2009; Suddaby & Greenwood, 2005), the concept was apt to develop an understanding about how and why companies in the petroleum and gas industry report about their CSR.

How are ethical statements and commitments reflected in the CSR reports published by companies? And how do they address these matters when confronted with inconsistent demands from various stakeholders? These were few questions not addressed in the literature and at an initial stage these guided me towards rhetoric. Rhetoric is a useful starting point to chart the terrain of 'textual and talks' CSR strategies and can aid in developing an understanding as to how and why organisations communicate about CSR (Ihlen, 2011).

Companies presumptively apply rhetoric in their CSR reports to achieve certain communication goals, such as enhancing legitimacy (Green, 2004; Green, Li & Nohria, 2009; Suddaby & Greenwood, 2005). This concept has not yet been captured in research in the Indian context; especially examining do companies actually report to enhance their legitimacy? And /in a mandated environment what is the role of legitimacy? The focus on intent of individual rhetors has reduced the interpretive potential of rhetoric in neo-institutional research, as it leaves unexamined the external dimensions of the environment that have been shown to constitute organisational and institutional realities (Bormann, 1972; Brummett, 1976, 1991). Examining the external environment through a rhetorical analysis for legitimacy sake in the case of CSR reporting in the Indian context is a novel way of putting the three theoretical lenses together.

ii) Talk and Text: Another contribution of this thesis is towards the CSR communication research that discusses aspects of 'talk (speak) and/vs. action oriented CSR communication' (Christensen, Morsing & Thyssen, 2013). The element of text (added by the author) along with talk is central to my argument. CSR reporting in the form of talk and text provides companies an opportunity to articulate their vision, policies and goals and a chance to advertise their social responsible behaviour. This can have a potential to stimulate positive social change, inspite of the fact that talk and text might not be fully reflected in the organisational practices (Christensen,

Morsing & Thyssen, 2013). Calls to examine the role played by talk in shaping the nature and meaning of CSR and how these, in turn, shape such communication have been recently made by Crane, Morsing & Schoeneborn (2016). The approach to CSR reporting through talk draws on many concepts (e.g., narratives, discourse, sense-making, rhetoric, etc.), with rhetorical analysis showing a promising way to analyse company's CSR reports in order to examine the talk perspective of CSR reporting and communications.

Majority of the research applies the element of talk (spoken words; words that companies use in reports and talk about them in interviews/media/websites etc.). Talk has been referred to both spoken and written annual/CSR reports in research papers. However, during the fieldtrip the author observed that spoken and written language might not always be the same. Considering the nature of language and its relationship to reality (Barinaga, 2009), words should be differentiated in forms of talk (speak/verbal) and text (write/written and documented material). Therefore the thesis has distinguished between the written reports, calling it the text (in other words the textual language of the CSR reports) and the verbal responses as talk (spoken language of the CSR reports). This was done, when it was observed that what the companies were reporting in the form of text in their CSR reports were not what they were actually communicating to the author during the interviews. For example the company Reliance petrol and gas explicitly mentioned in their 2014 -2015 annual CSR report, the expenditure of a considerable high amount of CSR budget (760 crores INR) on a healthcare project- the refurbishment of an old family hospital opening up to the poor and needy people who could not afford a quality healthcare service in India, terming it as the highest CSR expenditure in the nation (discussed further in chapter 9). However, during the interviews and triangulation process, it was found out that only 2 levels of the hospital were dedicated to the poor and the rest of the hospital catering to the public (mostly elites considering very high costs of healthcare facilities). Such examples recorded during the interviews indicated that there was misalignment in the textual content of the reporting and the talking content. They were not aligned indicating manipulations through heavy usage of rhetorics in the textual language.

iii) Contribution to the sectoral study of the petrol and gas industry: Another core contribution of this thesis is towards the petrol and gas industry studies in the developing country context. Running parallel to numerous corporate scandals and oil spills; CSR reporting in the Indian petrol and gas industry has been on a steady rise, especially since the mandating of CSR reporting and spending by the Companies Act of 2013. In the survey conducted by KPMG<sup>5</sup> titled ‘India’s CSR reporting survey 2016’<sup>6</sup> that analysed 100 top listed Indian companies, more than 90 companies complied with the Act of 2013; disclosing their vision mission and philosophy guiding their CSR programmes. The survey showed positive results with CSR reporting on a constant rise since 2013 among domestic companies<sup>7</sup>. The petrol and gas companies have been the fore runners in most of the CSR awards for best reporting companies<sup>8</sup> and that generated a lot of interest for this research since they were also engulfed in many media news related to corporate scandals and petrol spills.

CSR reporting has increasingly become a strong communication medium for the petroleum and gas industry to display its responsible behaviour to stakeholders. Due to the nature of its operation, the industry is subject to many sanctions and regulations, and operates under extreme strict guidelines. The institutional environment in which the companies operate creates many challenges in CSR reporting to their stakeholders; thus companies often manipulate or fudge through persuasive language to gain legitimacy. Companies use words and vocabularies very loosely; for example, on websites and CSR annual reports, the language frequently changes from ‘common shared value’ to ‘stakeholder model’ to ‘triple bottom line’ (as observed during the fieldwork). Considering the numerous scandals surrounding these companies, CSR reporting related to environmental awareness and commitment to issues of human rights and stakeholder concerns also seems somewhat discrepant. The nature of the petroleum and gas business and the rhetoric it presents in its CSR reports often represent opposing forces. This thesis documents such observations and

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<sup>5</sup> KPMG.com/in. Accessed on the 5<sup>th</sup> of December 2017.

<sup>6</sup> 2015 report was also referred to for this research

<sup>7</sup> An initial understanding of the overall dynamics of CSR reporting in India was shaped by this report for this thesis

<sup>8</sup> ASSOCHAM, NDTV and FICCI awards

presents discussions related to the CSR reporting challenges faced by the petrol and gas industry in the Indian context.

iv) Contributing to the macro organisational behaviour research: While CSR reports have become an important mechanism for organisations to demonstrate their ‘social behaviour’, the challenges with CSR reporting, as previously highlighted, lie in the fact that CSR is essentially a socially constructed concept, whereby expectations may come from disparate audiences with divergent expectations (Christensen & Cheney, 2011; Christensen, Morsing & Thyssen, 2013; Grant & Nyberg, 2011). In this sense, CSR reporting research has been criticised for failing to consider the macro-phenomena impacting communication (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006); instead focussing on individuals and interactions, or on the micro-phenomena (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006). Lammers (2006) pointed out that, from a CSR communication perspective, it can be suggested that limited attention has been given to, “why organisations need to indicate their responsiveness and why companies communicate about certain activities in their CSR reports” (Lammers, 2006)

To examine the macro understanding of CSR reporting, the lens of institutional theory—particularly focussing on institutional pressures—is applied to this research as discussed in earlier sections. Recent studies have begun to draw on institutional theory as the framework by which to consider the macro-phenomena impacting CSR reporting and its communication (Campbell, 2007; O’Connor & Shumate, 2010; Schultz & Wehmeier, 2010). The debates about what CSR is and to whom organisations need to be responsive have implications for the topics they address within their CSR reports. This thesis aligns with this set of research and extends it to developing countries, since the impacts of the macro environment on CSR reporting has never been examined before in the Indian context.

v) Contributing to developing countries CSR research: An important theoretical contribution of this thesis is towards developing CSR research on developing countries. Analysing CSR reporting in developing countries is critical, not only due to the latter’s rapid socio-economic growth, but also because, in spite of such growth, corporate scandals are on the rise, as discussed earlier. In the wake of the recent

socio-economic developments taking place in developing countries, a discussion of the Indian CSR landscape is very timely. With a population of 1.2 billion and the world's fourth largest economy, India's recent growth and development has been one of its most significant achievements<sup>9</sup>. India is the largest democracy in the world, whilst inequality and poverty is evident in all dimensions and needs to be addressed (in 2011, India's average annual per capita income was US\$1,410, placing it among the poorest of the world's middle-income countries<sup>10</sup>). The role-played by large domestic companies in working towards curbing growing poverty and inequality has been substantial in terms of responsible social giving in the last five years. There has been a remarkable growth in CSR spending (please refer to appendix A) corporate codes of conduct, CSR legislation, and social reporting in domestic companies, particularly those in the petroleum and gas industry.

Domestic companies increasingly report and communicate about their CSR spending to external stakeholder; attaching greater importance to their social and environmental impacts; embracing various national CSR initiatives, engaging more with local communities and displaying a 'nationalistic' and 'patriotic' fervour in their CSR activities in India. These facts are yet to be documented in academic literature in management and therefore this thesis contributes to opening up a dialogue about the recent shifts from a 'charitable model' and 'a stakeholder oriented globalised model' to the current 'de-globalised CSR model' that is evident in the Indian CSR landscape. De-globalisation of CSR is observed in the CSR reporting styles (talk and text) where companies increasingly communicate in regional and national language about their involvement in the education of girls (Beti Padao Abhiyan), sanitation programmes ('Swachh Bharat Abhiyan'- Clean India drive) etc. as part of their CSR ventures, and emphasise how their CSR activities are primarily related to national causes and influenced by the Companies Act of 2013. This is a significant shift in the reporting and communication style, since companies earlier (before the launch of the Companies Act of 2013) primarily reported about their alignment to global CSR policies and programmes.

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<sup>9</sup> [www.worldbank.org](http://www.worldbank.org) (accessed on the 5<sup>th</sup> of January, 2014)

<sup>10</sup> [www.worldbank.org](http://www.worldbank.org) (accessed on the 5<sup>th</sup> of January, 2014)



Whilst majority of the studies on developing countries focuses on the following three aspects a) how CSR draws strongly on indigenous cultural traditions of philanthropy, business ethics, and community embeddedness b) the socio economic environments found in developing countries in which companies operate that shape their CSR (Amaeshi et al, 2006), which tends to be less formalised or institutionalised compared to the CSR benchmarks commonly used in developed countries—e.g., CSR codes, standards, management systems, and reports (Visser et al., 2007) c) the distinctive CSR features or peculiarities found in the developing world (Jamali, 2006) as developing countries do not share the same cultural and social values, norms, and priorities that underpin CSR in western nations (Blowfield & Frynas, 2005; Jamali & Mirshak, 2007), however, majority of the studies are out-dated and does not discuss the aforesaid recent changes that have occurred in the mandatory CSR landscape. The studies are limited in the understanding of the mandatory role played by CSR in reporting and communication by companies. Visser's (2007) research for example, is limited in comprehending current CSR environment in developing countries, with arguments framed around how western countries are geared up for more CSR than Indian companies. This no more stands true, since Indian domestic companies are much involved in CSR activities today and are defining the CSR landscape in a more nationalistic and patriotic fervor.

### **1.3.2 Methodological contributions**

Aside from the theoretical contribution of this study, the methodological contribution relates to the original way in which a case study analysis is applied to CSR reporting that are conceptualised as enabling the researcher to deal with the subtleties and intricacies of a complex social situation (Martyn & Denscombe 2010). The utilization of CSR annual reports (including press releases, reports and websites) are well established in the CSR research (for e.g. Livesey, 2002; Campbell, 2000; Castelló & Lozano, 2011); the combination of rhetorical analysis in case study to investigate CSR reporting is somewhat more novel in the developing countries context.

Furthermore, the ways in which the CSR reports of companies are distilled down into CSR dialogues through thematic analysis (Spiggle, 1994) presents a way in which large data can be qualitatively interpreted. Whilst reflexivity around this contribution is discussed in Chapter 6, the thesis contends that deep and rich insights can be

provided through such an approach. This might help frame discussions/debates around how qualitative case research study applying rhetorical analysis can be undertaken further in CSR reporting and management studies broadly.

The thesis ambitiously introduces the concept of justification strategies that is very important for an in-depth understanding of ‘why’ and ‘how’ companies report. In doing so, the thesis aligns itself to Ihlen’s (2010) five rhetorical strategies, in which the author analyses ‘what companies say’ while examining the CSR reports of world’s largest 20 companies and identified five rhetorical strategies: a) we improve the world b) we clean up in our own house c) others like us d) we are part of society e) we like you. The model is interesting but limited in its approach. It does not provide answers to why companies say what they say. Therefore, I have tried building on the justification strategies/ethical commitments entailed by what companies say in this thesis. Appendix G, H, J presents the justifications that companies provide for what they say in their CSR reports. This provides a more holistic approach to apply the institutional elements in understanding the question of why, what and how they are saying is best discussed from the lens of rhetoric.

### **1.3.3 Practical proposed contributions**

The final contributions relate to the practical proposed contribution of this thesis, which is to provide insights for both policy makers and practitioner audiences through advocating that organisations need to understand and address the complexities associated with CSR reporting. Company’s CSR reporting are often scrutinized by the media, regulators, and various other stakeholders as the findings of this study shows; thus managers should understand the crucial role played by talk and text in CSR reporting in seeking legitimacy for the company. The model of this study can provide a base for practitioners to understand the role played by talk and text and how it can be used to rationalise and justify their CSR. The crucial role played by talk and text in CSR reporting documented in this research also points to the challenges of how companies use talk and text very loosely, not being adequately researched or, at times, not being very apt to explain the company’s CSR activities (discussed in chapters 8 and 9).

Such findings indicate that CSR reporting ‘poses a communicative challenge’ (Basu and Palazzo, 2008; Vaara and Tienari, 2008) and therefore companies should work towards increasing effectiveness in reporting and effectiveness in communication which is key for clarity of messages and open communication proposed as a practical solution (Dawson, 2004), for effective institutional responses. Companies should increasingly involve stakeholders in the reporting process, which will help them communicate better (Morsing & Schultz, 2006) in order to stimulate positive changes (Christensen, et al., 2013).

Having discussed the main contributions (theoretical, methodological and practical) of this thesis, I now move on to discussing the research questions and research objectives in the next section (section 1.4).

#### **1.4 The research questions and research objectives**

The primary research objective of this thesis is to examine the role played by institutional pressures on CSR reporting for gaining legitimacy. In order to achieve the research objective, this study addresses the primary research question (RQ), followed by the three research sub-questions (RQ1, RQ2 and RQ3)<sup>11</sup>. The following diagram depicts the main research question and the sub-questions, and explains how at the theoretical level, the three concepts of institutional pressures, rhetoric, and legitimacy is applied to this thesis.

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<sup>11</sup> Henceforth, the research questions will be referred to as RQ, RQ1, RQ2 and RQ3

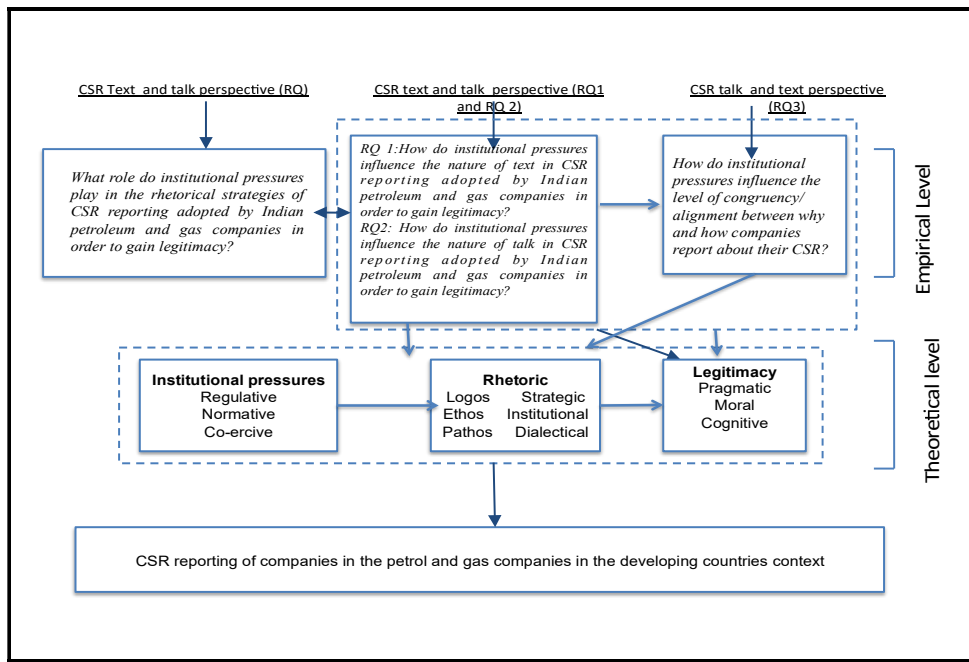


Figure 1 - The research questions and methods

The primary research question of this thesis is:

***RQ What role do institutional pressures play in the rhetorical strategies of CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy?***

The primary research question is then broken down into more specific ones as follows:

***RQ1. How do institutional pressures influence the nature of text in CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy?***

In other words, what and why do companies report about their CSR? This question is answered by means of descriptive data obtained through content analysis of the CSR and various other annual reports of sample companies of this study. In order to understand the role played by the institutional environment and how it relates to CSR reporting, this question applies institutional theory, with particular emphasis on the notion of how legitimacy is achieved by responding to the three institutional pressures

-regulatory, normative and cultural-cognitive.

***RQ2. How do institutional pressures influence the nature of talk in CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy?***

This question further examines how institutional pressures and CSR reporting can be explained in theoretical terms. This question, which is an extension of RQ1, goes a step further in understanding not only **what** and **why** companies report about their CSR to their stakeholders, but also **how** companies do so. Drawing upon rhetoric and upon the application of the three rhetorical devices used in the literature—logos, ethos, and pathos—this question links rhetoric to institutional pressures and legitimacy.

***RQ3. How do institutional pressures influence the level of congruency/alignment between why and how companies report about their CSR?***

This question examines if any gaps/misalignment exist between, **what** and **why** companies report (RQ1) and, **how** companies report (RQ2). The examination provides evidences of situations where reporting is not completely reflected in companies CSR practices, leading to manipulations and falsifying of intentions. This drives the discussions about the ‘ceremonial nature of CSR reporting’ with heavy ‘aspirational talks’, indicating the substantial use of rhetoric for gaining legitimacy.

### **1.5 Methods**

The context of this research was set by selecting companies in the petrol and gas industry from the listed companies in the Bombay Stock Exchange (BSE) 100, which is the index of the 100 most valuable companies in India by market capitalization, trading in India. India is part of the BRICS group and while other countries from the group (in particular Brazil and South Africa) enacted CSR reporting/legislation/regulation; the latter are till today applied on an apply-or-explain basis (Visser, 2014), i.e companies can opt out of reporting if they convince the regulators. India is an interesting case here due to the mandating reporting part that the Companies Act of 2013 enforces. A google search (BSE, India Bulls, Ministry of economic affairs, FICCI, ASSOCHAM) showed that only 10 domestic companies in

the petrol and gas sector were following the, mandatory CSR activities and reporting. On approaching all of them, for this study, complete and good access<sup>12</sup> was granted from only four companies that led to the selection process of choosing two private sector companies (Essar Oil and Gas & Reliance Oil and Gas) and two public sector companies (the Oil and Natural Gas Corporation (ONGC) and Indian Oil Limited (IOL)) as the research sample.

Large domestic companies were of particular interest since their CSR reporting has been increasingly institutionalised in recent years. My initial online research indicated that the domestic companies were expected to regularly communicate with their stakeholders by publishing CSR reports or related information on their CSR strategies /CSR policies. Such information has become increasingly sophisticated and complex. CSR practices of the companies in this sector has increasingly become strategy oriented and, to a greater extent, have been integrated in the companies' core business activities. Such points made these companies an interesting proposition for this research.

In order to address the research questions, first the relevant literature was reviewed to achieve awareness of the extant body of knowledge and to seek to identify the gaps where contributions could be made. Corporate websites and annual reports were studied following the approach developed by Maignan and Ralston (2002). The reports used for this study were limited to non-financial aspects, and sustainability and environmental aspects. While they need to be examined with some degree of caution, they are still among the best and most reliable sources of information about companies CSR activities (Chappel and Moon, 2005).

Since the reports were limited in relation to gaining an understanding of how the companies were reporting, individual interviews with companies were conducted. For triangulation purposes, the information provided on the companies' websites, annual published reports and interviews were crosschecked with the information provided during interviews from the think tanks, academia, business associations, and the

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<sup>12</sup> Since this is a case study, it was an important factor which company was allowing a good access to its resources and availability employees for interviews keeping the timeline of the research in mind; two very crucial factors for selecting the companies.

government. It was also crosschecked with various media reports that have been explained in chapter 5.

Adopting a qualitative methodology (Marshall & Rossman, 2006) and using a multiple case study embedded design (Yin, 2009), primary data was collected through in-depth semi structured interviews (40 respondents in total). The data analysis was based on 34 in-depth face-to-face interviews with company employees with knowledge of CSR, two Government officials from the Ministry of Corporate Affairs and the IICA (the Indian Institute of Corporate Affairs) who were directly involved in CSR and CSR regulations, two NGO members working in the area of CSR who had knowledge of the CSR of petrol and gas sector, and two academics and think tank members researching on the same topic.

As discussed in the previous paragraph, to facilitate data triangulation and in addition to the semi-structured interviews, supplementary data were also collected in the form of documents and informal conversations. I was constantly going back and forth to match the secondary data with the primary data collected through interviews. The data was manually analysed using Braun & Clarke's (2006) step-by-step recipe for thematic analysis, and inferences were drawn. A theoretical framework composed using constructs of institutional theory, legitimacy and rhetoric acted as the skeletal framework (Laughlin, 1995) guiding the research process. A qualitative content analysis was performed on companies' CSR reports. As no overruling theory would be guiding it, this analysis was conducted using the inductive method. Thematic categories and quotes were derived carefully as the analysis progressed.

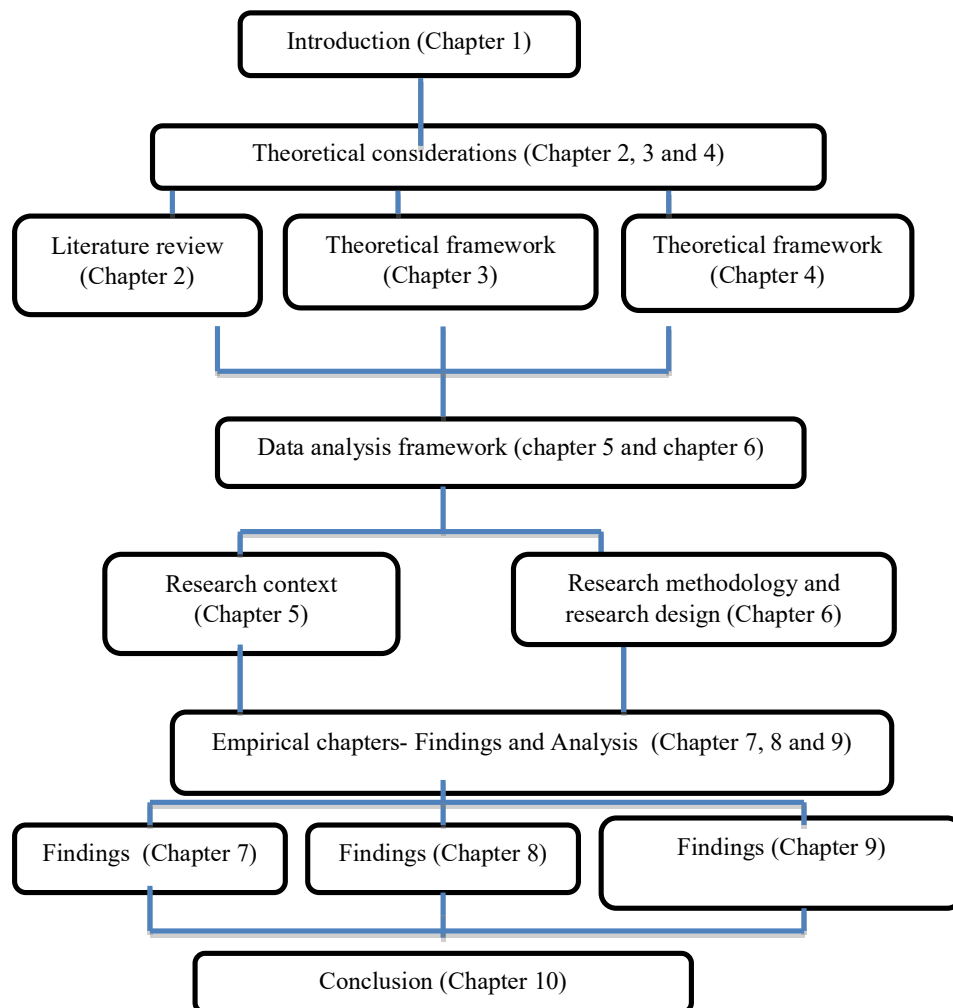
RQ1 was analysed through descriptive data and content analysis of the CSR reports of companies. In order to understand the institutional environment aspects and how it related to CSR reporting, institutional theory was applied; particularly, institutional pressures (regulatory, normative, and cultural-cognitive) that further relate to the notion of how legitimacy is achieved by abiding to them. For the second research sub-question (RQ2), rhetoric and the three rhetorical devices used in the literature—logos, ethos, and pathos—were applied. This sub-question links rhetoric to institutional pressures and legitimacy and is an extension of RQ1; going a step further to understand not only **what** and **why** companies are reporting about their CSR to their

stakeholders but also applying a broader understanding of **how** companies communicate about their CSR reporting to their stakeholders.

Having discussed the various elements of this thesis, I now turn to a brief summary of the contents of each chapter that is provided in the next section.

### 1.6 Structure of the thesis

The overall structure of the thesis is depicted below in figure 2. The thesis has been organised into ten chapters. Following this introductory chapter (Chapter 1) the discussion of the remainder of the thesis proceeds as follows:



**Figure 2 - Thesis structure**



**Chapter two** presents a review of the relevant literature on CSR, CSR reporting and CSR communication which is discussed in order to understand what is already known about the research area in general and about the research issues in particular; the concepts and theories that have been previously employed and discussed; and the aspects that are still open to be studied. The research gaps are presented followed by a discussion on how this research attempts to close them.

**Chapter three** presents the theoretical framework of the thesis and provides the theoretical understanding for RQ1 and RQ3. It examines the literature on institutional theory and its relationship with legitimacy, which is presented and critiqued in relation to the context of CSR, CSR reporting and CSR communication. The chapter concludes with a discussion of how the constructs of institutional theory and legitimacy, can be bridged together to form a robust theoretical framework that can provide a platform to understand the macro-processes associated with such interactions.

**Chapter four** provides the theoretical understanding for RQ2 and RQ3 by examining the literature on rhetoric and a discussion about how institutional pressures shape rhetoric for the aim of gaining legitimacy.

**Chapter five** introduces the research /empirical context. It offers a discussion on the reasons behind the selection of the industry /sector— the Indian petroleum and gas industry—that of the four companies and of other sample characteristics. It also gives an overview of the context of the emerging importance of CSR in the selected industry/ sector.

**Chapter six** presents the overall research process of the study. In the first half of the chapter, the four components of a research design—research paradigm, research purpose(s), research strategy of inquiry, and research methods or techniques—are discussed in general. The second half of the chapter offers a detailed discussion on how and through which techniques the necessary data were gathered and analysed. The chapter then concludes with a discussion on how ethically the research was executed and the ethical dilemmas that were encountered throughout the course of the research process.

**Chapter seven** presents the findings related to the first research sub-question- RQ1. This chapter reveals the descriptive data analysis pertaining to the companies' CSR and annual reports and further examines the institutional pressures underpinning the activities presented in them. The framework of institutional theory and legitimacy discussed in chapter three provides a theoretical lens to analyse the CSR reports of companies in this chapter. At the outset, a thorough study of the companies' CSR reports helped identify the various institutional pressures to which they were subjected (in the form of guidelines, policies, regulations, acts, and legislation). In most cases, the companies had explicitly mentioned regulatory legislation in their reports. The reports also referenced normative pressures in the form of industry and professional guidelines published by various business associations, which indicated that CSR activities were influenced by normative pressures. Mimetic pressures were indicated through media reports and business association publications. The regulatory elements were the most important dynamics and it was evident that the launch of the new Companies Act of 2013, which mandates the CSR spending of large companies, had an effective role to play.

**Chapter eight** presents the findings to the second research sub-question, RQ2. How do institutional pressures influence the nature of talk in CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy? The findings of the previous chapter were further developed and analysed in this chapter by discussing the excerpts from the face to face interviews conducted with company representatives and with other external stakeholders (for e.g. NGOs, government officials, business associations, academics and think tanks); to understand how companies reported about their CSR and the strategies companies applied in reporting. The question of **what** companies reported about their CSR and **why**, which was discussed in the previous chapter by analysing the companies' CSR reports, is further investigated in this chapter by exploring how companies report about their CSR. The literature of rhetoric as discussed in chapter four is applied here to examine and compare the text and talk perspective more clearly. The rhetorical strategies of companies' CSR reporting are discussed by linking institutional pressures, legitimacy, and rhetoric.

**Chapter nine** consolidates the findings of chapters seven and eight and presents a discussion about the potential challenges/problems in CSR reporting. The final question- RQ3 is analysed in this chapter. The empirical findings of the previous chapters (chapter seven and eight) reveal that the institutional environment in which companies are embedded is composed of institutional pressures that are interconnected, competing, ambiguous, and practically impossible to delineate, which may be the reason why the CSR reporting of these companies are manipulatively and ceremonially enacted, thereby indicating a misalignment between the talk and text of CSR reporting. Empirically, it was revealed that while the actual act of reporting about a CSR activity may entail one type of institutional legitimacy, the way in which the activity is then reported about might imply a different type of legitimacy. The results indicated that logos may be used in relation to regulatory pressures and that, while the actual act of reporting about activities emerging from these pressures suggested pragmatic legitimacy, the language used in relation to them suggested cognitive, pragmatic, and moral legitimacy. The normative pressures saw a greater use of logos and ethos and that, while the actual act of reporting about the activities emerging from normative pressures suggested pragmatic legitimacy, the language used in relation to them suggested cognitive, moral, and pragmatic legitimacy. The findings also highlighted that, in relation to cultural-cognitive pressures, logos, ethos, and pathos may also be used and that, while the actual act of reporting about activities stemming from these pressures suggested pragmatic and cognitive legitimacy, the language used in relation to them suggested moral and cognitive legitimacy.

**Chapter ten** concludes the thesis by bringing together the findings noted in the earlier chapters and argues that a) CSR reporting has been enacted ‘ceremoniously’ in the Indian petroleum and gas industry as a response to perceived pressures and expectations. The arguments are based on the findings that reveal gaps in the talk and text context thus indicating ‘aspirational’ talks (Christensen & Cheney, 2011) rather than action oriented reporting, leading to a situation of ceremonial myth. In other words, companies applied rhetoric in CSR reporting in order to convince stakeholders of their adherence to institutional pressures by discussing how their CSR activities were targeted towards solving India’s social problems. However, a closer look indicates hollowness in CSR, suggesting that the CSR reporting style is more of just talk and text and hardly action oriented. b) The chapter highlights de-globalised CSR

reporting features as indicated through language: heavy usage of local dialects and national language in CSR reporting and a display of nationalistic and patriotic fervour, with domestic CSR regulatory policies being given more importance than global CSR reporting guidelines undermines the globalised aspects of CSR to a more de-globalised country specific and issue based CSR reporting. The chapter concludes by discussing the practical and theoretical implications of this research, the limitations and future opportunities for further development of this study.

### **1.7 Chapter summary and conclusion**

This chapter has presented a brief overview of the thesis, highlighting the background to this study and justifications for conducting this research, along with the research questions, methods and the key concepts. It has also presented a brief overview of the rest of the chapters that follow after this chapter. The next chapter presents a review of the relevant literature on CSR and CSR reporting.

## Chapter Two: Literature Review

*Starting from society: CSR as 'social construction'*

### 2.0 Chapter overview

The key purpose of this chapter is two fold a) first to present the view that CSR reporting is an important tool of CSR communication, therefore the literature review and theoretical framework chapters (chapter two, three and four) are woven keeping in mind that CSR reporting needs to be discussed under the umbrella of CSR communication and b) secondly to present the view that the concept of CSR is 'socially constructed' (Gond & Matten, 2007). In building upon development of the field of CSR, this chapter platforms upon the idea that CSR is a 'social construction' (Gond & Matten, 2007) forged between organisations and stakeholders. In building an ontological position of constructionism (Berger & Luckman, 1966), this chapter critically examines the managerialist and functionalist assumptions that have dominated CSR research and discusses how the socially constructed view helps this thesis to examine the institutionalisation of CSR. The thesis aims to contribute in this sense to the limited management literature on CSR due to the narrow understanding of CSR as a social phenomenon and therefore aims to develop areas neglected in the past.

The chapter begins by discussing the development of the field of CSR in section 2.1 and thereafter discusses the ontological view that CSR is a social construction in section 2.2. The chapter then articulates the heterogeneous nature of the concept of CSR while discussing the literature in section 2.3. This section also presents the gaps in literature drawing attention to the lack of CSR reporting literature in developing countries context especially India. Thereafter, section 2.4 presents the reasons for choosing institutional theory as the primary theoretical lens for this research. Finally the chapter concludes with a summary in section 2.5.

### 2.1 CSR

The first official recording of the term CSR is commonly attributed to Howard Bowen, who, in 1953, defined it as "*the obligations of businessmen to make decisions*

*in line with the objectives and values of society*” (Bowen, 1953, p: 6). The term has been developed and used in various ways since it had been first coined. In the 1960s and 1970s CSR was interpreted mostly as, businesses meeting its societal obligations through philanthropic activities, rather than through changes to operational practices (Frederick, 2006). From the business centric literature of CSR, the term is mostly used as a source for profits and competitive advantage (Donaldson & Preston, 1995), and the integration of CSR into corporate strategy as a means for enhancing corporate image and competitiveness (McWilliams et al., 2006; Porter & Kramer, 2006).

The term over the years has become a lingua franca of business and business politics, however there is no dominant paradigm of CSR, no commonly agreed upon or universally accepted definitions (Crane et al., 2008) and measurement scale of the concept of CSR. For example, CSR is often referred to as a ‘cluster concept’ (Matten & Moon, 2008), often used synonymously with other terms such as ‘corporate citizenship’, ‘corporate social leadership’, ‘corporate social accountability’, ‘responsible business’, etc. This is due to the plethora and heterogeneity of actors in the CSR world that has led to a lack of clarity about what CSR actually means (Moon, 2006). In this sense, defining the term ‘CSR’ is a big challenge since: firstly, the concept of CSR is essentially contested, complex and has open rules of application; secondly, it is an umbrella term for business society relations; and, thirdly, it stands for a highly dynamic phenomenon (Moon, 2006).

Existing studies that seek to explain why companies engage in CSR tend to be based on three broad, but not mutually exclusive, motives (Aguilera et al., 2007; Bansal & Roth, 2000). Firstly, the economic perspective argues that CSR is driven by instrumental motives and that companies engage in CSR in an attempt to obtain financial benefits or to enhance their competitiveness (Husted & Salazar, 2006; McWilliams et al., 2006; Tang et al., 2012). Secondly, the relational or institutional perspective argues that CSR is driven by external demands. Companies respond to stakeholder expectations (Mitchell et al., 1997) and engage in activities that are considered socially acceptable and legitimate (Campbell, 2007). Researchers here follow the trends that take place at field level, such as increasing standardisation of CSR (Haack et al., 2012). Socio economic effects are discussed here (Matten &

Moon, 2008; Schneider et al., 2016) often. Finally, the ethical perspective argues that CSR can be explained by moral considerations (Donaldson & Dunfee, 1994).

CSR is technically voluntary (Carroll, 1999), in the sense that it is not legally required, and companies are thus free to interpret its purpose and the extent to which they include it in their business practices (Matten & Moon, 2008). Whilst many argue that the definition of CSR should also include economic and legal expectations (Carroll, 1979, 1991; Carroll & Shabana, 2010) since a company must meet its responsibilities in the economic sphere—i.e., those it has towards its shareholders, employees, and customers and in the legal sphere, a company is required to conduct its business within the framework of the law and is furthermore expected to behave ethically and engage in discretionary and philanthropic activities (Carroll 1991); some scholars have maintained that CSR goes beyond compliance with the law (McWilliams et al., 2006).

This confusion around the meaning and definition of CSR is “*an essentially contested concept, open to multiple conflicting interpretations and worldviews*” (Banerjee, 2008). With respect to these difficulties and to the different conceptualisation available (Aguinis & Glavas, 2012), I adopt a rather broad definition of CSR as “*actions that appear to further some social good beyond the interests of the firms, and that which is required by law*”, (McWilliams & Siegel 2001). This definition of CSR is helpful to understand the research since it discusses the institutionalisation of CSR, and therefore this thesis aligns with definitions that points towards CSR being best defined in terms of ‘required by law’; discussions steering away from CSR as a voluntary and moral obligation perspective to CSR as ‘commitment’ and ‘mandatory’. The mandatory nature of CSR spending that this thesis discusses, is aligned to the literature that discusses how companies are driven by stakeholder expectations (Mitchell et al., 1997) and engages in activities that are considered socially acceptable and legitimate (Campbell, 2007).

### 2.1.1. Growth of CSR theories:

CSR literature has grown by leaps and bounds since the time in which ideas of corporations acting socially responsibly were viewed as ‘silly’ by many<sup>13</sup> (Campbell, 2007) to a taken-for-granted concept within western society (Bondy, Moon & Matten, 2012). There is some agreement on the potential positive impact (Branco & Rodrigues, 2006) of CSR. It has come a long way since 1970, when Milton Friedman published his article ‘The social responsibility of business is to increase its profits’, in which he argued, “*The only social responsibility of business was to increase its profits and nothing else*” (Friedman, 1970). In this traditional form of stakeholder theory, the shareholders and the consumers were the main actors and the manager’s responsibility was limited to behaving in the interest of shareholders; social problems being the main concern of the state rather than of company managers (Friedman, 1970).

Friedman (1970) argued that, “*a company was the creation of its owners—who brought together various factors of production and hired both blue and white-collar workers on a contractual basis—and that the manager, irrespective of his skills, was only an agent of the owner and any action managers may undertake to donate money to causes, rather than to enhance shareholder returns, was a travesty of the trust that the owners placed in their agents*”. This is better known as agency theory (Jenson & Meckling, 1976) and the concept of managerialism portrayed by the theory faced much criticism. Friedman (1970) would not have anticipated today’s exceptional rise of CSR and of its theories that emphasise the importance of stakeholders and social responsibility. Of course, his argument, that was predicted on the theory of the company, was dominant during his times but was challenged by many, giving rise to a burgeoning CSR literature.

A decade later, Freeman (1984) powerfully argued that “*managers are not mere agents of owners and modern companies are answerable not only to their*

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<sup>13</sup> In his paper, Campbell (2007) stated how whole fields of economic inquiry, such as the study of economic regulations and transaction cost analysis, are based on the assumption that, if the *raison d’être* of corporations is to maximize profit and shareholder value as best as they can, then it stands to reason that corporations will do whatever it takes to achieve this goal; perhaps even acting in socially irresponsible ways if they believe that they can get away with it.



*shareholders but also to their consumers, society, and other stakeholders*<sup>14</sup>, since the right to form a corporation is not a natural right of individual in a free society but a privilege granted by it to reap the benefits of organizing human collectives for productive efficiency” (Freeman, 1984:46). Freeman’s book Strategic Management: a stakeholders approach is considered to be a core development in stakeholder’s theory literature and emerged as the dominant theoretical response to the economists’ challenge to the companies’ role of wealth creating agents or social institutions (Margolis & Walsh, 2003). Stakeholder’s theory<sup>15</sup> provided a framework to examine how companies relate to “any group or individual who can affect or is affected by the achievement of the organisation’s objective” (Freeman, 1984:46). The theory took into account any expectations that any modern society had of business (Hunt, 1991), which included the idea that workers are more than mere replaceable mechanical ‘factors of production’ but are responsible for contributions that materially affect the capacity of an organisation to perform and to obtain results (Drucker, 1996).

Many other theories were developed thereafter to comprehend issues of CSR around similar time as stakeholder’s theory. The **stewardship theory** (Donaldson & Davis, 1991), for example, was developed from the perspective that managers have the moral imperative to do the right thing without regard to how any decision affects company’s performance. **Resource dependence** theorists focussed on the organisational necessity of adapting to environmental uncertainty, coping with the interdependencies between issues and actively managing resource flows (Oliver, 1991). Resource dependency theory assumed that organisations exercise some degree of influence over the resource environment or that they exchange partners with the aim of achieving stability (Oliver, 1991).

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<sup>14</sup> Crane & Matten (2007) noted that the use of the term stakeholder in business and trade was first noted in the 1960s, and defined the stakeholder of a corporation as “an individual or a group that is either harmed by or benefits from the corporation; or whose rights can either be violated or have to be respected by the corporation”

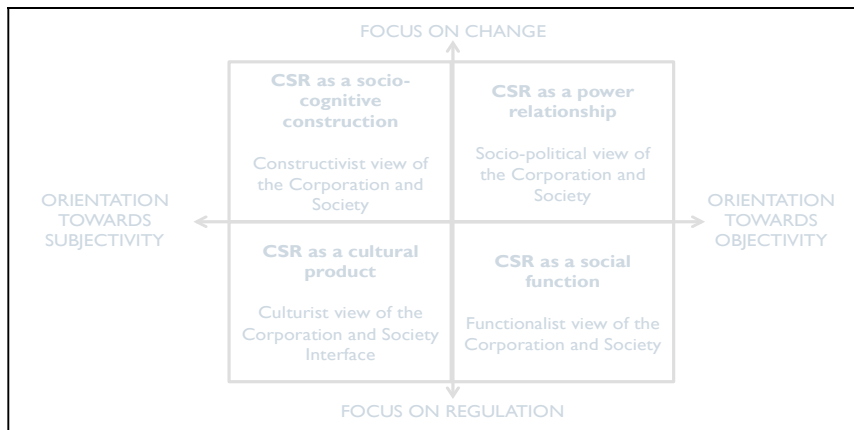
<sup>15</sup> Most stakeholder literature focuses on four issues to describe who the stakeholders are and what a corporation is. Firstly, the theory states that companies consist of a variety of different constituencies—such as customers, suppliers, employees, shareholders, and even society at large—the various needs of which have to be balanced; secondly, the theory claims that stakeholders have legitimate interests over corporate activities; thirdly, the theory advocates those structures, attitudes, and practices that constitute stakeholder management; finally, the theory discovers the relationship between the achievement of numerous corporate performance goals, such as profitability and growth, and stakeholder management (Donaldson & Preston, 1995).

The above theories have been applied frequently in CSR research primarily to understand the extent that it defines in-appropriate and appropriate company behaviours in relation to their stakeholders. These theories are robust in their approach but not well suited to this research. For example, stakeholders theory suffers from limitations such as its neglect for the question of how stakeholders are impinged upon the specific politics, culture, and the like that form the institutional environment that establishes a proper set of incentives for companies to act in a socially responsible manner (Campbell, 2007). Stakeholder's theory also presents a very business-centric (and dyadic) view of the firm (Rowley, 1997). Criticisms against stewardship theory came from various scholars mainly about combining two opposing ideas; one being the traditional economic approach (which tends to view subordinates as individualistic, opportunistic, and self-serving) and the sociological and psychological approaches (which suggests man to be collectivist and trustworthy) (Davis, Schoorman & Donaldson, 1997).

This thesis rather aligns itself with institutional theory, arguing CSR as a social construction and not a business-centric view of the firm, examining how the institutional environment establishes a proper set of incentives for companies to act in a socially responsible manner. The next section (Section 2.2) discusses these concepts in further details.

## **2.2 Starting from society: CSR as social construction**

The thesis aligns with the socio-cognitive construction embedded in a constructionist view of CSR (Gond and Matten, 2007). Authors Gond and Matten (2007) built up on Burrell & Morgan's (1979) seminal typology of sociological paradigms. The authors built on the framework resulting from Burrell and Morgan's (1979) heuristic providing a pluralistic perspective on CSR that characterises four research traditions a) CSR as a social function embedded in a functionalist view b) CSR as a cultural product embedded in a culturalist view c) CSR as a power relationship embedded in a socio-political view and d) CSR as a socio-cognitive construction embedded in a constructionist view (Figure 3).



**Figure 3 - Overview of the Pluralistic CSR Framework (Gond and Matten, 2007)**

In their research, Gond and Matten (2007) argue that, “*in order to advance CSR conceptually, we need a theoretical approach that acknowledges multiple alternate perspectives on society. This could be one by recognizing alternatives to the dominant model of corporation and society commonly found in current CSR research*”. The current limitation of the field lies in its limited conceptual appreciation of CSR as a social-rather than just corporate phenomena (Gond and Matten, 2007). How corporations affect society is central to management scholarship and practices (Stern & Barley, 1996; Swanson, 1995; Walsh, Weber & Margolis, 2003; Wood, 1991). Analysing the business/society interface forms the basis of CSR literature (Hinings & Greenwood, 2002; Stern & Barley, 1996; Walsh & Weber, 2002; Walsh et al., 2003). Virtually all CSR concepts are sociological in that they depend on underlying concepts of society, even when they are strongly business oriented (Gond and Matten, 2007).

But strangely, CSR literature has focused more on business entities/ corporations rather than the society (Aguilera et al., 2007) with widely used definitions of CSR placing the corporation at the core of their approach (Carroll, 1979, 1999; Wood, 1991). Previous CSR research largely overlooked its profound sociological nature, which explains most of the difficulties encountered in theory building and assessment (Gond and Matten, 2007). Previous theoretical developments of CSR abandoned the macro-social orientation as well as the ‘society’ side of CSR and focused completely on the ‘business side’ (Gond and Matten, 2007).

This represented a drastic move from the original view of social responsibility developed by economists like John M. Clark (1916) and Howard R. Bowen (1953) who were primarily interested in societal regulation of economic behaviour (Marens, 2004). This trend explained why economists ignored the many works on CSR (Preston, 1975). This shift from a macro-social to a micro-social and organisational perspective meant scholars no longer used CSR to contribute to the social mandate of organisational theory by analysing how corporations influence society (Hinings & Greenwood, 2002; Stern & Barley, 1996).

Moving away from the narrow business centric approach (e.g. Clarkson, 1995; Wood & Jones, 1995) and the functionalist orientation/positivistic approach, that tends to reduce CSR to the status of a mere marketing exercise (Maignan & Ferrell, 2001), this thesis embraces the view that, “CSR is a socially constructed value” (Lee & Carroll, 2011:117) for the wider societal good as manifested by both organisations and society (Matten and Moon, 2008). It is upon this basis that this thesis focuses upon the processes through which knowledge of CSR is constructed, most specifically through the lens of institutionalisation.

### **2.3 CSR reporting an important tool of CSR communication**

In examining issues of CSR reporting in the developing countries context, this thesis aligns itself to definitions that points towards CSR reporting as a means for gaining legitimacy. This is much dominant in the literature discussing disclosure and reporting topics (e.g. Neu et al., 1998) that typically views CSR communication as a means for building, preserving or restoring legitimacy with various public (Bebbington et al., 2008; Cho et al., 2012; Deegan et al., 2002). The increasing number of organisations who develop and produce CSR reports are motivated by an implied social contract between the organisation and their stakeholders in order to legitimise the various activities of their organisations (Adams, 2004; Deegan, 2002) epistemologically signaling CSR reporting as social construction. In this direction, research on CSR reporting emerges in the hopes to gain better understanding of the causal links between institutional effects and legitimacy.

CSR reporting is an important tool of CSR communication (Moravcikova, Stefanikova and Rypakova, 2015) and companies often engage in reporting about their CSR activities and practices since messages about corporate ethical and socially responsible initiatives are likely to evoke strong and often positive reactions among stakeholders (Morsing & Schultz, 2006). It is important to intelligently and strategically communicate CSR to the public (Maignan & Ferrell, 2004; Morsing & Schultz, 2006) in order to generate favourable attribution towards a company's CSR programme; thus, it is necessary to report the motivations behind a company's involvement in CSR, explaining the reasons for its choice of a particular cause and for its commitment to it (Du et al., 2010).

Corporate CSR engagement today requires a more sophisticated and on-going stakeholder awareness and thus calls for CSR reporting strategies more sophisticated than ever before. A disconnect in communication of reporting between CSR initiatives and public awareness may impede any potential benefits to a company. More so, in the light of the corporate scandals, and the social and ethical commitments of society, that have both increased considerably over the years; putting pressure on companies to communicate information relating to their CSR (Arvidsson, 2010). Thus CSR reporting is an important way of communicating to stakeholders as rightly pointed by Golob and Bartlett (2007) - "*CSR reporting is an important communication tool or channel, which can ensure greater corporate transparency and enable a better engagement with multiple stakeholder*". As it is a prominent feature of business life, CSR reporting deserves to be studied in its own right; thus, it is necessary to recognise that organisations have become today's dominating social institutions (Korten, 2001). Scholars like Castello, Morsing & Schultz (2013) have pointed out how communicative practices can play an important and formative role—for instance, in setting up networked relationships between business companies and society at large in their research.

Depending on the audiences they are trying to reach, companies adopt different ways and methods to communicate about their CSR; they often use company reports, websites, media, and television programmes (Du et al., 2010). There are three main reporting types- annual reports, environmental reports and social reports (Daub, 2005). Mid 1990s onwards more ethical, social and environmental aspects about the

corporate activity in the annual reports (common terms used are corporate citizenship, CSR) were introduced, especially for companies that did not issue a stand-alone sustainability report (Daub, 2005). Over the years CSR reporting has indeed grown rapidly with more and more companies publishing CSR reports. The first environmental reports were issued at the end of the 1980s, mostly in multinational companies. In the year 1998, 35 per cent of the top 250 of Fortune Global 500 companies had environmental reports (Daub, 2005). By 2012, more than 80 per cent of fortune 500 companies addressed CSR reports on their websites (Lii and Lee, 2012).

These reporting standards can be grouped in three categories according to Golob and Bartlett, 2006: a) codes of conduct (OECD guidelines, ILO declaration that define standards of corporate behaviour); b) management standards (e.g. SA 8000; ISO 14000 that offers framework for implementing socially responsible practices) and c) screenings and rankings (e.g. Dow Jones, sustainability index, FTSE4Good that provides basis for responsible investing and comparing companies). Companies demonstrate social aspects of their activity in ‘social reports’ that can be traced back to 1970s, to satisfy the need for introducing ‘social accounting’ or produce a social balance sheet’ (Daub, 2005). GRI (global reporting Initiative) and UNEP (United Nations Environment programs) are well-established programs widely used for sustainability reporting, measuring economic, environmental and social performance. ISEA (The institute of social and ethical accountability) led standard called ‘Accountability AA 1000 assurance standard’ and several other internationally recognised standards and reporting guidelines are used by companies globally (Golob, Bartlett, 2006). According to a BSE report (2014)<sup>16</sup>, In India, in the year 2013, a total of 60 domestic national level companies issued non-financial reports (out of which 5 companies were in the petroleum and gas sector) that used GRI guidelines and used various management standards.

CSR reporting is a tool for organisations to address environmental and social issues with a variety of stakeholders (Kolk, 2007). Failure to issue transparency in the

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<sup>16</sup> BSE (Bombay Stock Exchange) sensitive index or BSE 30 is a free float market index of well-established and financially sound companies on the BSE (<https://www.bseindia.com/static/about/csr.aspx>). Website Accessed on 10/3/2016.

adoption of ethical guidelines and CSR standards result in both public scrutiny and hefty regulatory fines, which ultimately impacts the survival of the organisation (Haack et al., 2012). Institutional standards may not enhance productivity or efficiency; they may well provide internal and external legitimacy (Meyer and Rowan, 1977). Companies do not only compete for customers and resources, but also legitimacy to increase social and economic fitness (DiMaggio & Powell, 1983).

Linking reputation to corporate reporting is another area developed by scholars; based on diverse theories such as the institutional/legitimacy, agency and stakeholders etc, where scholars have argued that the disclosure of CSR information is part of the dialogues between an ethical company and its stakeholders that helps legitimise corporate behaviour and thus contributes to generate a positive corporate reputation (for e.g. Michelon, 2011; Othman et al., 2011; Colleoni, 2013).

In all these studies the discussion about how communicative practices play an important and formative role, for example, in driving organisational and social change (Christensen, Morsing & Thyssen, 2013; Haack, Schoeneborn & Wickert, 2012) is negligent in the developing countries context, particularly India. The role of reporting in informing, responding to, and involving stakeholder groups in the construction and execution of CSR strategies (Morsing & Schultz, 2006) is crucial and this requires attention not only in the western academic scholarship (Golob et al., 2013) and practice (Schmeltz, 2012) but also in the developing countries context. There is a need for reporting-centred research that can help understand how CSR is a continuous activity through which organisations explore, construct, negotiate, and modify what it means to be socially responsible (Christensen & Cheney, 2011:491) in developing countries. It is important to remember here that CSR is considered by many to be a moving target (Christensen et al., 2013; Haack & Schoeneborn, 2015) and in a continuous state of emergence (Lockett, Moon & Visser, 2006); thus, scholars tend to agree that a static and instrumental understanding of CSR reporting would appear to be insufficient.

### **2.3.1 Reviewing CSR reporting and communication literature**

This brief review of the literature reveals distinct differences in how CSR has been conceptualised across management scholarships, drawing on a range of theories,

concepts, and ontological positions. In recent years, scholars have developed different typologies in their attempts to categorise CSR literature. Some authors distinguish between theories—i.e., political, instrumental, integrative, and ethical theories (Garriga & Mele, 2004). Garriga & Mele (2004) distinguished between: I) instrumental (or utilitarian) theories, in which corporations are seen as only instruments for wealth creation and their social activities are only a means to achieve economic results (maximization of profits); II) political theories, which concern themselves with the power of corporations in society and its responsible use in the political arena; III) integrative theories, in which corporations are focussed upon the satisfaction of social demands; and IV) ethical theories, based on the ethical responsibilities of corporations towards society. Other scholars (for example, Secchi, 2007) divided it on the basis of managerial theories, where issues of responsibility are approached from inside the company (corporate social performance, social accountability, auditing, and reporting), and relational theories, in which the types of relations between the companies and the environment are at the centre of the analysis (business and society, stakeholder approach, social contract theory, corporate global citizenship).

Gond & Matten (2007) states that, “*in addressing the core question of what CSR communication is, a technocratic view of CSR communication continues to dominate management scholarship, which denotes an externally facing and functionalist view of the corporate/social interface*”. This is a direct corollary of the positivistic and quantitative traditions of management and CSR scholarship (Gond & Matten, 2007). Yet, as interpretivist and critical studies permeate the streams of literature, as mentioned in this section, constitutive models of CSR communication embedded within constructionist ontologies are increasingly growing both empirically (Livesey, 2002; Morsing & Schultz, 2006; Schultz & Wehmeier, 2010) and conceptually (May, 2011; Golob et al., 2013; Schoeneborn & Trittin, 2013).

In that light, the following paragraphs discuss the growth of CSR reporting and CSR communication literature—presenting the heterogeneity in the literature and the current research trends in the various disciplines of management studies—and conclude by suggesting institutional theory to be a promising avenue to explore issues of CSR and CSR reporting and communication.



**Heterogeneity in the literature:** There is a well-established literature concerned with reporting and communication across management disciplines; however, due to its scattered nature across various sub disciplines, it exhibits considerable heterogeneity in its core assumptions, approaches, and goals (Crane & Glozer, 2016), as shown in Table 1. The heterogeneous nature of the literature has been noted in many research work with the disparate developments, evolving across different areas of management scholarship, that make it difficult to conceptually locate what actually constitutes CSR communication (Ihlen et al., 2011). Despite the fact that much of the literature within management studies is in fact, conceptually related to the field of communication, this plurality makes the impact of CSR communication research on management scholarship difficult to judge (Golob et al., 2013).

A review indicates that the literature is mainly split over five broad subject areas - CSR, organisation studies, corporate communication, social accounting, and marketing; the dominant theories being resource dependent theory and stakeholder's theory (Table 1). There is heterogeneity in dominant theories being used as depicted in the table below and also in the paradigms. For example, in organisation studies, researchers have primarily applied the CCO: organisational theory as dominant theory following the constitutive approach; social accounting applies legitimacy theory, and marketing mostly makes use of economic and social theory.

**Table 1 - Heterogeneity in the literature**

Subject Area	Purpose	Dominant theory	Paradigm (Ontological /Epistemological)
<b>CSR</b>	Goal attainment and image enhancing	Resource dependent theory/Stakeholder theory	Functionalist
<b>Organisation Studies</b>	Identity and meaning creation	CCO: organisational theory	Constitutive
<b>Corporate communication</b>	Image enhancing	Communication theory	Functionalist
<b>Social accounting</b>	Legitimacy seeking	Legitimacy theory	Functionalist vs. Constitutive
<b>Marketing</b>	Image enhancing	Economic theory Vs. Social theory	Functionalist vs. Constitutive

However, to better understand the literature, through a review of relevant current literature on the subject, this section suggests to: 1) move beyond the scattered journal

articles in order to present, discuss, and extend upon the state of the art insights into CSR communication; and 2) demonstrate how this literature has implications for the institutional and social elements of organisations, which is crucial for the understanding of this research. Firstly, a thematically driven review was carried out on some influential and widely cited reviews—for example, Garriga & Mele's (2004) review of CSR theories; Lee's (2008) review of the political CSR literature; Scherer & Palazzo's (2011) review of the political CSR literature, and Crane & Glozer's (2016) review of the CSR communication literature. A thematic review of 23 articles from various leading journals and book was done. The criteria for choosing the articles were based on the focus area, time period, research domain journal and book sources, and relevant search terms.

The themes were identified from the relevant theories. Four relevant areas of literature (stakeholder, institutional, legitimacy, and communication theory) and research domains (CSR, Organisation Studies (OS), Organisational Theory, Corporate Communication) were identified during the search, which was conducted using words such as 'CSR', 'sustainability', 'stakeholder management', 'stakeholder engagement', and 'corporate citizenship'. Specifically for communication, I used words like 'disclosure', 'public relations', 'CSR reporting', and 'CSR communication'.

I selected journals (Academy of Management, International Journal of Management Reviews (IJMR), Business Ethics: a European Review; Journal of Business Ethics; Journal of Business Communication; Management Communication Quarterly; Journal of Communication; Communication Theory; Corporate Communication: an International Journal; Management Communication Quarterly; Journal of Communication Management) and books within each of the research domains (CSR, Organisation studies (OS), Organisation Theory and Corporate Communication). I focussed on research published over the years from 2010 to 2016. The dominant theme here is the theoretical lens through which CSR communication is understood; the dominant conceptualisation that underpins how CSR communication is made sense of and the ontological and epistemological paradigm underlying what CSR communication fundamentally is. It is important to understand this for a clearer view of the emerging field of research and the research domain.

Table 2 presents a selection of papers that indicates the heterogeneity in the development of the literature in CSR communication and reporting. The table suggests that the notion of CSR communication as a unified field is still embryonic (Maignan & Ferrell, 2004; Morsing, 2006). This could be due to the heterogeneous collection of literature that exists across disparate areas of management scholarship (Ihlen et al., 2011), which makes it difficult to determine the precise boundaries of what should or what should not be included in this review. However, grouping the literature in various thematic sections provides a better understanding of the trajectory that it has followed.

**Table 2 - Mapping the research development in CSR reporting and communication**

<b>Dominant Theories</b>	<b>Research topic/title</b>	<b>Author and year of publication</b>	<b>Name of Journal /Book</b>
<b>Rhetoric</b>	Companies Ethical Commitment: an Analysis of the Rhetoric in CSR reports.	Ditlev-Simonsen, C.D. & Wenstop S, 2011	Issues in social & environmental accounting.
	Issues in corporate, social and environmental reporting research: an overview.	Branco, M. C., & Rodrigues, L. L. 2007	Issues in social & environmental accounting.
<b>Stakeholder theory</b>	Stakeholder influence capacity and the variability of financial returns to CSR	Barnett, 2007	Academy of Management Review
	Maximizing business returns to CSR: The role of CSR communication	Du, Bhattacharya & Sen, 2010	International Journal of Management Reviews
	The handbook of communication and CSR	Bartlett & Devin, 2011	Oxford; Wiley Blackwell
	Leveraging CSR: the stakeholder route to maximizing Business and social value	Bhattacharya et al., 2011	Cambridge university press
	CSR communication: stakeholder information, response and involvement strategies.	Morsing & Schultz, 2006	Business Ethics: an European Review
<b>Legitimacy Theory</b>	Corporate social reporting and reputation risk management	Bebbington et al., 2008	Accounting, Auditing, and Accountability
	Increased stakeholder dialogue and the internet: Towards greater corporate accountability or reinforcing capitalist hegemony	Unerman & Bennett, 2004	Accounting, Organisations and Society
	Global warming wars: rhetorical and discourse analytic approaches to ExxonMobil's corporate public discourse	Livesey, 2002	Journal of Business Communication
	Searching for new forms of legitimacy through corporate responsibility rhetoric.	Castello & Lozano, 2011	Journal of Business Ethics

<b>Communication theory</b>	Bridging corporate and organisational communication: review, development and a look to the future	Christensen & Cornelissen, 2011	Management Communication Quarterly
	The construction of CSR in network societies: A communication view	Schultz, Castello & Morsing, 2013	Journal of Business Ethics
	CSR as strategic auto communication: on the role of external stakeholders for member identification	Morsing, 2006	Business Ethics
	CSR management and marketing management: research streams and themes.	Ellerup Nielsen & Thomsen, 2009	Journal of Language and Communication in Business
	Corporate responsibility: the communication challenge	Dawkins, 2004	Journal of Communication Management
<b>Institutional theory</b>	Communicative institutionalism – Putting communication front and centre in institutional theory and analysis	Cornelissen, Durand, Fiss, Lammers & Vaara, 2015	Academy of Management Review
	How Institutions communicate: Institutional messages, institutional logics and organisational communication	Lammers, 2011	Management Communication Quarterly
	The communicative constitution of partial organisations	Schoeneborn et al., 2011	European Group of Organisational Studies Colloquium
	Transcending transmission: towards a constitutive perspective on CSR communication	Schoeneborn & Trittin, 2013	Corporate Communication: an International Journal
	Walking and Talking CSR: implication of firm size and organisational cost	Wickert, Scherer & Spence (2016)	Journal of Management Studies
	CSR and communication	Ihlen et al., 2011	Oxford: Wiley-Blackwell
	An institutional theory of organisational communication	Lammers & Barbour, 2006	Communication Theory

The following section briefly discusses the growing research on the topic and provides a snapshot of how it has developed from the existing heterogeneous collection of literature. To this end, I have grouped it under two subheadings: a) fields and b) subject matter. In fields, I present the broader fields that discuss CSR communication and, under subject matter, I present the subjects that have been discussed under the umbrella term of CSR reporting and communication in the literature.

*Fields:* The review indicated that CSR reporting and communication research work has a variety of fields, including the likes of Public Relations (e.g., Bernays, 1975; Golob & Bartlett, 2007; Wang & Chaudhri, 2009), Corporate Communication (e.g.,

Birth, Illia, Lurati & Zamparini, 2008; Branco & Rodrigues, 2006; Ellerup Nielsen & Thomsen, 2007), Organisational Communication (e.g., Chaudhri & Jian, 2007), Marketing Communication (e.g., Morsing, Schultz & Nielsen, 2008; Podnar, 2008), Communication Management (e.g., Moreno & Capriotti, 2009) and Reputation Management (e.g., Fombrun, 2005; Hagen, 2008).

Subject Matter: The review indicated that the subject matter was very diverse. For example, the scholars in the Journal of Business Ethics were particularly preoccupied with non-financial reports (e.g., Aras & Crowther, 2009; Campbell, Shrives & Bohmbach-Saager, 2001; Clarke & Gibson-Sweet, 1999; Perrini, 2005); communication of corporate code of ethics (e.g., Painter-Morland, 2006; Svensson, Wood, Singh & Callaghan, 2009a); stakeholder dialogue process (e.g., Morsing & Schultz, 2006; Burchell & Cook, 2008); communication of sustainability (e.g., Jose & Lee, 2007; Kolk, 2003; Livesey & Kearins, 2002).

A stream of literature has concentrated on the ‘effects of CSR reporting’ i.e the outcomes /consequences of CSR reporting (e.g. Golob et al., 2013). The focus area has been mainly a) consumer related (e.g. Wang, 2009) focusing on how consumers as important stakeholders and receivers of CSR reporting react and shape their attitudes and behaviors towards CSR endeavours (e.g. Becker-Olsen et al., 2011) and b) business related (e.g. Sjöberg, 2003) mainly concerned with the effects of CSR reporting on the companies themselves in terms of enhancing or damaging corporate image and reputation or building brand equity.

Explaining the trajectory of the CSR reporting and communication literature, it was observed during the review that CSR reporting and communication as a form of stakeholder management is embedded in most of the CSR literature. It has been argued in the literature that while scholars have failed to conclusively prove the ‘productive value’ of CSR (for example, debates about the benefits that CSR brings to financial performance and reputation) organisations nonetheless continue to engage in CSR, largely as a result of the growing expectations of diverse stakeholder groups (Basu & Palazzo, 2008; Marais, 2012). Increasingly stakeholders show awareness of and attach unfavourable attributions towards CSR activities that remain critical impediments to the companies’ attempts to maximize the business benefits deriving

from their CSR activities, highlighting a need for the companies to communicate CSR to stakeholders more effectively (Du, Bhattacharya & Sen (2010). Thorne, Mahoney & Manetti (2014) and Watts & Zimmerman (1986) consistent with a stakeholder perspective discussed how larger companies issue standalone CSR reports, since they have more political visibility and are subject to greater external scrutiny than smaller firms and also in response to external scrutiny by stakeholders. Their survey identified that ancillary motivations for Canadian companies for issuing standalone CSR reports were consistent with legitimacy and signaling perspectives.

Issues in legitimacy in CSR reporting are projected in the subject matter often in CSR reporting literature as well. The increasing number of organisations who develop and produce CSR reports are motivated by an implied social contract between the organisation and their stakeholders in order to legitimise the various activities of their organisations (Adams, 2004; Deegan, 2002). The motivations for CSR reporting for companies are clearly to comply with legal requirements, manage stakeholders group and keep up with the community expectation (Deegan, 2002). These motivations are consistent with Gray and Bebbington (2001) explanation that, “ *to legitimise current activity and to forestall criticism, organisations will disclose some aspects of their CSR performance in the report*” (Gray and Bebbington, 2001. p.p.239).

CSR reporting is often understood as a complex process of continuous meaning for negotiation (e.g., Ashcraft et al., 2009) in much of the reviewed literature. In this light, the transmission view of communication, and the constitutive view model (e.g., Craig, 1999)/ CCO perspective (Ashcraft et al., 2009; Cooren et al., 2011; Putnam & Nicotera, 2009) presents similar views. The CCO perspective argues that CSR meaning is encoded and transmitted through communication, aligning itself to the functionalist orientation and an objective view of reality (Schoeneborn & Trittin, 2013). However, the transmission view is criticised for reducing communication to a mere instrument and for neglecting the formative role it plays in constituting, altering, and perpetuating organisations (Christensen & Cheney, 2011). Some studies focus on “*external communication, presenting the ideal form of CSR communication as an iterative process of both sense making and sense-giving between organisations and stakeholders, suggesting that CSR is a moving target*” (Morsing & Schultz, 2006. pp.336) that can only be understood by harnessing two-way communicative

processes. Morsing & Schultz's (2006) three communication strategies of inform, respond, and involve narrates the differences between the two core epistemological groundings of CSR communication research.

The communication challenges of CSR (Vaara & Tienari, 2008; Basu & Palazzo, 2008) is discussed in the literature building on a variety of models and perspective: for example, the 'talk and walk' perspective (Wickert, Scherer & Spence, 2016) that addresses two interrelated research gaps- the first stems from a lack of understanding of different patterns of CSR engagement with respect to CSR talk (impression management and the creation of symbolic images and documentation) and CSR walk (substantive implementation of CSR policies, structures, and procedures). The authors develop a conceptual model that explains differences in CSR talk versus walk based on organisational cost and company size, and theorised the antecedents of the large company implementation gap (by which large companies tend to focus on communicating CSR symbolically, but do less to implement it into their core structures and procedures) and of the small company communication gap (where there is less active communication and more emphasis on implantation).

Lyon & Montgomery (2015) and McDonnell & King (2013) both set of researchers identified their research with companies not walking the talk. Roberts (2003) argued that all this talk of ethics is just that—'talk'. Some have called this mismatch between CSR talk and walk 'greenwashing' (Bowen, 2014; Delmas & Burbano, 2011) or 'decoupling' (Marquis & Qian, 2014). Marquis & Qian's (2013) study focus upon the symbolic nature of CSR reporting, which explains how variance in the risk of government monitoring—through channels such as bureaucratic embeddedness and regional government institutional development—influences the extent to which CSR communication is symbolically decoupled from substantive CSR activities. Organisations face a decoupling risk that makes them more likely to enact substantive CSR actions in situations in which they are likely to be monitored (Marquis & Qian (2013). Studies scrutinising the integration of CSR in corporate practices showed that, while many companies extensively talk CSR (Castello & Lozano, 2011; Du et al., 2010), implementation lags behind (Delmas & Burbano, 2011; Lyon & Montgomery, 2015).

Gaps in ‘walk and talk’ have given rise to discussions about organisational manipulations and hypocrisy (e.g. Brunsson, 1989; Cho et al. 2015; hypocrisy in corporate communication and branding (e.g. Fassin & Buelen, 2011; Vveinhardt & Stonkute, 2015) constructing discourses that shape responsibility in specific ways (Milne, Tregidga & Walton, 2009; Higgins & Walker, 2012) etc. These studies have primarily looked at what organisations say and how they say it when reporting CSR, raising questions whether companies report are consistent on CSR in terms of genres, media, rhetorical strategies etc. (Nielsen & Thomson, 2007). The argument in this genre leads to the understanding that corporations seem to be wrapped in divergent configurations of interest stemming from different institutional affiliations, such as government, regional institutions and NGO’s.

Paradigms of CSR reporting and communication literature: Looking towards the ontological and epistemological grounding of conceptualizations of CSR reporting in the literature, the contributions ranged from functionalist, constitutive and critical paradigms as discussed earlier. In the literature on social reporting especially in the disciplines of social accounting and marketing, normative traditions were predominant with paradigmatic status offering less functionalist (strategic) or constitutive (processual) views and more ethical theories. Scholars have tended more towards ethical drivers of CSR (e.g. Garriga and Melé, 2004), and also politicised conceptions of the organisation-society interface (e.g. Palazzo & Scherer, 2011) in studies advocating stakeholder participation in CSR and social reporting practices (e.g. Unerman & Benett, 2004). Some studies have drawn upon Habermasian conceptions of deliberate democracy to offer insights into the ethical way for stakeholder communication (e.g. Palazzo & Scherer, 2006).

The dominant tradition within this paradigm is positivism, with CSR being viewed as an absolute and fixed truth. However, those who have built upon the notion that CSR meaning is interpreted and constructed through communication are keen to align with a constructionist or constitutive orientation and a subjectivist/intersubjective view of reality. Here, the dominant research tradition is interpretivism, with CSR conceptualised as a fluid and socially constructed reality (Berger & Luckmann, 1971).



Since the 1980s the field of organisational communication has started to make a turn towards interpretive and critical perspectives, which essentially focus on meaning, interpretation and power in organisations (Putnam and Krone, 2006). The interpretive turn greatly influenced the way the field evolved in the following years. In fact this shift in the field was not unique or independent from the change in other disciplines as all is rooted in some emerging epistemological and ontological orientations regarding the nature of reality and social order, which have influenced social sciences in general.

Having laid out the conception of CSR reporting and its communication in the extant literature and also what it means for this research, I now turn towards consideration of how such insights might be used to map out gaps and future opportunities and challenges for research and practice in the field in the following sections.

### **2.3.2. Literature gaps**

This section discusses the gaps in the developing countries CSR literature and also discusses how this thesis can potentially contribute to those gaps.

a) Developing countries CSR research is outdated and limited in its approach: CSR in developing countries is often viewed as a way to plug the ‘governance gaps’ left by weak, corrupt, or under-resourced governments that often fail to adequately provide various social services—for example, healthcare, education, electricity, housing, roads, etc. In this line, studies have focussed on how institutional pressures shape CSR practices (Muthuri & Gilbert, 2011; Rivera, 2004), how companies need social legitimacy to operate in high risk industry (Frynas, 2009; Gilford et al., 2010), and the CSR convergence versus divergence question (Jamali & Neville, 2011). Multilevel conceptual models developed (for e.g Jamali & Neville, 2011) using institutional theory to understand CSR convergence and divergence processes have addressed how different forces, through diverse actors, work to engender a more global and rational CSR with common standards and a more local and emotional CSR embedded in local identity and religious beliefs. Such research concepts have risen from the theoretical base that institutional pressures create institutional environments, which facilitate the acquisition of CSR practices in developing countries (Rivera, 2004; Muthuri & Gilbert, 2011).

Social legitimacy and social license to operate are two further significant issues that have been taken up by scholars like Gifford & Kestler (2008) and Gifford et.al, (2010), who argued that, in developing countries, high risk industries (e.g., the petrol and gas sector) may have no automatic social legitimacy and need to work hard with all their stakeholders to achieve it. NGOs and communities are key actors in these legitimisation processes. Taking these arguments as a starting point, this study would like to emphasise that research on CSR in developing countries highlights a grass root level of understanding of CSR whereby local companies are expected to actively assist their surrounding communities (Frynas, 2005) or they are portrayed as on going and extensive, although it tends to be less formalized (Amaeshi, Adi, Ogbechie & Amao, 2006; Visser 2008). Most of the research draws on deeply ingrained cultural/religious values and is primarily oriented towards local communities (Jamali, Zanhour & Keshishian, 2009; Visser, 2008). CSR has often been equated with philanthropy (Jamali & Mirshak, 2007; Jamali & Neville, 2011) and attributed to pressing social economic needs, religious expectations (Jamali, Sidani & El-Asmar, 2009), and cultural norms and expectations (Gao, 2009; Jamali & Mirshak, 2010).

Thus, the motives shaping CSR in developing countries captured in the literature shows that CSR is quite complicated; ranging from various elements of altruism, philanthropy, charity, strategic philanthropy (i.e., corporate social investment in education, health, sports development, the environment and other community services) (Visser 2007) and are complex and varied, ranging from aspirations relating to gaining competitive advantage, stabilizing the work environment, (Jamali 2014), managing external perceptions, maintaining employee satisfaction (Frynas, 2005), dealing with peer pressure from competitors (Sanchez, 2000), and gaining national and international legitimacy (Sanchez, 2000).

Most of the above stated studies are quite old and might not be very relevant since many developing countries are moving towards mandating CSR/aspects of CSR. Companies are moving away from altruism, philanthropy, charity, strategic philanthropy and religion to more strategic and stakeholder oriented CSR. In developing countries context, most of the national level studies usually tend to focus on CSR reporting in a single country context (e.g. Paul & Meyskens, 2010) or

comparing countries in developing/emerging markets (for e.g. Wanderley, Lucian, Farache & Filho, 2008<sup>17</sup>) with few fragmented studies analysing the status of CSR communication in the BRIC nations (for e.g. Alon, Lattemann, Fetscherin, Li & Schneider<sup>18</sup>, 2010). However, CSR reporting and communication research has been much neglected, in the context of India. Most of the India related CSR studies are old and outdated, for example, Wendy Chapple and Moon (2005) who did one of the earliest studies in CSR reporting in which the authors investigated the reporting of 50 companies in seven Asian countries (India, Malaysia, Philippines, South Korea, Singapore, Thailand and Indonesia) and a set of hypothesis were investigated by analysing companies web site reporting. Such studies provide a good overview of CSR reporting in the developing countries context, however they do not explain why, what and how companies report. Indepth studies applying case studies are hardly present in the literature, with most of the studies being outdated not being conducted in the institutionalised CSR environment, as it exists in India currently. The study concluded that MNC's are most likely to adopt CSR than that operating solely in their home country, which no more holds much value in the current institutionalised environment as the findings of this thesis, indicates. Domestic companies match their MNC counterparts in CSR enagagment, reporting and communication in India in recent times.

Amaladoss & Manohar (2011) in their research titled 'Communicating CSR: a case of CSR communication in emerging economies' argued how, "*CSR is shifting from public relations, reputation management, and cause marketing to issues of competitive advantages and good corporate governance*" (Amaladoss & Manohar, 2011, pp.10). The authors examined the practices and communication of CSR in emerging countries, and analysed the CSR governance themes of Reliance Industries Limited (RIL) in India. Their findings show that companies lack an inclusive and strategic approach to CSR communication. This study is limited in understanding how and why are companies reporting, and being narrow using only one company as a case study. Such research gaps needs to be addressed and this thesis aims to make a

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<sup>17</sup> This study compares countries such as Brazil, Chile, China, India, Indonesia, Mexico, Thailand and South Africa analysing CSR information disclosure on corporate websites and its influence by the country of origin and/industry sector.

<sup>18</sup> Titled 'Usage of public corporate communication of social responsibility in Brazil, Russia, India and China' the study focuses on how these four countries—among the biggest emerging markets, forecast to wield increasing influence in economic and political spheres—manage their corporate reporting in regards to CSR.

contribution to CSR reporting in the Indian context, crucial at a time when Indian CSR landscape is changing tremendously.

b) Lack of research on domestic companies: Most studies focus on MNE's (e.g. Fortanier, Kolk & Pinkse, 2011) and MNC's as the research context in developing countries studies, discussing how MNC subsidiaries roll out CSR practices (for example, Jamali, 2010; Amaeshi et al., 2006; Dobers & Halme, 2009; Hamann & Sprague, 2008; Jamali & Mirshak, 2007; Lindgreen et al., 2010; Muthuri et al., 2008). The bulk of the literature has largely neglected how domestic companies engage in CSR efforts in their native environments. There are only a handful of studies discussing domestic companies but none of them use in-depth methods to analyse CSR reporting. For example, Paul & Meyskens (2010) in their paper discuss CSR reporting in Mexico, differentiating between companies into two types: first generation who are the early adopters of CSR, and these companies reduced the local norms that focus on Mexican values, philanthropy and Spanish speaking audience; moving towards more global norms abiding international standards that emphasise concrete reporting norms along with social and environmental goals and second generation, companies who are late adopters of CSR, emphasising local norms in their CSR reporting. However, the study does not provide a broader lens to study CSR reporting in Mexico since it limits itself to only online reports and websites and limits the methodology to studying only companies, not capturing the views of other stakeholders. I have kept these issues in mind by broadening my study and including external stakeholders in this research and carrying out in-depth interviews not only with companies but also with other stakeholders to get a broader picture of CSR reporting in the Indian context.

c) Lack of literature on mandatory CSR reporting: The idea that companies should engage in some form of responsible behaviour has become a legitimate expectation leading to the diffusion of CSR, with many domestic companies forming new CSR divisions/departments/cells, stock markets adopting indices related to sustainability, the proliferation of branding initiatives (for e.g. ISO standards) and international global initiatives (for e.g. Global Compact). These activities are often associated with an understanding that a business case exists for CSR—namely, that companies will enhance or protect their reputations by visibly engaging in social or other initiatives

(Matten, Jackson & Brammer, 2011). However, the contested nature of the meaning of CSR rests upon a paradox between a liberal notion of voluntary engagement and the contrary implications of socially binding responsibilities (Matten, Jackson & Brammer (2011). In this context, there is limited research discussing mandatory CSR in developing countries. This could be possibly attributed to the extent of western context research that prevails in most of the CSR reporting research, not always quite helpful in understanding the developing countries context. This thesis makes a contribution here, by developing the understanding of the challenges associated with mandatory CSR spending and reporting in the developing countries context. This can lead discussions about the voluntary vs mandatory nature of CSR and if mandatory CSR is the right way for developing countries. It has been argued by many scholars earlier that due to governance gaps, voluntary CSR does not work in developing countries; in that case is mandatory CSR the right move would be an important question to ask.

d) Distinguishing western and developing countries CSR: Companies in developing countries have substantially diverse perspectives of the salience and relevance of public perceptions of their entities as being socially responsible and of which CSR issues should be emphasised (Maignan & Ralston, 2002). A need for focussed CSR research in developing countries is critical, particularly in regard to the concern that current approaches to CSR, with their origin in developed countries (Muthuri & Gilbert, 2011), “*may not sufficiently relate or respond to the context and circumstances encountered in developing economies*” (Hamann, 2006:179). Scholars have argued that companies in the developing countries shows features distinct from the peculiarities found in the developing world (Jamali, 2006) and do not share the same cultural and social values, norms, and priorities that underpin CSR in western nations (Blowfield & Frynas, 2005; Jamali & Mirshak, 2007). For example, in many developing countries specific stakeholder groups—namely, development agencies—emerge as the most powerful activists for CSR (Jenkins 2005) and companies often communicate with their stakeholders differently depending on cultural norms and institutional frameworks (Beckman, Morsing & Reisch, 2006). National cultural differences suggest a strong influence of the economic, technological, political, and social contexts within which any assessment of the communication effects of CSR activities needs to be analysed (Beckman, 2006). Besides development agencies, there

are trade unions (Kaufman et al, 2004), business associations (for example, the FICCI and the ASSOCHAM in India), and NGOs that emerge as strong activists for CSR in developing countries. Research also points out that companies in developing countries find it challenging since CSR repertoire-norms/standards reports are usually designed in developed countries and mostly cater to multinational companies (MNCs) and their subsidiaries operating in developing countries (Kaufman et al, 2004), making it difficult for domestic companies to follow those same norms; therefore companies often tailor them to fit their cultural environments. All these issues and challenges call for research to be developed in the context of developing countries specifically.

e) Lack of research on CSR reporting and communication in the petrol and gas sector:

Companies operating within industries that are environmentally or socially sensitive are subject to questions of legitimacy when promoting and publicizing CSR (Campbell, Craven & Shrives, 2003; Wheeler, Fabig & Boele, 2002). As a consequence, empirical evidence from CSR reports suggests that very large companies tend to communicate with their stakeholders in a more intense and sophisticated manner as they face the immediate and critical consequences stemming from increasing stakeholder activism (Knox, Maklan & French, 2005). High-risk industries have been among the first to integrate ethical issues into their corporate brands (Morsing, 2006). Companies in sensitive industries are under close scrutiny from the public (Coupland, 2005), which obliges them to be proactive and socially responsible, in addition to operating in an ethical and environmentally friendly manner. The publicly monitored nature of activities of these industries demands an articulated relationship between business and society (Livesey & Kearins, 2002; Fombrun & Rindova, 2000). Thus, the adoption of CSR communication by this industry is fundamental.

Despite it being one of the leading industries in championing CSR, globally, stakeholders and media have subjected this industry to scathing attacks for its irresponsible behaviour, (Frynas, 2005). The nature of the operations of the petroleum and gas industry poses serious threats at each stage of the industrial process and the visual impact and high externalities of clear-cut forests, open-pit mining, and petrol spills generate greater public concern than do the multidivisional form, personal structures, or civil service reform (Bansal, 2005). This has made stakeholders demand

CSR from petrol and gas companies much more than from any other industry; to move beyond environmental sustainability and to include the non-environmental aspects and social impacts of their operations (Spence, 2011). Although companies want stakeholders to see them as socially responsible, they are reticent about communicating their actions, fearing criticism and being wary of creating expectations (Schlegelmilch & Pollach, 2005). While the companies are aware of the need to publicize their social and environmental actions, reporting and communication of CSR remains a very controversial aspect of CSR. However, very few studies in the extant literature have captured the reporting and communication aspect and the challenges attached with it. The communicative strategies companies use to present themselves as ethically concerned seem to be thus far under-researched, and the sensitivity of the industry is hardly echoed in the CSR reporting research in developing countries.

#### **2.4 CSR as an interface between business and society: broadening the debate**

CSR communication research has largely been criticised for failing to consider the macro-phenomena impacting communications (Jones et al., 2004; Lammers & Barbour, 2006), focussing instead upon individuals and interactions, or upon the micro-phenomena impacting communication (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006). The macro-debates about what CSR is and to whom organisations need to be responsive have implications as to what the latter address within their CSR reports. Recent studies in CSR communication have begun to draw upon institutional theory as a theoretical framework to consider the macro-phenomena impacting CSR communication (e.g. Campbell, 2007; O'Connor & Shumate, 2010; Schultz & Wehmeier, 2010) and, in turn, shed light on to which organisations need to indicate their responsiveness in relation to CSR.

Lammers (2006) pointed out that, from a CSR communication perspective, it can be suggested that limited attention has been given to why organisations need to indicate their responsiveness and why companies communicate about certain activities in their CSR reports. With its macro-foundations, including social construction (Berger & Luckmann, 1966) and social interaction (Powell & Colyvas, 2008), institutional theory is considered to be one of the dominant approaches taken to understand organisations (Greenwood et al., 2008; Lammers, 2011). Suddaby (2010:15) argued

that the “*central puzzle of institutional theory is to understand why and how organizations adopt processes and structures for their meaning rather than their productive value*”.

CSR has become a pervasive topic in the business literature but has largely neglected the role played by institutions (Brammer, Jackson & Matten, 2012). To address this research gap, this thesis draws on institutional theory to examine how companies use rhetoric in CSR reporting for seeking legitimacy. The institutional perspective is one of the dominant theoretical paradigms in organisation studies today (Palmer, Biggart & Dick, 2008). Under its aegis, a wide range of organisational studies has been and continues to be published. Many of these projects have strong implications for the understanding of the macro phenomena of CSR and of the institutional environment. With its sociological foundations, institutional theory helps management to gain a more complex and thorough understanding of these new challenges (Scott, 2001). The attention paid to institutional explanations of company CSR behaviours has been negligible in comparison to other motivations, including those related to company financial resources and performances, values and culture, and ownership structure (Campbell, 2007).

The intellectual initiation of contemporary institutional theory in organisational analysis began during the 1960s with the introduction into organisational analysis of the open systems theory, which postulated the influence of the external environment on organisational behaviour (Scott, 2008). Since then, institutional theory has grown by leaps and bounds. The main areas in which institutional theory has been applied in management studies are: human resource management (e.g., Björkman, Fey & Park, 2007; Gooderham, Nordhaug & Ringdal, 1999); small business (e.g., Hessels & Terjesen, 2010; Mesquita & Lazzarini, 2008); education (e.g., Oplatka & Hemsley-Brown 2010; Powell and Solga, 2010); Leadership (e.g., Biggart & Hamilton, 1987; Ogawa, 1992; Bullough, Kroeck, Newburry, Kundu & Lowe, 2012); entrepreneurship (e.g., Beckert, 1999; Bruton, Ahlstrom & Li, 2010); marketing (e.g., Brito, 2001; Grewal & Dharwadkar, 2002; Pandya & Dholakia, 1992); CSR and ethics/communication. (Matten & Moon, 2008; Brammer, 2005; Campbell, 2006, 2007).



Drawing on widely cited definitions of CSR (see Carroll, 1991; European Commission, 2002; International Organization for Standardization, 2009), one of which is by Schultz & Wehmeier (2010), it is acknowledged that CSR is shaped by regulatory, professional, and public/mimetic sources and is therefore closely aligned to the notion of institutional pressures. Regulatory pressures are applied by entities that are external to the organisation (Dingwerth & Pattberg, 2009; Greenwood et al., 2008; Matten & Moon, 2008; Milstein, Hart & York, 2002), and can include both those formal and informal pressures that constrain behaviour and are exerted upon organisations by other ones upon which they are dependent (DiMaggio & Powell, 1983; Scott, 1995; Slack & Hinings, 1994).

Typically, regulatory pressures stem from political influence (DiMaggio & Powell, 1983) or power relationships (Boxenbaum & Jonsson, 2008), and may include government regulations or mandates (DiMaggio & Powell, 1983; Hasse & Krücken, 2008; Milstein et al., 2002), or externally codified rules, norms, or laws (Bansal & Penner, 2002; Matten & Moon, 2008; Scott, 1995). From a CSR perspective, therefore, regulatory pressures stem from stakeholders, which include governments and regulatory agencies (Matten & Moon, 2008). Although regulatory pressures may be felt as force or persuasion, and are generally associated with explicit and direct impositions, both DiMaggio & Powell (1983) and Scott (1995) noted that regulatory pressures might be subtle. Hence, regulatory pressures may include both hard and soft regulation, and are generally adopted to avoid sanction (Boxenbaum & Jonsson, 2008; Greenwood et al., 2008; Scott, 1995).

Governments have been the most influential institutional driver in CSR reporting (Tschopp, Wells & Barney, 2011): mostly through mandating, facilitating, partnering, endorsing and demonstrating. In Europe, national regulators in countries such as Denmark have promoted integrated reports (IR) by making IR mandatory for largest companies on comply or explain basis (Lueg et al., 2015). In the US use of GRI reporting guidelines for CSR is more prevalent with only a few organisations following SASB's standards (Weber, et al., 2016). European Union's Directive 2014/95/EU requires all European Union countries having more than 500 employees to report their CSR performance (Weber et al., 2016).

Professional pressures, on the other hand, may include those norms that are both indirectly and directly set by the profession or through education (DiMaggio & Powell, 1983), and it is thought that organisations will incorporate normative pressures because they are motivated to respect social obligations (Greenwood et al., 2008). As Scott (1995) suggested, professional pressures confer rights as well as responsibilities, privileges as well as duties, licenses as well as mandates, and can include rules-of-thumb, standard operating procedures, occupational standards, and educational curricula, certifications, and accreditation (Hoffman, 1999; Milstein et al., 2002; Scott, 1995). These normative aspects stem from social obligations, which may include professionalization within the institutional context (Hoffman, 1999; Troast, Hoffman, Riley & Bazerman, 2002).

In relation to CSR, professional pressures can include those applied on the industry by professional associations to adopt specific CSR practices or activities (Matten & Moon, 2008). Specific stakeholders can include professional and trade associations, industry bodies, and organisations responsible for standard operating procedures, mandates, accreditation, and the like, such as the Global Reporting Initiative (GRI). Though these standards are basically voluntary, companies increasingly face societal and government pressures to adopt such standards (Eccles & Saltzman, 2011; Vigneau, Humphreys & Moon, 2015) to enhance transparency of CSR reports (Eccles & Saltzman, 2011). Lastly, in relation to public/mimetic pressures, while mimeticism is widely acknowledged as an institutional pressure, to date, the notion of public sources as institutional pressures is not traditionally considered in institutional theory literature.

Some of the most important institutionally inspired models of engagement with CSR in the current literature are those proposed by Aguilera et al. (2007), Campbell (2007), Marquis et al. (2007), and Apostolakou & Jackson (2009). Recently, Schultz & Wehmeier (2010) considered the institutionalisation of CSR, and built upon Campbell's (2007) eight propositions that considered the institutional reasons for the adoption of socially responsible behaviour by organisations. In doing so, they included the notion of public pressures, which refers to the pressures the public may put on an organisation to comply with socially constructed expectations, and to which the organisation, in turn, responds in order to appear 'moral'. While they included the

notion of public pressures, the authors offered little justification as to why they had done so, although it is likely that they did as a result of the increasing emphasis attributed to stakeholder engagement around CSR. CSR research applying institutional theory has been positioned in a variety of way in the literature. The positioning of some studies is on institutional elements of ethical theories following the normative traditions. Studies following this paradigm have discussed the ideal relationships between corporate ethics, communications and image and many scholars have suggested that there might be a correct way for organisations to operate in society: better reporting styles and communicating with their constituent audiences. Such discussions are prevalent in ethical theories with marketing literature using terms such as “greenwashing” and how greenwashing tactics are used by organisations to dupe consumers into believing their brands are socially and environmentally responsible (Powell, 2011).

Lammers & Barbour’s (2006) research draws upon institutional theory in organisational sociology and upon concerns in organisational community, and formally specifies propositions of an institutional theory of organisational communication. The authors demonstrated how an institutional perspective offers additional explanatory power, especially concerning professional roles. Cornelissen et al. (2015) also conceptualized the roots of cognitive, linguistic, and communicative theories of institutions and outlined the promise and potential of a stronger communication focus for institutional theory. They outlined a theoretical approach that puts communication at the heart of theories of institutions, institutional maintenance, and change, and labelled this approach ‘communicative institutionalism’. The development of the talk and text perspective of CSR communication by many researchers has even shown concern with how institutional factors influence the verbal and written communication of company CSR.

CSR reporting is an ideal place to study the institutional pressures since reporting in the Indian context tends to take standardised forms due to the mandatory nature of CSR spending. Different institutional pressures result in the emphasis on different types of annual CSR reports (Jensen & Berg, 2012). Homogenisation of CSR reports due to frameworks like GRI and greater Standardisation of reports as a result of globalisation (Einwiller, Ruppel & Schnauber, 2016), echoed in the literature does not

answer much of the developing countries CSR reporting since it shows aspects of heterogeneity and following national rules and policies. Rather, this thesis draws attention to the heterogeneity in CSR reporting in the Indian context and aims to draw attention to the ‘de-globalisation’ of CSR reporting, undermining existing discussions – that the adoption of global operations, the globalisation of companies operations, and a move towards explicit CSR suggesting increase in the tendency towards homogenisation of CSR reporting globally- that does not seem to fit in the Indian context. Mandating CSR can move companies from adopting global norms, guidelines towards following the governments agenda, which is more local and national, thereby suggesting a tendency towards heterogeneity of CSR reporting. In the case of this research this is reflected in the decreased use of global sustainability reporting guidelines such as Global reporting initiatives (GRI), International integrated reporting council (IIRC), International integrated reporting framework and sustainability accounting standards Boards (SASB) and sustainability accounting standards.

## **2.5 Chapter summary and conclusion**

To summarise this chapter, literature discussing the following was presented: a) how CSR and CSR reporting can build legitimacy (Bebbington, Larrinaga & Moneva, 2008) b) CSR has become a pervasive topic in the business literature but has largely neglected the role played by institutions (Brammer, Jackson & Matten, 2012) and c) how CSR and CSR reporting can support the development of trusting relationships with stakeholders (Coombs & Holladay, 2012). In its inclination towards the arguments posed by seminal works such as those by Ihlen, Roy & Suddaby (2013), Castello & Lozano (2011), Brevin (2014), and Schoeneborn & Trittin( 2013) this thesis aims to further build and adress the complexity associated with CSR reporting and its communication and the macro-level processes associated with such interaction that are yet to be explored in the case of developing countries.

In conclusion, this thesis puts forward that combining aspects related to CSR reporting is not as simple as merely fitting them together; it is more about blending them together to understand the complexities associated with the issue. To do so, a theoretical tool composed using several advancements in institutional theory, rhetoric,

and legitimacy is used. The next chapter will offer a discussion of the development of this theoretical tool.

## Chapter Three: Theoretical framework

### *Institutional theory and Legitimacy*

#### **3.0 Chapter overview**

The review of the relevant literature discussed in the previous chapter offered a conceptual framework illustrating how the literature on CSR reporting has advanced in various ways. It also indicated that these two aspects are complexly interrelated with research pointing out cases of manipulation and other methods used in the rhetoric for CSR communication. However, what it did not offer was a clear understanding of how these two aspects are interrelated. Specifically, it did not offer a clear understanding of the macro-level processes associated with the aspects of why and how companies choose to communicate their CSR. To better understand this aspect, a tailored theoretical tool composed using constructs of neo-institutionalism, rhetoric, and legitimacy is used. This integrated tool can aid in uncovering the macro-level processes associated with the CSR communication and how these lead to legitimacy.

This theoretical framework neither completely evolved from the data analysis nor was completely assumed before it. Initially, a vague but pragmatic idea of combining constructs of institutional theory, rhetoric, and legitimacy guided the data analysis, resulting in the evolution of a comprehensive framework, as presented in this chapter. Besides offering theoretical support, this framework, per se, is a contribution of this study, as it attempts to complement the knowledge of the recently growing body of literature in social theories that attempt to bridge the concepts. This chapter will concentrate on institutional theory and legitimacy literature primarily and the concept of rhetoric and its relevance for this research will be discussed in the next chapter. The aim of this chapter is primarily to introduce the context of CSR text through the lens of institutional theory and legitimacy.

The review of the literature resulted in the identification of two interrelated perspective with respect to the research topic a) The perspective that discusses how

CSR reports are influenced by macro level institutional pressures for the sake of gaining legitimacy and b) the perspective that discusses how macro level institutional pressures drive companies to use rhetoric for the construction of CSR reports to gain legitimacy. These two perspectives are combined together to develop the conceptual model that represents the starting point of this thesis. In doing so, section 3.1 first discusses the macro element of this study that this thesis focuses on and moves on to examining institutional theory, defining institutions, the various school of institutional theory, constructs of neo institutionalism, process of institutionalisations and aspects of isomorphism in section 3.2. Section 3.3 then moves on to explain legitimacy and its conceptualisation for this thesis. The thesis aligns with the cognitive and normative bases of legitimacy (Scott, 1995; Suchman, 1995), drawing on institutional theory as discussed in the previous chapter. The chapter finally concludes with a short summary in section 3.4.

### **3.1 Macro level of study**

A small but growing literature linking CSR reporting and institutional theory focuses on the macro institutional level of analysis, building upon the macro external environment that influences companies to engage in CSR and its communication (Jones, Watson, Gardner & Gallois, 2004; Lammers & Barbour, 2006). One of the reasons for this thesis choosing to study the macro environment was that limited attention has been given to “*why organisations need to indicate their responsiveness and why companies communicate about certain activities*” (Lammers, 2006); therefore attention is required to understand the organisational action and behaviours that influence organisations as a whole (Cummings, 1982; Nystrom & Starbuck, 1981; Schneider, 1985); the social structure and the effects of the structure on the organisation (Pfeffer, 1991).

This thesis aligns itself with Lammers & Barbour’s (2006) study in which the authors apply institutional theory to the concept of CSR reporting and communication to understand the macro perspective. According to the authors, for many years, reviewers have criticised organisational communication research for concentrating on individuals and interaction—micro phenomena—while neglecting large forms of social structure—macro phenomena (Daft & Steers, 1986; Jones, Watson, Gardner & Gallois, 2004; Wert-Gray, Centre, Brashers & Meyers, 1991). However, few theorists

have specified what a macro perspective of organisational communication might entail.

Organisational behaviour is the field of study that concentrates on the study of human behaviour in organisations; a multidisciplinary field that seeks knowledge of behaviour in organisational settings by systematically studying individual, group and organisational processes (Greenberg, 2011). Miles (1980) states that there are three different levels of abstraction at which organisational behaviour can be examined, thus making it imperative to understand, design and manage organisations. The three significant fields of studying organisations are micro, macro and meso. As noted in the table below (Table no 3), micro level focuses on individuals working alone or working in groups, meso level focuses on behaviour within groups and teams and macro level focuses on action of the group or an organisation as a whole.

**Table 3 - Levels of analysis in organisational studies**

Micro Level of analysis	Macro level of analysis	Meso level of analysis
<b>Individual differences</b>	Organisational power	Efficiency
<b>Personality characteristics</b>	Organisational politics	Motivation
<b>Diversity</b>	Organisational design	Work design
<b>Perception</b>	Organisational structure	Group dynamics
<b>Decision making</b>	External environment	Team effectiveness
<b>Job performance</b>	Organisational culture	Organisational roles
<b>Job Satisfaction</b>	Organisational development	Interdependence

For the purpose of this research, macro organisational behaviors were studied since the study aims to understand how a) macro organisational behaviors have an impact on organisational communication (Miles, 1980; Greenberg, 2011) b) macro level organisational behaviour are the social structures of the organisation (Pfeffer, 1991) and c) macro level organisational behaviour includes the behaviour of the entire organisation that focuses on the group or organisation as a whole (Tosi and Abolafia, 1992).

### **3.2 Institutional theory**

This section discusses institutional theory—the primary theoretical construct of this research. In the previous chapter/s I have discussed how institutional theory can be applied as an alternative theoretical lens to study CSR reporting in the developing



countries context. This chapter attempts to build up on that discussion by presenting how the institutional perspective is a helpful analysis tool for this research since the use of institutional theory as a lens enables the understanding of the complexity of developing countries by capturing the macro context (as discussed in the previous section).

*“Choosing institutional theory to understand the CSR process in a developing country is particularly suitable in trying to understand the complex interactions between different kinds and levels of institutional pressures”* (Jamali & Neville, 2011). And so, the discussions in the next sections on institutional theory will move along the lines of understanding the meaning of the key term of institution; some general issues concerning how institutions function, their habits and their beliefs; differences between organisations and institutions; the old and new schools of institutional theory; institutional pressures (regulatory, normative, and mimetic), and isomorphism. There are three views of institutions to take into considerations. The first developed the view of organisations as a political view and was introduced by Douglas North (1989). North’s view of institution tends to focus primarily on the processes used to construct institutional rules system, in other word institutions provide the rules of the game whereas the players are made up of separate organisations. Second, Oliver Williamson (1975) takes a more neutral position introducing the view that systems are designed to not only minimise transaction costs, but also provide governance over production processes. The focus in this case is more on organisation’s economic activities at a micro level of economic enterprises. Organisations are typically designed by individual agents to include institutional forms, such as governance structures, in the hope to better manage economic transactions. The field of sociology developed the final view, which is most applicable to this thesis. Meyer & Rowan (1977), Zucker (1983) and Dobbin (1994) in this field focussed primarily on the differences that separate institutional environment and the organisations that operate within them. This thesis aligns with this school of institutional theory and the rest of the sections will discuss institutional theory from the sociological perspective.

### 3.2.1 Defining ‘Institutions’

In his book ‘Institutions and Organisations’, W. Richard Scott (1996) stated “*there is no single and universally agreed definition of an institution in the institutional school of thought*”. Defining ‘institutions’ is challenging as, “*even though the concept of institution is being used in several disciplines—including economics, philosophy, sociology, politics, and geography—there is hitherto no universally agreed single unanimous definition for the term itself*” (Hodgson, 2006). Table 4 presents a briefing of the numerous definitions available for the term ‘institution’. Institutions have been defined in multiple ways (Greenwood, Oliver, Sahlin & Suddaby, 2008; Scott, 2001). Due to this, a discussion of the convergence and divergence aspects of these definitions in detail falls beyond the scope of this study.

**Table 4 - Definition of the term 'institution'**

Scholars	Definition
<b>Lammers &amp; Barbour (2006:362)</b>	Institutions are seen as “consisting of established and enduring patterns of beliefs and practices that apply at both the micro level within organisations and at the macro level across organisations.”
<b>Selznick (1949)</b>	Institutions take on lives of their own that have social meaning beyond strict functional requirements.
<b>North (1990:4)</b>	“...Any form of constraint that human beings devise to shape actions.”
<b>Giddens (1984:24)</b>	“Institutions, by definition, are more enduring features of social life”
<b>Lammers &amp; Barbour (2006:357)</b>	“Constellations of established practices guided by enduring, formalized rational beliefs that transcend particular organisations and situations.”
<b>Greenwood et al., (2008:5)</b>	“Institutions take on a subtlety because they are more or less taken for granted repetitive social behaviour(s) that (are) underpinned by normative systems and cognitive understandings that give meaning to social exchange and thus enable self-reproducing social order.”
<b>DiMaggio &amp; Powell (1991:8)</b>	“Comprises a rejection of rational-actor models, an interest in institutions as independent variables, a turn toward cognitive and cultural explanations, and an interest in properties of supra-individual units of analysis that cannot be reduced to aggregations or direct consequences of individuals’ attributes or motives...”
<b>Scott (2001)</b>	“Institutions are social structures that have attained a high degree of resilience. [They] are composed of cultural-cognitive, normative and regulatory elements that, together with associated activities and resources, provide stability and meaning to social life.”

In a narrow understanding, institutions are rules that shape the interactions of social actors. Institutions can be formal, explicit rules—such as constitutions, laws, policies, and formal agreements—or informal and implicit ones—such as norms, behaviour conventions, and self-imposed codes of conduct (Klein, 1998; North, 1994). Out of the numerous definitions available for the term ‘institution’, this study applies the contemporary sociological usage of Scott’s (2001) adaptation of the one proposed by DiMaggio and Powell (1991). According to Scott (2001:48), “*Institutions are social structures that have attained a high degree of resilience. [They] are composed of cultural-cognitive, normative and regulatory elements that, together with associated activities and resources, provide stability and meaning to social life*”.

**Institutions and Organisations:** Institutional theory differentiates between organisations and institutions. “If institutions are the rules of the game, organisations and their entrepreneurs are the players” (North, 1994:361); this definition distinguishes organisations from institutions and has sparked ample discussion of whether or not organisations are institutions (Hodgson, 2006). North (1991) acknowledged that, “*organisations are institutions in the sense that they act as social systems that structure the conflicting interests of the individuals within them*”. According to Hodgson (2006), North distinguished organisations from institutions, because his “interests lie in the interaction, at the national or higher levels, between organisations as unitary players, and less in the international mechanisms that coerce or persuade their members” (North, 1991). Hence, North’s (1991) interest lies in the interaction between organisations, such as those between companies and their stakeholders.

Besides offering a multiplicity of definitions for the term ‘institution’, the literature also offers a multiplicity of versions of institutional theory informed by different schools of thought and disciplines. The next section will discuss the various schools of thought that view institutional theory from different angles.

### **3.2.2 The various schools of thought pertaining to institutional theory**

The ways in which institutional theory has been treated by various institutionalists have been strikingly diverse, resting on varied assumptions, and privileging differing

casual processes. These schools of thought exhibit as many similarities as they do differences (Scott, 2008:47). It is therefore important to acknowledge these differences and variations in order to delineate the version adopted for the study. In this section, I will provide an overview of these different forms of institutional theory as adopted by different schools of thought within the streams of economics, political science, and sociology.

**Political Science:** In his book, ‘Institutional theory in Political Science’ Guy Peters (2005) categorised new institutionalism in political science into seven different versions based upon different schools of thought—namely: normative, rational choice, historical, empirical, sociological, international, and interest groups. Rational choice institutionalism argues that individuals are occupants of components of an institutional structure composed of rules and incentives. Historical institutionalism is based on the notion of path-dependence, which asserts that, eventually, history matters (David, 2007, p.92). Empirical institutionalism is based on a rather common sense definition of institutions, one that highlights the formal structures of government, particularly focussing on the debate between presidential and parliamentary governments. International institutionalism is based on regime theory related to the international relations literature, which focuses on the regime-implicit or -explicit principles, norms, rules, and decision making procedures around which actors’ expectations converge in a given area of international relations (Krasner, 1982:185). As it is concerned with the different—albeit related—discipline of sociology, sociological institutionalism will be discussed in the following section. The final version—interest groups—is based on the notion that organisations function within a larger network of different organisations and is concerned with the extra-constitutional structures that connect state and society (Jordan, 1990).

Peters (2005) argued that empirical institutional is, in some ways, similar to rational choice institutionalism; both assume that the values that condition the behaviours of individuals are unaltered by their interaction with the institution. On the contrary, March & Olsen (1984, 1989, 2010) the pioneers in the development of normative institutionalism, argued that the most appropriate way to understand individual or collective political behaviour is through a logic of appropriateness (i.e., that

behaviours are based on normative standards and not through the logic of consequentiality.

**Economics:** Scapens (2006) broadly catalogued variations in institutional theory in economics into old and new institutional economics. Old institutional economics is derived from the elimination of the neo-classical economics notion, which is concerned with the structural elements used to govern economic transactions and seeks to explain the behaviour of economic agents in terms of rules, norms, and routines within an organisation. New institutional economics, on the other hand, is derived from the traditional economic approach—or neo-classical economics—and applies assumptions such as bounded rationality and opportunism, especially the notion of self-interest with guile, as posited by Williamson (1998).

The sociological intentions are those more closely interwoven with this research; thus, the next section will discuss institutional theory from the school of sociology. The history of the development of institutional theory will be discussed in this section, in which the old and new schools of institutional theory and its development will lead us to a better understanding of how the theory has come to its eclectic forms in current times.

**Sociology (specific to organisational analysis):** Even in sociology, there are two versions of institutionalism in sociology—old and new—which are particularly relevant to organisational analysis. From now on, the new school of institutionalism will be referred to as **neo-institutionalism**. Old and new institutionalism in organisational analysis shares some background; yet diverge substantially in their approaches to organisations and institutions (Peters, 2005). The cognitive focus of the theory has largely distinguished new from old institutionalism (Hirsch & Lounsbury, 1997; Selznick, 1996). Neo-institutionalism is a theory that focuses on developing a sociological view of institutions and discusses the ways in which institutions interact and affect society. The theory provides a way of viewing institutions outside of the traditional views of economics by explaining why and how institutions emerge in a certain way within a given context.

Table 5 discusses the differences in the old and the new schools of institutionalism. With regards to similarities, first, both conceptualisations reject the rational actor model of an organisation, which is concerned with the notion that an organisation makes its decisions by comparing the costs and benefits of different choices; second, the relationship between the environment and organisations is highlighted in both the old and new conceptualisations (Powell & DiMaggio, 1991); third, both conceptualisations tend to explain that organisational reality goes beyond formal structures and emphasize the role played by culture in shaping organisational reality (Powell & DiMaggio, 1991).

**Table 5 - Comparing old and neo Institutional theory**

<b>Areas</b>	<b>Old Institutionalism</b>	<b>Neo Institutionalism</b>
<b>Conflicts of interest</b>	Central	Peripheral
<b>Source of inertia</b>	Vested interests	Legitimacy imperative
<b>Structural emphasis</b>	Informal structure	Symbolic role of formal structure
<b>Organisation embedded in</b>	Local community	Field, sector or society
<b>Nature of embeddedness</b>	Co-optation	Constitutive
<b>Locus of Institutionalisation</b>	Organisation	Field or society
<b>Organisational dynamics</b>	Change	Persistence
<b>Basis of critique of utilitarianisms</b>	Theory of interest aggregation	Theory of action
<b>Basis for critique of utilitarianisms</b>	Unanticipated consequences	Unreflective activity
<b>Key form of cognition</b>	Values, norms and attitudes	Classifications, routines, scripts, and schematics
<b>Social Psychology</b>	Socialization theory	Attribution theory
<b>Cognitive basis of order</b>	Commitment	Habit, practical action
<b>Goals</b>	Displaced	Ambiguous
<b>Agenda</b>	Policy relevance	Disciplinary

Old institutionalism: Fifty years ago, organisations were depicted as tightly bounded entities that were wholly separate from any surrounding environment as, ‘rational systems’ or social machines for the efficient transformation of material inputs into material outputs (Scott, 1987). ‘Old institutionalism’ concentrated on efforts to discover the most efficient structures of command and control for the achievement of

the organisations goals (Staniland, 2010). It was recognised that workers subverted this rational project for the efficient structuring of their behaviour, however this could be addressed by removing ambiguity from work design and introducing incentives and controls to shape the workforce into mature and sober workers (Staniland, 2010).

This analysis of institutions was strongly influenced by Max Weber (1864-1920), a German political economist and sociologist who examined the ways in which institutions such as bureaucracy had come to dominate political, social and economic life as a result of cultural shifts in the basis of power and control; describing three main principles charismatic, traditional and rational legal as the possible bases for turning power and control into the legitimate exercise of authority (Scott, 2001). This concern for legitimacy has been Weber's abiding legitimacy to institutionalism, which has influenced this thesis in understanding the concepts of legitimacy and applying it to the context of CSR reporting. John Commons (1862-1945) and Everett Hughes (1897-1983) were other important old school theorists emerging from the economics field.

### **3.2.3 Constructs of neo institutionalism as adopted in this study**

Where the old institutionalism was thought to be descriptive, theoretical and narrow minded, neo- institutionalism embedded organisations with their societal context as a source of variability and began to develop a base of theoretically founded generalisations from comparative investigations of different organisations operating within the same social field or of similar organisations operating within different social fields (Lecours, 2005). A series of articles by March and Olsen (1976, 1984, 1989) defined the revolution against the methodological individualism, behaviourism and formal rationality that had marked their immediate predecessors. For the old institutionalist's, institutions were material structure, comprising constitutions, cabinets etc. Institutions referred to the state or more exactly to 'government' (Lecours, 2005).

For the neo-institutionalist, institutions are not defined in material terms, as action that is coordinated by its location or technology. They rather focus on the way actions are coordinated by shared references to beliefs, values or cognitive scripts (Scott, 2001). These ideas contribute to a 'mythic' self-description which members create as

they form organisations, which defines organisations goals, structures and boundaries in cultural and normative terms (Dingwall and Strong, 1977).

Neo-institutionalist's thought that Weber has overemphasised the competitive market place as the major environmental driver for organisational change (DiMaggio & Powell, 1983), however resources might be economic or they might be essentially symbolic but capable of being translated into economic or political support if the organisation came under challenge. The neo-institutionalist suggested that when forced to choose organisations select options that preserve and enhance their legitimacy. And they suggested the ways to achieve legitimacy was to adopt cultural forms that either copied those of the more successful organisations operating in the same field or that reflected the models most preferred by the most powerful actors in the environment. This resulted in the 'iron cage' of 'institutional isomorphism' that involved the three mechanisms: coercive, mimetic and regulative (explained further in 3.2.6).

By and large, this research inclines towards the neo institutional school of thought; however, it does not completely reject all of the propositions of the old school. It also does not wholly follow all of the neo institutionalist propositions. This research adopts only certain constructs of the neo institutional school of thought initially put forward by DiMaggio & Powell (1983), and also adopts those that were later extended by Powell & DiMaggio (1991) and, later still, gradually expanded by Scott (1996, 2001, 2008). This study attempts to move along the ideas of contemporary institutional theorists—for example, Greenwood & Hinings (1996), Suchman (1995), Lammers (2011) and such other scholars who attempted to differentiate between new and old institutionalism by appreciating the considerations of institutions, along with legitimacy and rhetoric, into organisational analysis.

Whilst this section briefly introduced the neo institutional theory, the following section maps the growth of neo institutionalism in organisational analysis. The explanations of the neo institutional constructs that are specifically used in this study will be discussed in the process.



### 3.2.4 Neo institutionalism in organisational analysis

Since the publication of Meyer & Rowan's (1977) seminal article 'Institutionalised organisations: Formal structure as myth and ceremony' (Meyer & Rowan, 1977), organisational analyses based on institutional perspective have proliferated. In their ground-breaking essay, Meyer & Rowan (1977) inverted the conventional Weberian premises that view coordination, control, and rational formal structures as the keys to organisational success in the modern world; instead, they argued that the "*formal structures of many organisations dramatically reflect the myths of their institutional environments instead of the demands of their work activities*" (Meyer & Rowan, 1977).

By completely rejecting Weber's view of competitive markets being a vital driving force for organisational change, the authors and subsequent scholars of this school of thought for e.g., Zucker (1983), DiMaggio & Powell (1983) developed a core idea that propels the rejection of rationality as an explanation for organisational structure, and emphasises the notion of conformity to the demands of the institutional environment—i.e. legitimacy—which is the dominant explanation for the success and survival of organisations (Tolbert & Zucker, 1983). The dominance of considerations of legitimacy leads to organisations becoming prisoners of institutional isomorphism (Kraatz & Zajac, 1996).

In other words, the formal structures of many organisations in post-industrial society (Bell, 1973) reflect the myths of their institutional environments, rather than of the demands of their work activities (Meyer & Rowan, 1977). Institutionalised myths are the meanings ascribed to institutionalised products, services, techniques, policies, and programmes. They are adopted ceremonially because they provide legitimacy, both internally and externally.

While Meyer & Rowan (1977) developed the macro side of the neo institutionalist account, Zucker (1977), from a micro perspective, adopted an ethno methodological approach to institutionalisation. Like Meyer & Rowan (1977), Zucker (1977) also highlighted the taken-for-granted nature of institutions, but particularly emphasised the direct relationship between the degree of institutionalisation and cultural persistence. DiMaggio & Powell (1983) thereafter extended Meyer & Rowan's (1977)

and Zucker's (1977) work in two pivotal ways. First, they suggested that entire 'organisational fields' are influenced by the institutionalised myths of a society at a specific moment in time. They defined a field as "*those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, consumers, regulatory agencies, and other organisations that produce service products*" (DiMaggio & Powell, 1983:143). Second, they suggested three pressures—normative, coercive, and mimetic—that tend to increase the homogeneity of organisational structures in an organisational field.

The empirical research largely supports Meyer & Rowan's (1977), DiMaggio & Powell's (1983), and Scott's (2008) theoretical propositions. This line of research—which continues to be active and vital, attracting a growing number of organisational researchers worldwide—proposes that formal organisational structures reflect not only technical demands and resource dependencies, but are also shaped by institutional forces, including rational myth knowledge legitimated through the educational system and by the professions, public opinion, and the law (Powell, 2007). The core idea that, "*organisations are deeply embedded in social and political environments suggests that organisational practices and culture are often either reflections of or responses to rules, beliefs, and conventions built into the wider environment*" (Powell, 2007). Since the 1970s, this recognition of the pervasive role of institutions within and across organisations has led to a vast and still growing stream of research in management and organisation theory (Powell & Di Maggio, 1991). Institutional theory assumes that companies respond to both a competitive and an institutional rationale to survive (Meyer & Rowan, 1977, 1991).

### **3.2.5 Institutionalisation**

Institutionalism is defined in terms of the processes by which patterns achieve normative and cognitive fixity and become taken for granted (Meyer, Boli & Thomas, 1987). Weber (1968) identified the church and the state as the dominant institutions of the 19<sup>th</sup> century. Through the 20<sup>th</sup> century, the family, markets, and political structures—for example, representative democracy—arose as institutions (Berger, Berger & Kellner, 1973; Gehlen, 1988). The idea that a single organisation or government agency could become institutionalised took root in the 20<sup>th</sup> century, as documented by Selznick (1949, 1957). Abbott (1988) observed that professions are

institutionalised occupations. Jepperson (1991) identified social objects such as marriage, wage labour, corporations, and voting as contemporary institutions. When an agency (for example, the global compact), a practice (for example, climate issues) or an organisation (for example, domestic companies) becomes institutionalised, it means that it has become an established and taken for granted pattern of practices and communication. Institutional theory aims at explaining how these patterns arise and to demonstrate their effects on organisations.

Despite or perhaps because of its wide acceptance, institutional theory is associated with intense, unresolved debates around key constructs and issues. The meaning of the concept of ‘institution’, for instance, is considered by many researchers—particularly those from realist traditions—to be overly ambiguous and thus lacking in terms of being a reasonable construct for research. Those researchers argue that this ambiguity is the result of a lack of both theoretical and methodological elaboration on the process of institutionalisation. Others doubt whether phenomenology and ethnomethodology can provide a useful macro-sociological foundation for institutional theory. Such debates have given rise to various definitions of institutions and institutionalisation as discussed in the previous section. However, due to limitations of space and time, further discussion of this aspect falls outside the scope of this study; this represents a limitation of this study that will be discussed later.

I now move on to briefly describe the early approaches to institutional theory.

### **3.2.6 Early approaches to institutional theory**

The early neo institutionalism school of thought was heavily dominated by the notion of isomorphism. DiMaggio & Powell (1983) argued that organisations compete not just for resources and customers, but also for political power and institutional legitimacy, and for social as well as economic fitness (DiMaggio & Powell, 1983:510). The authors defined institutional isomorphism as a constraining process that forces one unit in a population to resemble those other units that face the same set of environmental conditions. Accordingly, many organisational practices are formed as a reflection of the rules and structures collectively developed by the institutions in that environment as a result of their legitimacy-seeking tendencies. According to

DiMaggio & Powell (1991), this results in the homogenisation of patterned organisational practices in a particular organisational field.

According to DiMaggio & Powell (1983, 1991) organisations respond to numerous pressures from their institutional environments and adopt organisational structures and management practices that are considered to be legitimate by different members in their field and by broader society, regardless of their actual efficacy. The development of the coercive, normative, and cognitive process of isomorphism describes this phenomenon of institutional pressures (DiMaggio & Powell, 1983:150-154)

- a) **Coercive isomorphism** stems from legal mandates and inter-organisational dependency. Organisations behave more alike when they experience pressures from others upon which they depend for resources and from the expectations of a society's legal and cultural systems (e.g., banks, governments, legal systems, financial institutions, local communities, and powerful customers).
- b) **Mimetic isomorphism** stems from organisations copying the practices of others that are perceived to be successful, especially in environments of high uncertainty. In other words, if an environment creates uncertainty and risks, organisations tend to incline towards standard business practices that are collectively perceived to be legitimate in that context or sector (e.g., standard business models, benchmark competitive practices and employed technologies, organisations championing in best practices).
- c) **Normative isomorphism** stems from similar attitudes and approaches taken by professional groups and associations, which are brought into the company through hiring practices. In other words, professionalization eventually leads to normative isomorphism. Normative isomorphism is the outcome of formal education, professional networks, professional associations, etc.

### 3.2.7 The three pillars of the institutional order

*“The three elements form a continuum moving from the conscious to the unconscious, from the legally enforced to the taken for granted”*

Hoffman, 1997:36

Scott’s (2001) effort, in his book ‘Institutions and Organisations’ reflects a careful and informative representation of the evolution of the study of institutions. His early work with Meyer on the studies of the organisation of work in elementary and secondary classrooms revealed that it was not highly responsive to differences in the complexity of the work performed, as predicted by contingency theory, which was the reigning theory of the time (Scott, 1983). Scott & Meyer (1983) explored the ways in which not only the ‘task’, but also the ‘institutional’ environment—the wider cultural framework—shapes how formal organisations are structured around work systems.

In developing his three pillars, Scott emphasised that the birth of neo institutionalism in the 1970s was primarily due to renewed attention towards cultural-cognitive elements, regenerating a line of thought that can be traced through Durkheim & Schutz (1932, 1967), Berger & Luckmann (1967), and the ethno methodologists (e.g., Garfinkel, 1967; Meyer & Rowan, 1977; Zucker, 1977). The main discussion that drove Scott to build the three pillars was to understand *“why actors—either individual or collective—comply with rules and prescriptions: is it because they are rewarded for doing so, because they believe that they are morally obligated to do so, or because they are following their conception of what a reasonable other would do in the same situation?”* Scott (1983).

Scott labelled these differences as regulatory, normative, and cultural-cognitive (table 6 and 7), and proposed that *“each was associated with different arguments or assumptions about the mechanisms activated, the logics employed by actors, the appropriate indicators, the type of effect or emotion generated, and the basis of legitimacy”* Scott (2008). Thus he developed the three regulatory, normative, and cultural-cognitive pillars and postulated that they often work in combination. The three pillars are summarised in the table below, as adapted from Scott (2008:51).

**Table 6 - The three pillars of institutions**

	Regulatory	Normative	Cultural-cognitive
Basis of compliance	Expedience	Social obligation	Taken for grantedness Shared understanding
Basis of order	Regulatory rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action
Affect	Fear guilt/innocence	Shame/honor	Certainty/confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Culturally supported Conceptually correct

Source: Scott, 1995

**Table 7 – Institutional carriers**

Carrier	Pillar		
	Regulatory	Normative	Cognitive
Cultures	Rules, laws	Values, expectations	Categories, typifications
Social structures	Governance, power systems	Regime, authority systems	Identities, isomorphism
Routines	Protocols, standard procedures	Conformity, performance of duty	Scripts, performance, programmes

Source: Scott, 1995

**Regulatory Pillar:** Institutions constrain and regularise behaviour (Scott, 2014). In the regulatory conception, regulatory processes involve the capacity to establish rules, inspect the conformity of others to them, and, when necessary, manipulate sanctions—rewards or punishments—in an attempt to influence future behaviour (Scott, 2014). Formalized mechanisms, like assigning special actors (for example, police and courts) and informal mechanisms (for example, shaming and shunning activities) are operated as part of the sanctioning processes. Although the concept of regulation conjures up visions of repression and constraint, many types of regulation enable and empower social actors and actions, conferring licenses, special powers and benefits to some types of actors.

In general, the regulatory processes within the private, market-based sector are more likely to rely on positive incentives (e.g., increased returns and profits), in their role, vis-a-vis the private sector, public actors make greater use of negative sanctions (e.g., taxes, fines, and incarceration) (Scott, 2014; Spence, 2010). Enforced sanctions and

expedient responses are central ingredients of the regulatory pillar, but they are often tempered by the existence of rules that justify the use of force (Scott, 2014). According to Scott (2014), the institutional logic underlying the regulatory pillar is an instrumental one: individuals craft laws and rules that they believe will advance their interests and individuals conform to laws and rules because they seek the attendant rewards or wish to avoid sanctions.

**Normative Pillar:** The normative pillar emphasises the significance of values and norms. These values are conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behaviours can be compared and assessed. Norms are how things should be done... legitimate means to pursue valued ends in constraining, enabling and empowering social behaviour (Scott, 2008:54-55). According to Scott (2008), the applicability of values and norms is selective; they are applicable only to a particular kind of actor or role. The applicability of values of norms is also collective, which means that they are applicable to every individual. Social obligations or normative expectations attached to roles or actors are at the heart of how actors experience external pressures (Selznick, 1996). Complying with expectations may evoke a feeling of pride and honour, while failing to do so may evoke strong feelings, such as a sense of shame or disgrace (March & Olsen, 1984).

**Cultural-cognitive Pillar:** According to Scott, the third pillar is the most important one and what differentiates neo institutionalism from other versions (Scott, 2008). The cultural-cognitive pillar stresses the central role-played by the socially mediated construction of a common framework of meaning (Scott, 2001:58). The cultural-cognitive pillar emphasises the notion of symbolic representations, which is concerned with where meanings are socially created via interaction. This also emphasises the idea that shared experiences and shared understandings about the world or about one relevant aspect of it in which a particular social action is taking place result in taken-for-granted ways of functioning (Powell & DiMaggio, 1991; Scott, 2001, 2008).

The institutional pressures were the first starting point of analysing this research and therefore, form the most essential ingredient of this study that guides and leads to

examining rhetoric and legitimacy. The empirical data presented in chapters 7 and 8 demonstrate the presence of regulatory, normative, and cultural-cognitive institutional influences attempting to influence company's CSR reporting. This aligns with Scott's (2001, 2008) rationale of the three pillars of institutional order. In these two chapters, Scott's idea of the existence of an overlapping of the three forms of institutional influences is also experienced. Scott (2001) argued, "*...In most empirically observed institutional forms, we observe not one single element at work, but varying combinations of elements*". He argued that, although these pillars operate collectively, in some situations, one of them would assume supremacy over the others, generating misalignment in the social order. This misalignment may generate conditions or provisions that encourage and stimulate conflicting choices and behaviours in individuals.

The findings chapters (chapters 7, 8 and 9) support the idea that "*where cognitive, normative and regulatory supports are not well aligned, they provide resources that different actors can employ for different ends*" (Strang & Sine, 2002:499). Thus, this study is in line with the fact that it is rather difficult to draw clear boundaries that differentiate or delineate the three forms of institutional influence. The empirical data indicates that the consideration of institutional influences is important and also how manipulation and decoupling is used as a mechanism for CSR communication to gain legitimacy.

This section discussed institutional theory and institutional pressures, the main theoretical grounding for this thesis and in the light of institutional theory it will now discuss how institutional pressures and legitimacy are related. Legitimacy forms an important theoretical lens for this research to analyse how institutional pressures leads to gaining legitimacy for companies in their CSR reporting process.

### **3.3 Legitimacy**

*"Organisations require more than material resources and technical information if they are to survive and thrive in their social environments. They also need acceptance and credibility"*

(Scott, Ruef, Mendel & Caronna, 2000:237).



Legitimacy is a crucial element in the creation and survival of new organisational forms (Hannan & Freeman, 1989; Dacin, Goodstein & Scott, 2002). It is the yardstick for discussions within the field of CSR (Palazzo & Scherer, 2006). Lee and Carroll (2011:117) posit that, “*CSR is a socially constructed value, and legitimacy is a core principal both for defining CSR and for determining the success of CSR activities*”. Legitimacy is the yardstick for discussions within the field of CSR (Palazzo & Scherer, 2006). The two concepts of CSR and legitimacy are highly interrelated constructs within a constructionist paradigm (Gond & Matten, 2007). Understanding of the process of legitimation as part of CSR communication remains sparse (Schultz et al., 2013; Vaara et al., 2006). CSR is regarded as one of the best ways for business to address social problems and maintain legitimacy (Castelló et al., 2013).

### **3.3.1 Defining legitimacy**

Max Weber was the first great social theorist to stress the importance of legitimacy (Scott, 2014). His ideas pertaining to the formulation of the types of social action interested many institutional theorists. In his empirical work, Weber applied his approach to the legitimation of power structures—both corporate and governmental—arguing that power becomes legitimated as authority to the extent that prevailing social norms supports its exercise, be they traditional, charismatic, or rational-legal (Deepphouse & Suchman, 2008; Ruef & Scott, 1998).

Neo-Institutionalist theorists like Parsons (1956), Berger & Luckmann (1967), Meyer & Rowan (1997), and Meyer & Scott (1983) advanced the arguments and included legitimation of strategies, structures, and procedures, something that other approaches to organisations—like resource-dependence or social exchange ones—do not discuss, as they typically view legitimacy as simply another kind of resource that organisations extract from their institutional environment.

Over the years, organisational legitimacy has been defined by social scientists with varying degrees of specificity (Suchman, 1995). Institutional theorists have focussed on cognitive and evaluative aspects; for example, Meyer & Scott (1983a) defined it as “*stemming from congruence between the organisation and its cultural environment*”. The evaluative side is reflected in the definition given by Maurer (1971),

*“legitimation is the process whereby an organisation justifies to a peer or superordinate system its right to exist”.*

Organisations require legitimacy (Suchman, 1995b: 574). For Suchman (1995), legitimacy is a generalised evaluation—rather than an event specific one—and is possessed objectively, yet created subjectively. Suchman (1995) adopted a broad definition of legitimacy that incorporates the evaluative and cognitive dimensions, acknowledging the role played by the social audience in legitimation dynamics and defining it as follows:

*“Legitimacy is a generalised 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”* (Suchman, 1995:575).

According to Suchman (1995), *“at the core of this intellectual transformation lies the concept of organisational legitimacy”*. The study of organisational legitimacy follows several disciplinary streams of research and analysis that examine the forces that impact upon organisational actors: organisational population ecology (Hannan & Freeman, 1989; Zucker, 1989), resource dependency theory (Pfeffer & Salancik, 1978), and neo-institutional approaches (DiMaggio & Powell, 1991). Zucker (1977, 1989, 1991) provided an important exception and argued that legitimacy is a cognitive process through which an entity becomes embedded in taken-for-granted assumptions.

Berger & Luckmann (1967) described *“legitimacy as explaining the institutional order by ascribing cognitive validity to its objectified meanings. It justifies the institutional order by giving a normative dignity to its practical imperatives”* (pp. 92-93). Scott (1995) thought that the ‘socially constructed systems’ to which Suchman refers are, of course, institutional frameworks. He put forward the importance of legitimacy by arguing that it is not a specific resource, but a fundamental condition of social existence. *“From an institutional perspective, legitimacy is not a commodity to be possessed or exchanged but a condition reflecting perceived consonance with relevant rules and laws or normative values, or alignment with cultural-cognitive frameworks”* (Scott, 2014).

Much research on legitimacy has been done on its constituent elements (Dowling & Pfeffer, 1975) and its forms of expression (Suchman, 1995). The cognitive model introduced by Zucker (1977) and extended by ecologists suggests that legitimacy exists when “*there is little question in the minds of actors that it serves as a natural way to effect some kind of collective action*” (Hannan & Carroll, 1992:34). Zucker (1977) argued that, in this case, legitimacy is a cognitive process through which an entity becomes embedded in taken-for-granted assumptions.

### **3.3.2 Why do organisations need legitimacy?**

Emphasising the cultural-cognitive dimension, Meyer & Scott (1983) proposed, that organisational legitimacy refers to the degree of cultural support of an organisation (Meyer & Scott, 1983a: 201). This vertical dimension entails the support of significant others; i.e., various types of authorities—cultural as well as political—empowered to confer legitimacy. In today’s time, agents of the state and professional and trade associations are often critical for organisations and applied as prime indicators of legitimacy (Dowling & Pfeffer, 1975; Ruef & Scott, 1998).

Organisations seek legitimacy for many reasons; the first is the distinction between pursuing continuity and pursuing credibility. In this regard, Suchman (1995) stated that legitimacy enhances both the stability and the comprehensibility of organisational activities, and stability and comprehensibility often enhance each other. According to Suchman (1995) legitimacy affects how people act towards organisations and how they understand them. Audiences might perceive a legitimate organisation not only as being more worthy but also more meaningful, predictable, and trustworthy. Part of the cultural congruence—as discussed and captured by scholars while defining and understanding legitimacy—involves the existence of a credible collective account or rationale explaining what an organisation is doing and why (Jepperson, 1991).

According to Suchman (1995), the second distinction that needs to be made is to understand whether an organisation seeks active support or merely passive acquiescence. The author argued that, if an organisation simply wants a particular audience to leave it alone, the threshold of legitimacy might be quite low. An organisation usually needs only comport with some unproblematic category of social

activity (for example, doing business). However, if that organisation seeks protracted audience intervention (particularly against other competitors), the legitimacy demands might be stringent (DiMaggio & Powell, 1988). The definitional distinctions between legitimacy as cognitive taken-for-grantedness and as evaluative approval can be seen in this contrast. To avoid questioning, organisations only need to ‘make sense’. However, to mobilise affirmative commitments, it needs to ‘have value’, either substantially or as a crucial safeguard against impending nonsense.

### 3.3.3 Approaches to the study of legitimacy

Research on legitimacy drawn from the foundation work of Weber (1978) and Parsons (1960) seems increasingly divided into two distinct groups: strategic (e.g., Ashforth & Gibbs, 1990; Dowling & Pfeffer 1978; Pfeffer & Salancik 1978) and institutional (e.g., DiMaggio & Powell, 1983; Zucker, 1987; Meyer & Rowan, 1991; Meyer & Scott, 1983a), which often operate at cross-purposes. The literature on organisational legitimacy, which falls into either of those two camps (Oliver, 1991), is further described below:

**1) Strategic:** Strategic legitimacy studies depict legitimacy as an operational resource (Suchman, 1988) that organisations extract, often competitively, from their cultural environments and that they employ in the pursuit of their goals (Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975). This approach begins with the proposition that *“one of the elements of competition and conflict among social organisations involves the conflict between ... systems of beliefs or points of belief”* (Pfeffer, 1981). Legitimation is purposive, calculated, and frequently opposed. Thus, the strategic tradition adopts a managerial perspective and emphasises the ways in which organisations instrumentally manipulate and deploy evocative symbols in order to garner societal support.

**2) Institutional:** Institutional researchers, conversely, depict legitimacy not as an operational resource but as a set of constitutive beliefs (DiMaggio & Powell, 1983; Meyer & Rowan, 1991; Meyer & Scott, 1983a). Within this tradition, legitimacy and institutionalisation are virtually synonymous. Both phenomena empower organisations primarily by making them seem natural and meaningful. For the institutionalist, access to resources is largely a by-product. Institutionalists downplay

both the managerial agency and manager stakeholder conflict, which are propagated by strategic scholars. Institutionalists argue that, in a strong and constraining symbolic environment, a manager's decisions are often constructed by the same belief systems that determine audience reactions. Thus, the institutional tradition has adopted a more detached stance and emphasises the ways in which sector-wise structuration dynamics generate cultural pressures that transcend any single organisation's purposive control (Suchman, 1995).

This research follows the institutionalist orientation since it does not address the dilemmas that focal organisations may face in managing their symbolic relations with demanding constituents, as addressed by the strategic literature. This research does not assume, like the strategic literature does, that organisations can and do formulate strategies aimed at fostering legitimating perceptions of desirability, propriety, and appropriateness. Rather, it considers the outer environments to be fundamentally constitutive of organisational life. I adopt the view that managers do enunciate supportive myths and prescribe culturally congruent rituals (Suchman, 1995).

#### **3.3.4 Forms / types of legitimacy**

This study follows and addresses Suchman's conceptualisation of legitimacy. Here, the literature broadly distinguishes between three types of legitimacy: normative/moral, pragmatic, and cognitive (Suchman, 1995). Overall, these three types of legitimacy involve a generalised perception or assumption that organisational activities are desirable, proper/appropriate within some socially constructed system of norms, values, beliefs, and definitions. Each type of legitimacy rests on a somewhat different behavioural dynamic. It is important to outline these dynamics to identify the types within each major category (Suchman, 1995)

**a) Pragmatic Legitimacy:** Pragmatic legitimacy is based around relationships and may be accorded if an organisation's action is aligned with the value that a particular set of constituents expects of it (Dowling & Pfeffer, 1975; Suchman, 1995). Pragmatic legitimacy rests on the self-interested calculations of an organisation's most immediate audiences (Suchman, 1995:578), and involves direct exchanges between the two parties. It can sometimes involve broader political economic or social interdependencies in which the organisational action nonetheless visibly affects

the audience's wellbeing (Suchman, 1995) and typically involves conforming to demands. The organisation may be accorded pragmatic legitimacy if it adopts its constituents' standards of performance as its own. Thus, it is generally associated with the effects of exchange, benefit, and influence or, essentially whether an organisation's actions are congruent with those particular constituents' views (Suchman, 1995).

**b) Moral Legitimacy:** Moral legitimacy rests on judgments about whether an activity is the right thing to do regardless of whether it benefits the evaluator (Suchman, 1995). This aspect, which is called 'sociotropic', distinguishes moral from pragmatic legitimacy. These judgments, in turn, usually reflect beliefs about whether an activity effectively promotes social welfare as defined by the audience's socially constructed value systems. Suchman argued that this altruistic grounding does not necessarily render moral legitimacy entirely 'interest free'. This happens since organisations often put forth cynically self-serving claims of moral propriety and buttress these with hollow symbolic gestures (Suchman, 1995). Nonetheless, at its core, moral legitimacy reflects a pro-social logic that differs fundamentally from self-interest (Suchman, 1995). Weber's discussion of legitimate authority runs parallel to four forms of moral legitimacy, as suggested by Scott (2008) and Scott & Meyer (2001). Those four forms are: evaluation of outputs and consequences, evaluation of techniques and procedures, evaluation of categories and structures, and evaluation of leaders and representatives (added by Suchman, 1995).

**c) Cognitive legitimacy:** Unlike pragmatic and moral legitimacy, which are associated with an active support or a conscious assessment, cognitive legitimacy generally involves passive support. It involves either the affirmative backing of an organisation, or its mere acceptance as necessary or inevitable based on some type of taken-for-granted cultural account (Suchman, 1995). While taken-for-grantedness is a key aspect of cognitive legitimacy, Suchman (1995) also linked cognitive legitimacy to conformance to models, in that organisations will often mimic standards, formalise or professionalise operations, and/seek certifications in a bid to indicate or seek cognitive legitimacy.

### **3.4 Chapter summary and Conclusion**

This chapter echoes the ideas of institutional theorists (Scott, 2001; Greenwood & Hinings, 1996; Meyer & Rowan, 1977), who aspired to construct a bridge between new and old institutionalism by stressing the role played by the institutional environment and the macro phenomena through which the organisations and the environment are connected. This logic offers a framework to understand the interactions between CSR reporting and institutional pressures aimed at gaining legitimacy. The review discussed how organisations might need to show their legitimacy to multiple audiences for purposes of survival. The three kinds of legitimacy—pragmatic, moral, and cognitive—can coexist in the real world (Suchman, 1995); this suggests that multiple types of legitimacy may be sought in relation to institutional pressures. The different links between the types of legitimacy and rhetoric have been highlighted through the works of various scholars and the research gaps that need to be addressed.

The next chapter discusses the constructs of institutional rhetoric and its relevance for this study.

## Chapter Four: Theoretical Framework

### *Bridging Institutional Theory, Rhetoric and Legitimacy: A novel way of examining CSR reports*

#### 4.0 Chapter overview

In the last chapter it was discussed, consistent with Scott's (2001) view, this thesis asserts that institutions relevant to organisational communication reflect a means-end orientation—i.e., they are rational. The idea of institutions, however, is not consistent with this viewpoint but rather defined from other cultural concepts. For analytic purposes, it is preferred to reserve the use of the term to established practices that are formally understood and not extend it to traditions, conventions, or other aspects—such as handshaking or door holding—that society at large calls institutions, that simply lack the tight link between an institution's behaviour and goals (Lammers & Barbour, 2006). With this postulate, this section moves on to discuss the growth of organisational communication, i.e., how organisational communication research has grown around text (corporate documents, reports, etc.) and talk (websites and interviews).

The aim of this chapter is to introduce the context of CSR talk through the lens of rhetoric. Most specifically this chapter develops a conceptual framework for understanding how macro level institutional pressures drive companies to use rhetoric for the construction of CSR reports to gain legitimacy. *Both* the perspectives are combined together to develop the conceptual model of this thesis (discussed at the end of this chapter) bringing together institutional theory, legitimacy and rhetoric to understand CSR reporting that represents the starting point of this research. The chapter first introduces institutional rhetoric in section 4.1. Thereafter, section 4.2 theorise rhetoric and the differences between discourse and rhetoric is presented in section 4.3. Bridging the context by bringing in the three theories is discussed in sections 4.4 and 4.5. The chapter closes with a conclusion in section 4.6.



#### **4.1 Institutional theory and rhetorical analysis**

In their foundational article, Meyer & Rowan (1977:50) explicitly stated that “*a most important aspect of isomorphism with environmental institutions is the evolution of organisational language*” and that organisations incorporate language to enhance their legitimacy. Although talk, texts and documents are a primary way by which organisations interact with their environment, there has been little related research on organisational language in the neo institutionalist field, or even in general. The texts and documents of organisational language are a ubiquitous aspect of life in organisations. Organisations constantly produce and consume them; they are a primary way in which organisations interact with other organisations and institutions (Lewis, 2002). Organisations are constantly reading texts and documents, in part because they may need to respond to them; but also often simply to satisfy an insatiable desire for information (Feldman & March, 1981). Texts and documents are an important part of organisational life and they are often the basic data of organisational research, but they are typically taken at face value and used simply as a resource, not studied carefully as complex communicative objects (Feldman & March, 1981). However, when it is also the subject of research, organisational language can provide valuable insights (Feldman & March, 1981).

The next sections will discuss organisational language further from the lens of rhetoric and analyse how organisational language is influenced by the theory of rhetorics later on in this thesis.

#### **4.2 Rhetoric in organisational communication**

*Wherever there is persuasion, there is rhetoric, and wherever there is meaning, there is persuasion”*

Kenneth Burke, 1969:72

Organisational communication has been theorised by many schools of thought. One of these is rhetoric. Rhetoric, or the art of persuasion, has a long history in the humanities (Burke, 1969; Aristotle, 1991). With origins in the philosophical, education and political systems of the ancient Greeks (Cockcroft & Cockcroft, 1992), rhetoric is both a deliberate form of persuasive communication and an inevitable part

of everyday interaction and communication. Semiotics (Barley, 1983), hermeneutics (Phillips & Brown, 1993), discursive (Kilduff, 1993), and narrative analyses (Boje, 1995) have each been introduced as a method for understanding organisational phenomena. Rhetorical analysis shares this interest in the role played by language in structuring social action. While there is a growing interest in the use of rhetorical theory in organisational studies (Covaleski, Dismirth & Rittenberg; 2003; Suddaby & Greenwood, 2005; Heracleous & Barrett, 2001; Oakes, Townley & Cooper, 1998), rhetorical theory can be quite broad and complex. The following sections discuss the complexities and broadness of the theory in relation to organisational communication.

#### **4.2.1 Defining Rhetoric**

Scholars have defined rhetoric in multiple ways. Corax & Tisias were the first to define rhetoric as the “*artificer of persuasion*” (Lin, 2000). Rhetoric, in its most basic sense, has been defined as follows:

**Herrick (2009:13):** *Rhetoric is used in order to “influence an audience to accept an idea, and then to act in a manner consistent with that idea”.*

**Kennedy (2007):** Rhetoric refers to a “*form of mental or emotional energy imparted to a communication*” in order to impact a situation based on the rhetor’s intentions.

**Abizadeh (2002) and Burke (1960):** Rhetoric is an authoritative method of persuading people whereby a rhetor seeks to alter an audience’s view so that it is congruent with his or her view.

**Aristotle, trans. (2007); Burke (1982); Herrick (2009); Waeraas & Ihlen (2009):** Rhetoric is about making a judgment and can also be considered as a form of verbal communication used by specific actors to create desired beliefs and impressions.

**Hartelius & Browning (2008:33):** Rhetoric serves as a ‘theoretical lens’ and “*a framework for understanding the role of narrative and rational organisational discourses*”.

**Sahlin & Wedlin (2008):** *“The rhetorical analysis of texts produced by actors in institutional environments has led to useful discoveries about the role played by language in circulating ideas”.*

Based on these definitions, the major characteristics of rhetoric can be summarised as:  
a) rhetoric is the art of using language  
b) the goal of rhetoric is to persuade others and  
c) rhetoric involves using the organisation and style of language to shape/induce attitudes and actions in other agents. Therefore, rhetoric constitutes a transmission process through which language systematically influences the interpretive systems of others.

#### **4.2.2 Classical and new rhetoric**

Rhetorical theory was first developed over 2,500 years ago, during the times of ancient Greece and Rome; much later, two major perspectives developed within rhetorical theory: classical and new rhetoric (Lunsford and Ede, 1984). Most scholars using rhetoric to study organisations have focussed on these two domains (Green et al., 2009). New rhetoric focuses upon both the audience and the social aspects of the communication. Classical rhetoric emphasises what the rhetor communicates (Green et al., 2009).

Since this study is interested in what, why and how organisations report in relation to CSR this section focuses only on classical rhetoric. In doing so, important insights from classical and new rhetoric will be discussed. At the core of the rhetorical theory is the assumption of a direct causal relationship between the use of language and cognition (Bilgic, 1989, 1996). The focus of classical rhetoric focus is on ‘how we use words’ and emphasises the intentional and deliberate use of persuasive language to influence meaning and shape action. As it describes the specific symbolic tactics, techniques, and devices that actors use to influence others and achieve intended goals; classical rhetoric informs the understanding of what agency is and how it operates. The classical rhetorical conception of thinking as being rhetorical or argumentative emphasises that persuasion and influence do not take place in a social vacuum. This resonates with institutional theory, which suggests that agents have interests that they value highly, operate in contested political arenas, and vary in their ability or capacity to influence others (DiMaggio, 1988). Thus, rhetorical inquiry and practice is

explicitly political and concerned with the furthering of actors' interests through discourse in competition or cooperation with the interests of other actors (Guthrie, 1993).

Classical rhetoric suggests that agency is the product of choice and of the ability to enact that choice. Choice is inherent in this approach because thinking itself is modelled as argumentative, dialogic, and dilemmatic (Bilig, 1995). Aristotle expressed the view arguing "*agency or the ability to choose is the result of the human rhetorical faculty or capacity to imagine and see the viable means of persuasion in any given case*" (Aristotle, 1991). New rhetoric emphasises how rhetoric is a mode of epistemic discourse (Scott, 1967) and symbolic practice (Burke, 1966). In contrast to classical rhetoric, new rhetoric focuses more on how words use us; if classical rhetoric centres on persuasion as influence, new rhetoric is concerned with persuasion as communication. New rhetoric also assumes that language holds the key to accessing the symbolic world of human interaction (Conrad & Malphurs, 2008).

Rhetorics is applied to this research to understand CSR reporting through the lens of logos, pathos and ethos that is utilised in order to provide the rhetor with sources of proof through arguments and appeals, hence permitting persuasiveness (Burke, 1982; Nichols, 1987; Robinson, 2006; Self, 1979). The next section discusses how in order to persuade an audience through the use of arguments and appeals (in this case CSR reporting) the art of classical rhetoric<sup>19</sup> devised by Aristotle by combining a logical study (logos), a psychological study (pathos) and a sociological study (ethos) is useful for understanding this research.

#### **4.2.3 Ethos, Pathos, and Logos**

Aristotle asserted that three distinct elements are essential to achieving effective persuasion: a) the orator's character (ethos), presenting the view that the speaker is a trustworthy character b) the emotions of the audience (pathos), creating a logical argument or reasoning through the text and c) the rationality of the orator's arguments (logos), putting the audience in a certain frame by enabling the speaker, text or a combination of the two to arouse the audience's emotions (Abizadeh, 2002; Aristotle,

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<sup>19</sup> Hereafter I will refer to classical rhetoric simply as rhetoric.

trans. 1954; Burke, 1969; Nichols, 1987; Self, 1979; Robinson, 2006; Richards, 2008). These arguments reveal that, when delivering a persuasive speech or discourse, an orator must demonstrate his/her character, evoke the audience's emotions, and appeal to the audience's natural instinct for what is true by stating facts.

Table 8 (below) depicts the three rhetorical appeals discussed by Higgins & Walker (2012). According to the authors:

- A) Ethos, an ethical appeal refers to the credibility and trustworthiness of an orator. Ethos emphasises the character of the speaker by deliberately establishing his or her image in such a way that, through an argument, it convinces the audience that he or she is competent, reliable, fair, and honest.
- B) Logos, a rational appeal stresses on reason and logic. In addition, this trait refers to the clarity and integrity of the argument itself (Higgins & Walker, 2012:198). In political persuasion, the political elite will often use facts and figures to convince the audience of its position.
- C) Pathos, an emotional appeal denotes the arguments appealing to the audience's compassion or evokes its emotions (for example, fear, anger, sadness, contempt, satisfaction, sympathy, happiness, and hope). According to Aristotle, emotions are all those feelings that so change men as to affect their judgment and are also attended by pain or pleasure. Such are anger, pity, fear, and the like, with their opposites (Aristotle, trans. 1984:91-92). Hope is a positive emotion that is conceptualised with arguments relating to enthusiasm, optimism, and other affirmative feelings (Erisen & Vilalobos, 2014).

**Table 8 – Rhetorical appeals**

Appeal	Persuasive technique /Rhetorical appeals	Examples
<b>Ethos: credibility Perceived character of the speaker Projecting the speaker as trustworthy</b>	Similitude	Highlights similarities between the organisation and the audience, uses pronouns such as 'we' and 'our'.
	Ingratiation/self-promotion	Compliments, flattery, agreement, self-presentation or -promotion, help.
	Deference	Rights and feelings of audience
	Expertise	Qualifications, experience, judgments
	Consistency	Continuity, maintaining
	Self-criticism	Admission of mistakes or

		shortcomings
	Inclination to succeed	Promises of success, commitment
<b>Pathos: emotion</b> Considering the emotions of those in the audience in order to induce them to make the desired judgment.	Figurative speech	Use of metaphors (identification, especially through cultural references such as: Sport, Underprivileged, Health, Wellbeing, Hope, Aspirations Loyalty, Friendship, Sympathy)
	Narrative speech	First person narrative
	Emotive appeals	Use of emotive language
<b>Logos: reason</b> (The appearance of rationality) Showing the probability of what is said	Argumentation	Present an argument about why a practice has been conducted.
	Logic	Logical argument
	Warrants/justifications	Justifying a particular outcome or activity
	Data	The use of data, graphs and statistics
	Evidence/Examples e.g. historical)	Using examples or evidences to support a statement /claim
	Claims	Making a statement about what the organisation has done
	Citations to third party	Reference to a third party to support an argument. This is closely linked to expertise

**Source:** Adapted from Higgins & Walker (2012:198)

#### 4.2.4 Growth of Institutional Rhetoric

There has been an expanding literature focusing on CSR rhetoric (Battilana et al., 2009; May, Cheney & Rooper, 2007), with the institutional approach applied to a large extent. For example, Schwarze (2003) in his study on the limitations of the rhetoric of CSR, argue that CSR wrongdoing is often accomplished with the help of the state and that rhetoric of CSR must have an inter-organisational focus, and it must demand social responsibility from the corporate body constituted in tandem by companies and the state agencies charged to regulate them. Organisational and institutional research in CSR includes both rhetorical and discourse analyses. Evidence of institutional work is found in the texts and conversations that occur in and around organisations. Rhetoric's focus on persuasion emphasizes the process by which people come to believe something and then take it for granted. The concept of rhetorical situation that will be demonstrated in the findings of this thesis is crucial since it alerts us to how rhetorical utterances are influenced by their context. For

instance, Ihlen (2011) gave an example in his work; corporations have to admit that they have responsibilities beyond profit making, but do not necessarily have to go overboard in terms of CSR engagement.

The institutional perspective holds tremendous promise for scholars of organisational communication (Lammers & Garcia, 2014). Researchers have studied CSR statements, texts of rules, and practices to understand how they become institutionalised. Green et al. (2008) examined the corporate control rhetoric of board members and argued that, *“it shapes the institutional logics of control and thus legitimizes the dominant stakeholder group in the institutional field”* (p.41). Examining institutional rhetoric enables scholars to explore the strategic collective expressions of organisations as they seek legitimacy in their institutional environment (Lammers & Garcia, 2014). At its heart, institutional theory seeks to explain *“the elaboration of rules and requirements to which organisations must conform if they are to receive support and legitimacy”* (Scott & Meyer, 1983:140). The strength of this perspective may today flow from the fact that organisations in every sector and industry across the world are awash in rules and regulations, increasing the relevance of institutional theory to organisations and organisational communication. Organisational communication, after all, frequently focuses upon the communicative behaviour of individuals in groups and organisations or, more specifically, upon *“language and social interaction that promote coordinated action towards a common goal”* (Eisenberg, 2009:700). It seems appropriate, therefore, to treat the larger institutional landscape as outside and beyond the purview of organisational communication.

Studies have echoed that the existence of formally written rules, laws, regulations, and contracts is a defining feature of institutions. According to Phillips et al. (2004), such texts are the material manifestation of accumulated knowledge about how to solve problems and conduct relationships in an increasingly complex world. The rules aspect of formal knowledge is only one of the features of this formalism. The fact that social reality, in an important sense, is constructed via on-going interactions does not lessen the relevance of formal knowledge and the routines it stipulates (Lammers & Barbour, 2006). Lammers & Barbour (2006) suggested here that, often, the taken-for-granted, unexamined, or tacit dimensions of organised life are, in fact, supported by

the existence of actual documents. The formalised relationships through contractual or regulated methods between members of different organisations may be consequential for action as on-going face-to-face relations among members in an organisation.

In relation to the theory above, it would not be wrong to say that institutions relevant to organisational communication reflect a means-ends orientation—that they are rational. This is consistent with Scott's (2001) view, as discussed earlier, and distinguishes the idea of institutions as we define it from other cultural concepts; for example, traditions, conventions or other such aspects such as handshaking or door holding could be called institutions in society at large, but these lack the tight link between the behaviour and goals of institutions (Lammers & Barbour, 2006).

Growing interest in the use of rhetorical analyses in organisational theory was found in the works of Alvesson & Karreman (2000), Philips & Hardy (2002), and Fine (1996). Alvesson's (1993) seminal paper '*Organisations as rhetoric: Knowledge-intensive companies and the struggle with ambiguity*', was perhaps the first paper to explicitly link rhetoric to institutional theory, reflecting an important milestone in the integration of rhetorical and institutional theory and the development of rhetorical institutionalism. Alvesson (1993) proposed that knowledge was ambiguous and that rhetoric was therefore crucial to the construction and operation of institutions and organisations. Rhetorical institutionalism is the deployment of linguistic approaches in general, and rhetorical insights in particular, to explain how institutions both constrain and enable agency. His central argument was that, although organisational knowledge is critical to organisational performance, knowledge is, in fact, ambiguous, contingent and thus opens to rhetorical construction and interpretation.

Alvesson (1993) proposed that, through rhetoric, knowledge is more a case of institutionalised myth and rationality surrogate than a technical solution to organisational problems and in order to produce these myths or claims to knowledge, organisations and their employees engage actively in rhetoric as a way of providing convincing accounts, regulating impressions, and images. The rhetorical approach suggested by Alvesson (1993) emphasizes language as a tool used by actors to construct and share meanings that help us navigate and make sense of a problematic, ambiguous, and contingent world (Green & Li, 2011). Humans use language (e.g.,



tropes, narratives, discourse, and frames) to persuade themselves and others about reality and thus use language to navigate an ever-changing world as symbol-using cognitively limited actors (Green & Li, 2011). Cognitive limits dictate that, sometimes, actors take meanings for granted and that these meanings appear fixed and unitary as in habit and motion, and that, at other times, meanings appear to be changing and fluid, as in symbolic action, and cycling between disembodied and embodied discourse, live and dead metaphors, fresh and conventional narratives, cold and hot frames (Green & Li, 2011). Our cognitive limits, as human beings, force us to move from motion to symbolic action and back to motion.

A number of studies have used rhetorical methods, either explicitly or implicitly, to understand the processes of organisational and institutional change. Finet (2001) suggested that institutional rhetoric is that of a particular organisation and used the term to distinguish the quality of rhetoric as ‘socio-politically relevant organisational discourse’. Finet (2001) identified institutional rhetoric as “*externally directed corporate expressions of relatively formal collective entities*” (Finet, 2001:274) and argued that institutional rhetoric was intended to influence the larger social normative climate. Heracleous & Barrett (2001) studied the role played by language in promoting the adoption of electronic communication in the London insurance market. Similarly, Oakes, Townley & Cooper (1998) demonstrated how new vocabularies in the form of business plans were used to strategically redefine the institutional logic of provincial museums and cultural heritage sites in Alberta, Canada. A shift from cultural to economic forms of logic was facilitated by the introduction of business terminology to reconceptualise existing practices and actors.

Li & Green (2011) argued that institutional theory combining: 1) classical rhetoric to emphasise the strategic intentional use of language, and 2) new rhetoric to show how language constitute and constrains actors identities and knowledge, is in a unique position to explain embedded agency. The authors wrote: “*conceptualizing language as both epistemic and practice and as semantic and pragmatic may open up space for a robust conception of embedded agency that is not over, or alternatively under socialised. This offers the potential for rhetoric to help institutional theory produce explanations that neither privilege structure at the expense of agency or agency at the expense of structure*”. The authors integrated new and classical rhetoric focussing on

Burke's (1978) rhetorical conception of symbolic action and motion, which makes an attempt to address the problem of embedded agency by drawing a distinction between symbolic (or conscious) action and non-symbolic (or unconscious) motion (Burke, 1978).

Burke's framework posits that all institutions exhibit and evolve through some combination of five linguistic dimensions of the motives:<sup>20</sup> act, agent, agency, purpose, and scene (Burke, 1969). Motives explicitly describe and frame who (the agent) gets to do what (act), why (for what purpose), where (the scene) and in what way (agency). Burke's conception of motives addressed the problems of embedded agency by providing conceptual space for both classical and new rhetorical insights to explain institutionalisation, i.e., how motion transforms into symbolic actions and symbolic actions transforms into motion (Li & Green, 2011). In this case, motion is structure (change/movement in bodies or objects that results from a purely material, physical, or behavioural autonomous process). Burke connects action and motion through the rhetorical concept of 'motive'. 'Motives' are the linguistic expression of symbolic action or the infusion of motion with intent. Burke's critics depicted language and discourses as being distinct from practice, and emphasised the influence of practice while seeing language and discourse as secondary to real social structure, relations, and material events (Archer, 2002; Leca & Naccache, 2006). Some also state that this system of agency and structure is dualist and thus incapable of resolving the paradox of embedded agency (Archer, 1982; Lizardo, 2010).

Yet, Burke's argument that language is symbolic action (Burke, 1966) and that humans are 'symbol-using' (they experience social structure, relations and reality through systems of symbols), 'symbol making' (they invent new symbols) and 'symbol misusing' (they assign so much power to symbols that they can dictate their feelings, attitudes, and even physical conditions) animals is essentially an important concept. Burke's argument that acts such as managing employees on the factory floor entail action—as opposed to habit or motion—has been argued by Conrad & Macom (1995) to be a result of cognitive limits. Acts sometimes become habitualised and

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<sup>20</sup> Names given to situations to shape the legitimacy of one's own as well as of others' actions. Motives reflect the key instructions or rules for what makes a social field and for what differentiates one institution or institutional field of action from another

taken for granted and transform from conscious choices into habitual behaviours, motion, and structure (Conrad & Macom, 1995). Similarly, the conscious symbolic choices of CSR managers may transform into instinctual habits of motion.

Li & Green (2011) discussed this transformation from conscious symbolic action and choice to unconscious material motion. The movement from action to motion represents an increase in taken-for-grantedness, a decrease in agency, and an increase in structural constraint. Yet, over time, experienced managers whose CSR practices have become motion may symbolize or become conscious of such practices because of an exogenous shock (e.g., new CSR act imposed by the government) or endogenous reinterpretation (e.g., self-reflection of charity and society's push for charity). This transformation from unconscious notion and habit back into conscious symbolic action reflects a decrease in taken-for-grantedness, an increase in agency, and a decrease in structural constraint. Li & Green's (2011) framework emphasises the process or primary paths by which actions transform into motions and vice versa. The authors conceptualised these paths or motives as the critical components or building blocks of institutional logics.

#### **4.2.5 Scope of rhetoric**

Rhetoric has been used in CSR studies in various ways; one of these is found in a study by Castello & Lozano (2011), who identified 17 themes of rhetoric and four main divisions of rhetoric. This study aligns to this divisions of rhetoric, while, along the way, also introduces some new themes. Castello & Lozano (2011) identified the following divisions of rhetoric:

**Strategic rhetoric** highlights how companies manipulate and position evocative symbols in order to gain support from society (Suchman, 1995). Through strategic rhetoric, companies strive to build symbolic links with values embedded in the strategic management traditions—for instance, efficiency in various organisational projects, operations of innovation and corporate returns—with the goal to implicitly enhance corporate returns and increase the company's reputation. Strategic rhetoric is accustomed towards what Suchman (1995) defined as **pragmatic legitimacy**, in which *“companies have a strategic interest to use their power to influence and*

*manipulate their social contexts*". It assumes that *"an organisation's own egoistic interest is what lies behind company CSR activities"* (Suchman, 1995).

The second category is **institutional rhetoric**, which is often used in the discourse with the aim of gaining legitimacy and acceptance in society (Castello & Galang, 2011). Institutional rhetoric is oriented towards **cognitive legitimacy** and implies a company's desire to conform to social expectations (Suchman, 1995). Companies use themes as CSR and stakeholder engagement—as they are very common representations of the CSR movement—to show the organisation's worthiness and acceptability (Oliver, 1991). This study argues how this theme is gaining in relevance, with companies giving more and more importance to the institutional environment and to how institutional pressures—especially in their coercive form—have increased over the last few years in developing countries with the launch of different forms of mandatory CSR. In this case, the case of India's mandatory CSR spending and how it has moved companies from the strategic and dialectic rhetoric mode to the institutional one is discussed. This contradicts the argument, made by Castello & Lozano (2011), that the *"institutional themes of CSR and sustainability remain fairly academic and meaningless and are losing their normative force today. Further, although institutional rhetoric is recognised and used as an instrument for cognitive legitimacy, it does not lead to moral legitimacy"*.

The third domain, **dialectic rhetoric**, incorporates such themes as global standards, citizenship, accountability, partnerships, global agenda, inclusivity, focus on the issue and social contribution. This rhetoric has its roots in the communication/dialogue practice between corporations and their stakeholders (Castello & Lozano, 2011). An organisation's aim is to inform more about its actions and results and increase the acceptance of its corporate decision-making (Scherer & Palazzo, 2007). The vocabulary and language of dialectic rhetoric in the CEO discourse underlines the importance of generating the common good and community building through various activities (Waddock, 2004). International CSR guidelines—for example the GRI, AA1000 AS, ISAE 8000, DOW Jones Sustainability Index, FTSE100 and Global compact global standards—are themes that provide the clearest example as it refers to either certifiable or non-certifiable standards that are aimed at increasing business accountability. **Moral legitimacy** is the outcome of this communicative activity; by it

organisations seek to persuade each other about which direction is more appropriate or whether or not to undertake collective action. The notion of dialectic rhetoric is that it is aimed at building a kind of organisation that is adapted towards mutual understanding and agreement and based and built upon the communicative efforts of the actors involved (Suchman, 1995).

Finally, **political rhetoric** points at the political re-conceptualisation of the role-played by organisations or of the wider political responsibilities of businesses. This rhetoric looks at the collaboration between business, governmental and civil society actors, which can be interpreted as a transition from voluntary business-driven or philanthropic acts to a long term politicized collaboration. Using political rhetoric as a dialectic, companies try to engage and create some sort of communication link and deep collaborations with its communities—involving a certain degree of stakeholder engagement—with the intention of finding mutual understanding and benefits (Castello & Galang, 2011). Like the dialectic domain, this rhetoric is a new form of legitimacy, which companies strive to obtain—that we also associate with **moral legitimacy**, as acknowledged in political CSR theory (Palazzo & Scherer, 2006).

Castello & Galang (2011) highlighted that, while traditional theories of legitimation such as the ones associated to institutional theory and strategic management theory, focus on a specific issue that needs to be legitimated by the corporation, a political theory perspective emphasises the legitimation of organisational deals within the complex power relationships among the social players involved. Within the institutional theories, moral legitimacy has been widely defined as a process that reflects a positive normative evaluation of the organisation and of its activities (Suchman, 1995). Moral legitimacy refers to conscious moral judgments of an organisation's actions, structures or leaders; such judgments do not rest on whether a given activity benefits the executor but, rather, on whether such activity is the 'right thing to do' in a given context (Suchman, 1995).

Organisations mostly obtain moral legitimacy through a strong involvement in discussions with the rest of the political actors (Palazzo & Scherer, 2006). In order to manage moral legitimacy, organisations need to use communication to persuade

others with reasonable arguments and not by enforcing positions (Scherer & Palazzo, 2007).

The following table (table 9) explains the four different kinds of rhetoric and their main concepts.

**Table 9 – Themes and categories of CSR rhetoric**

	<b>Strategic</b>	<b>Institutional</b>	<b>Dialectic</b>	<b>Political</b>
<b>Who manages legitimacy</b>	Managers in charge	Organisations, by conscious or unconscious adaptations	Organisations aware of their ethical dimensions and power relations to society	Organisations aware of their ethical dimensions and power relations
<b>Main concepts</b>	Performance	Social contract, duty	Inclusion, dialogue	Collaboration
<b>Management theories</b>	Strategic management, corporate social performance	Business ethics, stakeholder approach	Corporate citizenship	Political role of the company
<b>Role of legitimacy</b>	Pragmatic legitimacy	Cognitive legitimacy	Moral legitimacy	Moral legitimacy
<b>How legitimacy is managed through CSR</b>	Organisations provide concrete accounts of the benefits of their actions to the business	Organisations use normative structures recognised by the public to signal legitimacy.	Organisations as corporate citizens.	Organisations aim at improving the discursive quality with their stakeholders
<b>Legitimacy message</b>	We manage well, we are accountable, we use CSR to earn additional profit	We are good and responsible. We belong to the CSR community	We want to be engaged in a dialogue	We want to engage the stakeholders in a dialogue

**Source: Adapted from Castello & Lozano (2011)**

#### **4.2.6 Discourse and rhetoric**

It is important to draw attention to the fact that discourse and rhetoric is not the same thing and that this study is inclined more towards rhetoric than it is towards elements of discourse. Drawing from Burke's (1969) notion of language as a symbolic action,

contemporary rhetorical analysis adopts a socio cognitive perspective of discourse, which assumes that, in a context of social change, opposing actors adopt those genres of speech and writing that subconsciously reflect and deliberately manipulate the values and ideology of a particular discourse community (Berkenkotter & Huckin, 1995). Social change is thus facilitated by manipulating and re conceptualising genres (Miller, 1994).

In this sense, discourse and rhetoric are not same—by their situational focus on persuasive texts generated specifically in response to social change. Discourse views language as a form of social practice, while discourse analysis focuses on how texts work within socio-cultural practice (Fairclough, 1995); conversely, rhetoric—and new rhetoric in particular (Freedman & Medway, 1994)—restricts its focus to explicitly political or interest laden discourse and seeks to identify those genres or recurrent patterns of interests, goals, and shared assumptions that become embedded in persuasive texts (Freedman & Medway, 1994).

Institutional rhetoric differs from **discourse analysis**, narrative analysis, topological analysis, and frame analysis. Discourse analysts advocate the systematic study of texts—including their production, dissemination, and consumption (Grant & Hardy, 2004; Philips & Hardy, 2002). Discourse theorists argue that discourses shared by community members construct institutions and are conceptualised as giving meaning to actions and identities, thereby constituting the social world (Philips & Hardy, 2002). In discourse analysis, those actions and structures that make up institutions are first described in texts, which produce institutions because they create shared social categories that shape actor understandings and behaviours (Philips et al., 2004:638). Within this framework, normative, regulatory or mimetic pressures (Di Maggio & Powell, 1983) institutionalise actions and structures to the extent to which they are theorised and described in texts—i.e., represented, interpreted, and legitimated through language (Philips et al., 2004).

There are similarities between discourse analysis and the rhetorical institutionalist assumption that discourse produces institutions, and that institutions constrain and enable action. Discourse analysis takes a structural approach to language, paying attention to the structure, genre, coherence, and content of texts and their relation to a

constellation thereof. In this case, the focus on language fits well with the link between language and macro sociological forces. By focussing on macro-sociological forces and the differential power of positions within an institutional field, discourse analysis helps explain how symbolic action transforms into material motion; a transformation that is engineered by language. Grant et al. (2004) stated that the meaning of a collection of texts is created, maintained, or changed through the embedding of individual texts in discourse, and language engineers this transformation—a process called ‘intertextuality’.

Discourse derives its power through the integration of individual texts into larger collections of discourse that shape the ways in which motives are understood and interpreted. As individual texts get embedded into meaningful collections, they are decoupled from their original authors and, as powerful actors and interests appropriate them, are increasingly taken for granted. Hence, the agent disappears and discourse assumes a life of its own; it becomes disembodied and the very site in which power is exercised and negotiated (Grant et al., 2004).

#### **4.2.7 Isomorphism and organisational language**

One reason for the lack of research on isomorphism and organisational language has been the perceived difficulty of operationalizing and measuring isomorphism in text. As I discussed earlier due to lack of time, I have not been able to focus on the aspects of isomorphism in CSR reports in this thesis and have stated that is a limitation of the study, calling for further research on this element. However, this literature was framed with the intention of looking at isomorphism’s and it also helped me understand a) the strength of the institutional environment around the organisations that produce the texts (organisation theory literature) and b) nature of the speaker in the texts (communication theory literature). Texts can speak for an organisation, or an individual and have imagined readers who are primarily individuals or organisations or even both. These aspects helped me to understand who are the target audiences? Who are reading the reports? Organisations in stronger institutional environments (petrol and gas industry being the case here) are subject to greater pressures and “*are rewarded for utilizing correct (i.e. Isomorphic) structures and processes*” (Scott, 1992).



### **4.3 Bridging the theoretical gaps and concepts**

One of the major literature gaps on this topic is the lack of a qualitative study adopting an empirical approach. Most of the papers available, including Scott (2008), are conceptual and not empirical in nature. Those conceptual works that are well established in the literature leave space to test whether other forms of legitimacy could be linked to institutional pressures. Suchman's (1995) viewpoint inclines in this direction, as he argues that the three kinds of legitimacy can co-exist in the real world and multiple types of legitimacy may be sought in response to various types of pressures. Pragmatic legitimacy can be linked to cultural-cognitive pressures—and not necessarily to regulatory ones, as traditionally posited in the theory. Keeping its definition in mind, it can be said that pragmatic legitimacy can be accorded if an organisation's actions are congruent with a particular constituent view (Suchman, 1995). Similarly, cognitive legitimacy may be, in fact, linked to all three types of pressures once an expectation becomes taken for granted.

Looking forward bearing in mind such limitations in the research, identifying the gaps and exploring the potentials for further research, this section, links institutional theory and legitimacy; legitimacy and rhetoric; and finally, institutional theory, legitimacy and rhetoric to develop the framework and model of this study. I will now draw on the literature to highlight and critique the links between these concepts.

#### **4.3.1 Bridging institutional theory and legitimacy (institutional pressures and types of legitimacy)**

In earlier sections, it was highlighted how Deephouse (1996), DiMaggio & Powell (1983), Scott (1982), and Suchman (1995) indicated how organisations are faced with institutional pressures and, to survive, they all abide by legitimacy.

Further, in the literature review, it was discussed how:

- a) Pragmatic legitimacy is associated with regulatory pressures;
- b) Pragmatic or moral legitimacy may be associated with professional/normative pressures.

However, as this section discusses and the study argues later on in the findings chapters (7, 8, and 9), this may not always be the case.

In the legitimacy section, it was discussed how pragmatic legitimacy is generally associated with exchange, benefit, and influence effects (Suchman, 1995). Primarily because of this association, pragmatic legitimacy is linked to the concept of regulatory pressures introduced by Scott (Haveman & David, 2008). As is also discussed in the findings chapters (7 and 8), this aligns with the discussions and linkages shown in this chapter, whereby organisations respond to regulatory pressures in a bid to indicate pragmatic legitimacy. The findings of this study further align to Scott's (2008) argument that "*the regulatory emphasis is on conformity to rules: legitimate organisations are those established by and operating in accordance with relevant legal or quasi-legal requirements*". In the findings chapters (chapter 7 and 8) the case of mandatory CSR spending has been indicated as an example of pragmatic legitimacy arising from regulatory power.

In the literature, moral legitimacy has been linked to normative pressures. As stated earlier, Suchman (1995) affirmed that pragmatic legitimacy is said to rest on judgments about whether a given activity benefits the evaluator; conversely, moral legitimacy rests on judgments about whether an activity is the right thing to do. Scott (2008) argued that moral legitimacy could be indicated by stressing moral obligation and a departure from 'mere legal requirements'. Suchman (1995:579) echoed on the same lines, suggesting that moral legitimacy "*reflects a positive normative evaluation of the organisation and its activities*" and may be accorded if the audience deems that an activity promotes social welfare or, as this research indicates, that it is aligned with its socially constructed values system.

The findings of this research support the claim that companies also respond to mimetic/cultural-cognitive pressures in a bid to indicate moral legitimacy. Companies try to emphasise that they are undertaking an activity as a result of a moral obligation to the public, or that such activity goes beyond mere compliance. Moral legitimacy involves 'stressing moral obligation' (Scott, 2008), which shows a shift from mere legal requirements (Scott, 2008) and promoting social welfare (Suchman, 1995). In the neo-institutional literature, moral or normative legitimacy has often been linked to

professional or normative pressures. However, both pragmatic and moral legitimacy may be linked to professional pressures. Deephouse & Suchman (2008) drew attention to how moral legitimacy is often incorrectly restricted to professional endorsements, but the differences between the two views needs to be kept in mind, which this research has done.

The term 'professional legitimacy', therefore, should be used to refer to legitimacy conferred by professional endorsements (Deephouse & Suchman, 2008). So both the pragmatic and moral forms of legitimacy may be linked to normative/professional pressures; this is discussed in the findings chapter (7 and 8), in which it is seen that a company adopted a guideline/framework/policy in order to abide by a business association (a professional body to which all companies are supposed to belong, in this case), indicating a clear example of pragmatic legitimacy. Also drawing on moral legitimacy, companies adopt professional guidelines because it is considered best practice in order to promote social welfare. In this case, they go beyond legal compliance; thus, it can be said that professional pressures are linked to moral legitimacy.

In the literature, cultural-cognitive/mimetic pressures have been mostly associated with cognitive legitimacy (e.g., Haveman & David, 2008). The literature highlights that cognitive legitimacy involves passive support (Suchman, 1995) that can involve either being affirmatively backed by an organisation or merely accepted as being necessary or inevitable based on some type of taken-for-granted cultural account (Scott, 2008); and produced in the later stages of the institutional process (Green, 2004; Greenwood, Suddaby & Hinings, 2002). The cultural cognitive/mimetic pressures associated with copying by DiMaggio & Powell (1983) and cognitive legitimacy associated with taken-for-grantedness (Scott, 2008; Suchman, 1995) have been discussed in the literature. In this case, the question raised is that one needs to be cautious about the assumption that the two elements always travel together (e.g., see DiMaggio 1995). Scholars, like Greenwood et al. (2002), have argued that cognitive legitimacy is produced in the later stages of the institutionalisation process and after pragmatic and moral legitimacy has been achieved. This discussion point will be taken into consideration in the findings chapters.

Institutional theory suggests that organisations evaluate legitimacy and stakeholder expectations, and then adjust their behaviour (Chiu & Sharfman, 2011). This view is complementary to my research as, when aiming at securing their legitimacy, companies evaluate stakeholder expectations and then decide to invest in the area of specific CSR activities and practices. Similarly, in seeking legitimacy through CSR reporting, companies evaluate stakeholder expectations and then decide to work on the rhetoric contained in their CSR reports and websites. Large domestic companies are under tighter stakeholder scrutiny with regard to their CSR engagement. They are also under tighter scrutiny from the government and its agencies with regard to their CSR engagement, choosing CSR activities and following government regulations.

#### **4.3.2 Bridging rhetoric and legitimacy**

CSR reporting research can likely benefit from the adoption of rhetorical devices, particularly given that scholars have suggested a link between rhetoric and legitimacy (Green, 2004; Green et al., 2009; Suddaby & Greenwood, 2005). Many scholars have suggested that logos, ethos, and pathos are invariably interrelated and may be interdependent when used in practice (Abizadeh, 2002; Robinson, 2006; Waeraas & Ihlen, 2009). On this basis, there is the possibility that multiple types of rhetoric may be used to construct each type of legitimacy.

Ihlen (2009) conducted a number of studies linking rhetoric to CSR communication using reports. One study links institutional theory, rhetoric, and CSR communication, and focussed on the rhetorical device of ethos (Waeraas & Ihlen, 2009). The study investigated the rhetoric used in ceremonies pertaining to organisational environmental practices. The study was later expanded to illustrate the links between public relations and CSR and to demonstrate how organisational rhetors use CSR texts to build legitimate environmental ethos. These studies focussed on one rhetorical device, mostly ethos, and did not consider how the interplay of logos, ethos, and pathos can be used to construct an argument for the purpose of seeking legitimacy. This study intends to fill this research gaps by combining elements of all three rhetorical devices to construct an argument.

Marais (2012) also looked at the rhetorical styles used by CEOs in CSR communication, drawing on logos, ethos, and pathos to define three rhetorical

categories: expression of CSR values, expression of a normative CSR engagement, and expression of an instrumental CSR engagement. Marais (2012:237) asserted, “*the rhetorical categories are highly complementary and can be used together*”; but critics pointed out that the analysis did not reflect this, leaving scope to develop the element of using three rhetors together in analysing CSR reporting.

Some scholars (e.g., Green et al., 2009; Suddaby & Greenwood, 2005; Marais, 2012) indicated how rhetoric actors shape the legitimacy of practices by making persuasive arguments that justifies and rationalise them. Green (2004) and Marais (2012) linked the three rhetorical devices of logos, ethos, and pathos with the three kinds of legitimacy—pragmatic, cognitive, and moral. Considering their two studies, the following suggestions found in the literature were taken into consideration:

- That logos may be used to seek pragmatic legitimacy;
- That ethos may be used to seek moral/cognitive legitimacy;
- That pathos may be used to seek moral or pragmatic legitimacy.

Critics pointed out that in the claims made by Green (2004) and Marais (2012) there are some considerable differences. For example, whereas Green suggested that pathos may be used to build and construct pragmatic legitimacy, Marais (2012) highlighted that pathos may be used to seek moral legitimacy. Green’s linking pathos to pragmatic legitimacy has been a critical element of the study as it is not very clear why organisations would use emotive appeals (which rhetorical scholars acknowledge pathos appeals to be) to indicate accordance with relevant legal or quasi-legal requirements. Marais (2012) suggested that pathos may be linked with moral legitimacy, but Green (2004) suggested that ethos might be. Marais (2012) argued that pathos might be used to seek moral legitimacy, which is supported by the literature. Both authors suggested that logos might be linked to pragmatic legitimacy. This thesis aligns with both these studies and aims to understand by applying it to the Indian context applying the rhetorical justifications to the case of mandatory CSR.

Persuasive language or rhetorical strategy is a significant tool by which shifts in dominant logic can be achieved (Suddaby & Greenwood, 2005). Many scholars in organisational studies have discussed the theoretical connection between rhetoric and

the emergence of new organisational forms. For example, Suddaby & Greenwood (2005) affirmed that *“previous research indicates that profound institutional change, such as that necessary to create a new form of organizing is accompanied by a shift in the dominant institutional logic. Shifts in logic, however are highly contested and because logics are abstractions, such contestations are often a function of rhetoric in which the legitimacy of competing logics is openly debated”*. These debates are centred on actors employing rhetorical devices to connect elements of the existing or proposed form to broader cultural understandings.

From a CSR perspective, Johansen & Nielsen (2012:436) claimed that *“organisations strive to be perceived as legitimate by the societies in which they operate, yet, acting responsibly—i.e., according to societal expectation norms and values—is the means by which organisations seek legitimacy”*. In doing so, while subtly alluding to the fact that organisations strive to be perceived as legitimate but also seek legitimacy in relation to CSR, the authors—like most scholars linking legitimacy and CSR communication—failed to acknowledge the duality of legitimacy, i.e., organisations can both indicate legitimacy through their actions and seek legitimacy through their communication. Of course the two exceptions to this are Castello & Lozano (2011) and Palazzo & Scherer (2006), who did discuss this element. This study keeps such gaps in mind and considers such elements in building on the research gaps.

#### **4.3.3 Towards bridging institutional theory rhetoric and legitimacy**

Institutional theory suggests that organisations, being social institutions need legitimacy in order to survive (Johansen & Nielsen, 2012, Palazzo & Scherer, 2006), and therefore will indicate alignment with institutional pressures in a bid to appear legitimate or to seek legitimacy (Deephouse, 1996; DiMaggio & Powell, 1983; Frandsen & Johansen, 2011; Suchman, 1995). Increasingly, scholars in CSR and CSR communication are emphasising the importance of legitimacy (e.g., Castello & Lozano, 2011; Frandsen & Johansen, 2011, Marais, 2012, Palazzo & Scherer, 2006, Waeraas & Ihlen, 2009). Many scholars claimed *“legitimacy has become one of the most critical issues for companies in the 21<sup>st</sup> century”* (Marais, 2012:224)/ legitimacy is the *“yardstick of the discussion in the CSR field”* (Palazzo & Scherer, 2006:73). This conceptual approach articulates the manner in which formal organisations are often *“driven to incorporate the practices and procedures defined by prevailing*

*rationalised concepts or organisational work and institutionalised in society*” (Meyer & Rowan, 1991:41). In other words, in order to maintain legitimacy within the broader societal context, organisations often articulate formal dispositions and organisational structures that may operate only as myths.

The above discussions clearly indicate the direction in which institutional theory; rhetoric and legitimacy are moving in the field of organisational analysis. This indication forms the basis for combining these approaches into a robust framework. DiMaggio & Powell’s (1983) conceptualisation of ‘institutional pressures’ and Scott’s (1995) ‘pillars’ shed light on the actors and broader contexts that can shape meaning in relation to CSR, and provide a framework to consider the norms, myths, and rationales that guide an organisation’s behaviour and actions. More specifically, DiMaggio & Powell (1983) and Scott’s (1995) conceptualisations highlight that organisations are shaped by coercive, normative, mimetic, and cognitive pressures, and that in turn, they respond to these pressures in order to appear legitimate (see Section 2.3.2 for a discussion on legitimacy). While these pressures provide a useful framework to consider the **why** of CSR communication, limited attention has been given to these in the current CSR literature (with the exception of Johansen & Nielsen, 2012; Matten & Moon, 2008; Schultz & Wehmeier, 2010). The complexities of CSR reporting can be understood by bridging institutional theory, legitimacy and rhetorics. A case of institutional change can be made through rhetoric for the purpose of gaining legitimacy through CSR reports. As explained above, drawing on Aristotle’s three types of rhetorical justification- logos, pathos, and ethos can do this.

Authors have previously applied such bridging concepts in their research. For example, Brown, Ainsworth & Grant (2012), using the same theoretical constructs, showed that the multiple competing logics that often dominate a field could become incorporated into key texts. As a result, the notionally rational argumentation repertoires, which underpin each logic, exist in tension and are prone to contradict each other, making it difficult for a text (the authors made their case for a text) to convincingly support one logic rather than another on the basis of a logos appeal. In such instances, the authors of a text may favour one logic over another through the strategic use of ethos (moralising) and pathos (emotion-evoking) rhetoric. The authors also demonstrated how ethos and pathos function to construct social categories

(identities) and draw upon dominant cultural myths (Brown, Ainsworth & Grant, 2012). Similarly, Meadows (1967), in his work titled ‘The rhetoric of institutional theory’, discussed aspects of institutional complexities by applying the concept of rhetoric (Meadows, 1967).

Hoefler & Green (2016) integrated a rhetorical perspective with neo-institutional theory and developed a rhetorical model of institutional decision-making. This model describes how the communicative practices of decision makers both enable and constrain how actors manage the risk and uncertainty of their judgments and decisions within an institutional context. The authors suggested how arguments shape actor reasoning and judgment because they reflect appeals to pathos (emotions), logos (logic) and ethos (values) that support or criticise decisions to act.

To summarize this section, screening the literature, this study attempts to build on the current links between institutional pressures and legitimacy, and legitimacy and rhetoric to consider how companies use rhetoric to indicate their legitimacy in relation to institutional pressures within the context of CSR communication. This idea is based on two premises: a) that companies face institutional pressures, to which they indicate legitimacy, and b) that, to seek legitimacy, companies use rhetoric. The premise is based on the literature that suggests: a) that certain types of legitimacy may be associated with different institutional pressures, and b) that the three rhetorical concepts may be associated with the three concepts of legitimacy. In a way, legitimacy is the common axis of the central idea of this research. These propositions are further developed and discussed in the following section.

#### **4.4 Summary of the adopted theoretical constructs**

The theoretical constructs developed for this study started with institutional theory (institutional pressures: the regulatory, normative, and cultural-cognitive pressures influencing organisational behaviour) and then adopted the various available constructs in the literature. The following table (table 10) discusses the proposed model of this study; it suggests that companies abide by regulatory pressure in a bid to indicate pragmatic legitimacy, and use logos in their reporting style (talk and text) to seek pragmatic legitimacy in relation to regulatory pressures. Companies also abide by normative pressures to indicate moral legitimacy. In doing so, they use ethos or



logos or pathos in relation to the pressures. Companies finally abide by cultural-cognitive/mimetic pressures to indicate moral legitimacy and use ethos to seek moral legitimacy in relation to mimetic pressures. I have linked cognitive legitimacy to regulatory, normative, and cultural-cognitive pressures as, after a certain point in time, the expectations associated with these pressures become taken for granted. Table 10 provides a summary of the theoretical constructs adopted for this study.

**Table 10 – Summary of adopted theoretical constructs**

<b>Institutional pressures</b>	<b>Legitimacy</b>	<b>Rhetorical device</b>	<b>Themes and category</b>
<b>Regulatory</b>	Pragmatic/cognitive	Logos/ethos	Strategic Institutional
<b>Normative</b>	Pragmatic/moral/cognitive	Ethos/pathos	Dialectical and/strategic
<b>Cultural-cognitive</b>	Moral/cognitive	Ethos/pathos	Dialectical Political

The contribution to the literature lies here, as this model has not been applied before in the developing countries context in the petroleum and gas sector. This legitimacy axis that brings together the concept of institutional pressures and rhetoric is a unique way of studying CSR reporting. I have also applied Castello & Lozano’s (2011) themes and categories in order to understand whether the companies apply strategic, institutional, dialectical, or political ways to communicate about their CSR. This goes a step further, relating the old school of logos, ethos, and pathos to a newer concept.

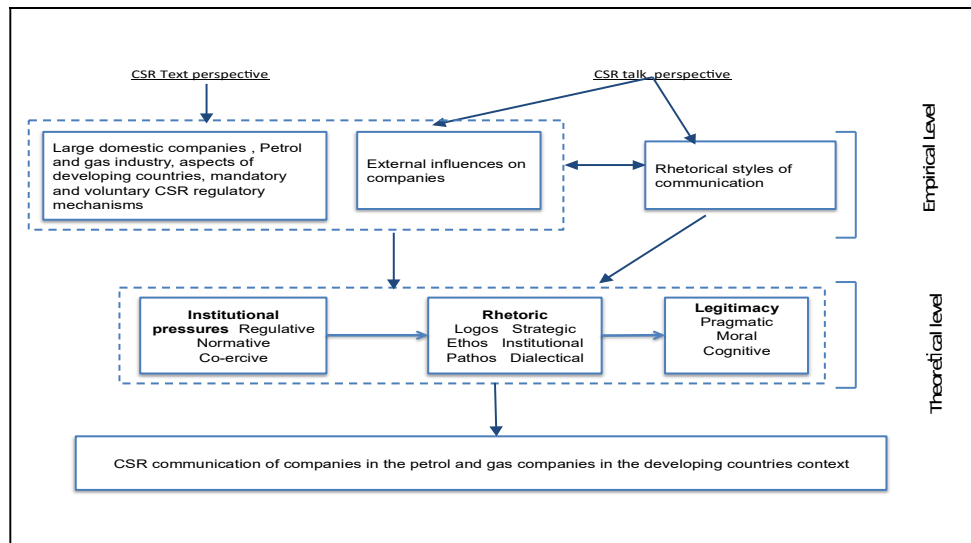
In conclusion, from the above discussion it can be inferred that the language of CSR is a contested notion just as much as the term CSR itself. Communicative practices can play an important and formative role—for instance, in constituting networked relationships between business companies and society at large. A disconnect in communication between CSR initiatives and public awareness will impede the company from reaping any of the potential benefits. Companies adopt different ways and methods to report their CSR depending on the audience they are trying to reach. However, It is important to intelligently and strategically report CSR to the public (Maignan & Ferrell, 2004; Morsing & Schultz, 2006) in order to generate favourable attribution for a company’s CSR programme; it is necessary to report the company’s motivations behind its involvement, explain the reason for choosing a particular cause and its commitment to it (Du et al., 2010).

In the literature, the differences between various theoretical approaches to CSR stem from different views on how to relate profit goals on one hand and social responsibility on the other. Departing from this typology of theoretical CSR approaches, the question remains of how far these approaches are present in corporate understandings of CSR (Sandoval, 2014). In company reports, it is hard to find a dialectical approach, as this would challenge the very idea that profit oriented companies can ever become socially responsible. Given that, through rhetoric, actors shape the legitimacy of practices by making persuasive arguments that justify and rationalise these practices, scholars are turning their attention to rhetorical analyses (Green, 2004; Green et al., 2009; Suddaby & Greenwood, 2005; Marais, 2012). Ihlen (2011) stated that the field of rhetoric could be highly useful for researchers to focus on and understand the specific textual strategies used by organisations when they communicate about their CSR activities. It is a type of persuasive communication that enables actors to try to shape the legitimacy of practices by making persuasive arguments that justifies and rationalizes them (Green, Li & Nohria, 2009; Suddaby & Greenwood, 2005). In her research, Marais (2012) used the rhetorical devices of logos (logical arguments), ethos (credibility and trustworthiness), and pathos (emotive arguments), and showed that all of these may be used to build and construct different types of legitimacy. In her research, Devin (2014) adopted a similar model in the Australian context, in which the author explored both the why of CSR communication and, in turn, the implications this may have for the how.

Figure 4 below describe the conceptual model of this research. Extending these studies to the developing countries context, which has never been done before, this study discusses the modes of persuasion through the notions of ethos (ethical appeals that establish the credibility and authority of the speaker), logos (logical appeals that construct a message of a well-reasoned argument), and pathos (emotional appeals that stir strong feelings within the audience), which will be used to analyse the CSR rhetoric of companies, with the premises that logos or pathos may be used to build pragmatic legitimacy whilst ethos or pathos may be used to build moral legitimacy.

This builds the research model (Figure 4) of this study pertaining to how organisations use rhetoric to seek legitimacy in relation to institutional pressures

within the context of CSR communication. Five kinds of rhetoric—strategic, institutional, dialectic (Castello & Lozano, 2011), political, and nationalistic—identified during the fieldwork, refer to different forms of legitimacy. The relationship between them is established by signalling a new understanding of the role played by institutional pressures in establishing legitimacy.



**Figure 4 - The conceptual model derived from the literature review**

The proposed model that aligns with Deephouse & Suchman’s (2008) research, argues how logos and pathos could be used to report about activities shaped by regulatory pressures, ethos and pathos to report about activities shaped by mimetic pressures, ethos and pathos to report about activities shaped by professional pressures. In the light of the dominance of quantitative studies in CSR communication (see Ihlen, Roy & Suddaby, 2013), an important task is to investigate not only which CSR topics or activities companies’ address, but also how they conceptualise the concept of CSR.

#### 4.5 Chapter summary and conclusion

This chapter discussed institutional rhetorics and the different links between the types of legitimacy and rhetoric that was highlighted through the works of various scholars. It also identified the research gaps that need to be addressed, primarily in linking institutional theory, legitimacy and rhetoric in a novel way to underatnd the issue of CSR reporting in developing countries context. The research question and objectives,

as discussed in chapter one, and the theoretical framework of chapters three and four will lead to the discussions of the research context and research methodology in the following chapters. I now move on to discussing the research context in the next chapter.

## **Chapter Five: The Research Context**

### *Evolution of CSR in India*

#### **5.0 Chapter Overview**

As introduced in chapter one, and further discussed in chapter two, this study focuses on the petroleum and gas industry in developing countries. The rationale for focussing on developing countries is aligned to Visser's (2008), argument that the three important reasons for concentrating on developing countries are primarily a) they represent the most rapidly expanding economies and hence the most lucrative growth market for business (IMF, 2006) b) they face the most dramatic social and environmental impacts (both positive and negative) of, economic growth, investment, and business activities (World Bank, 2006) and c) they present a distinctive set of CSR agenda challenges, which are collectively quite different to those faced in the developed world.

The context of studying developing countries particularly India, the fastest growing developing economy in the world and choosing the Indian petrol and gas sector is discussed in this chapter. The following sections present a discussion of the research intentions and research context through a detailed review of the relevant literature. The main purpose of this chapter thus is to introduce and discuss the reasons for choosing the petrol and gas industry, discussed in section 5.1 and 5.2; a brief overview of the evolution of CSR in the Indian context and present day CSR in organisations in the petrol and gas sector in sections 5.3, 5.4 and 5.4; other domestic and international CSR guidelines for the Indian petroleum and gas industry in section 5.6 and finally a conclusion in section 5.7.

#### **5.1 Justifications for choosing the petroleum and gas industry**

Since the beginning of the 20<sup>th</sup> century, the world has become increasingly dependent on petrol and gas industry to fuel the global economy. The World Petrol outlook emphasise that *“petrol will remain central to the global energy mix over the next 25 years, helping to satisfy the world's growing energy needs. During this period the*

*most important source of petrol demand increase will be in developing countries where population continue to grow and many are expected to move out of poverty”* (OPEC, 2015). Increasing population growth combined with staggering economic growth rates have contributed to global dependence on petrol, most noticeably in developing countries. Driven by demographic and productivity trends, world gross domestic Product (GDP) is estimated to average 3.5% for the period of 2014-2040; developing countries will account for three-quarters of the growth, averaging 4.6% for the forecast period, with China and India alone accounting for half of it (World Petrol Outlook, OPEC 2015).

The petrol booms of 1973 and 1979 brought unprecedented income to many previously poor petrol producing countries (Gelb, Alan et al., 1988). However, despite being well endowed with natural resources, petrol-producing countries have experienced economic underdevelopment, political mismanagement and military conflict—a finding supported by many quantitative and qualitative studies and accepted by both World Bank and IMF economists (Gelb, 1988; Sachs & Warner 1999, 2001). Petroleum and gas companies in developing countries face alarming socio political challenges; they are placed under pressure by concomitant expectations that they will fill the gaps left behind by global governance failures and do something about the environment, community development, and global warming (Frynas, 2005).

The companies operating in this industry now provide extensive reporting of their environmental performance as part of their annual sustainability or CSR reports (for example, some kinds of environmental indicators) on an annual basis. Many companies globally adopt internal level guidelines (e.g., recommended environmental indicators for voluntary self-reporting initiatives, G3 guidelines published in 2006 (Global Reporting Initiatives 2006) and sector-specific petrol and gas industry guidance on voluntary sustainability reporting, IPIECA, 2010). Petrol companies have also embraced major international CSR initiatives, such as Kofi Annan’s global compact and the global reporting initiative (GRI).

International petrol giants like Shell and BP (British Petroleum) are significant players in renewable energy and profess to be combating carbon dioxide emissions in order to minimize their contributions to global warming. Globally petroleum and gas

companies build schools and hospitals, launch micro-credit schemes for local people and assist in youth employment programmes. These same global trends can also be increasingly seen to be followed in developing countries by large domestic petroleum and gas companies—e.g., in India: Reliance Petrol and Gas, Essar Petrol and Gas, the ONGC (Petrol and Natural Gas Corporation), and many others, participate in partnerships on issues of social responsibility with established international development agencies such as the US Agency for International Development (USAID) and the United Nations Development Programme (UNDP).

With respect to this study, the petrol and gas industry was ideal for two reasons. As Frynas (2009) stated, it deals with one of the world's most important resources and thus plays a critical role in driving the global economy. The petrol and gas industry generates significant revenues for national economies. The processes and systems involved in producing and distributing petrol and gas are highly complex, capital intensive, and require state of the art technology. At the same time, many key concerns are related to this industry; for example, its environmental impact—such as petrol spills—its social impact on local communities, and the macro-economic challenges created by the inflow of petrol revenue (Frynas, 2009).

The second reason to study the petrol and gas sector was due to the fact that it has been among the leading industries in championing CSR, attaches greater importance to its social and environmental impact and engages more with local communities than it used to in the past (Frynas, 2005). Finally, publicized industry 'debacles' like petrol tanker incidents (such as the Exxon-Valdez), ingenuous unrest (such as the anti-Shell protests in Nigeria) and involvement in human rights abuses (such as those involving BP in Columbia) have triggered protests by civil society groups, NGOs and, indigenous peoples, putting pressures on petrol and gas companies and making their brand images more vulnerable than those of companies operating in other sectors of the economy (Frynas, 2009).

## **5.2 Overview of the Indian petroleum and gas industry**

The petroleum and gas industry plays a crucial role in the economic development of Asian countries. In the past decade, Asia has been a driver of growth, witnessing a compound annual growth rate (CAGR) of 7.5% from 1990 to 2012 (IEA 2014). It is

poised to grow at a rate of 5.1% until 2040, with India leading the growth phenomenon at 6% (IEA, 2014). Of India's total 2012- 2013 energy supply, petrol and gas held a share of 42.2%, at 193.4 million tonnes of petrol equivalent (MTOE). The country's petrol and gas sector has contributed significantly to its GDP<sup>21</sup>, and the industry is expected to become increasingly critical for India's economic development, since it fuels the growth of other sectors. India's petrol and gas industry is anticipated to be worth US\$139.8 billion and the country is the fifth largest energy consumer in the world, with petrol and gas accounting for 45% of its energy needs (Ernst & Young report, 2015). The petrol and gas sector is one of India's eight core industries<sup>22</sup> and is of strategic importance, playing a pivotal role in influencing decisions across important spheres of the economy. The country's petrol and gas sector is marked by a high import dependence and rising demand of these fuels.

According to a report by the Energy and Resource Institute (TERI, 2015), India's leading research institute for energy and petrol, the petrol and gas sector of India requires an overhaul since most of the producing fields in the country have matured and petrol production has more or less stagnated in the last few years. This has led to India's demand being met by imports, which has led to the unsustainable nature of energy consumption. Under such circumstances, the sector is making heavy investments in improving production efficiency. Domestic petroleum and gas companies are taking initiatives to improve energy efficiency and reduce resource wastage (TERI, 2015), explicitly stating sustainability and environmental goals. Various avenues of green growth, along with selected best practices adopted globally towards making the industry less carbon intensive, have been doing the rounds in leading petrol and gas companies like ONGC, GAIL, IOL, Reliance, HP, and Essar Petrol and Gas.

India's petrol and gas sector is governed by the Ministry of Petroleum and Natural Gas (MoPNG) and is dominated by state run companies, although the private sector has a growing share in its operations. The exploration and production of hydrocarbons is regulated by the Directorate General of Hydrocarbons (DGH), which has

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<sup>21</sup> With a GDP of US\$1.25 trillion, India is the world's fourth largest economy (2015 figures, government of India website, [www.indiagov.org](http://www.indiagov.org)).

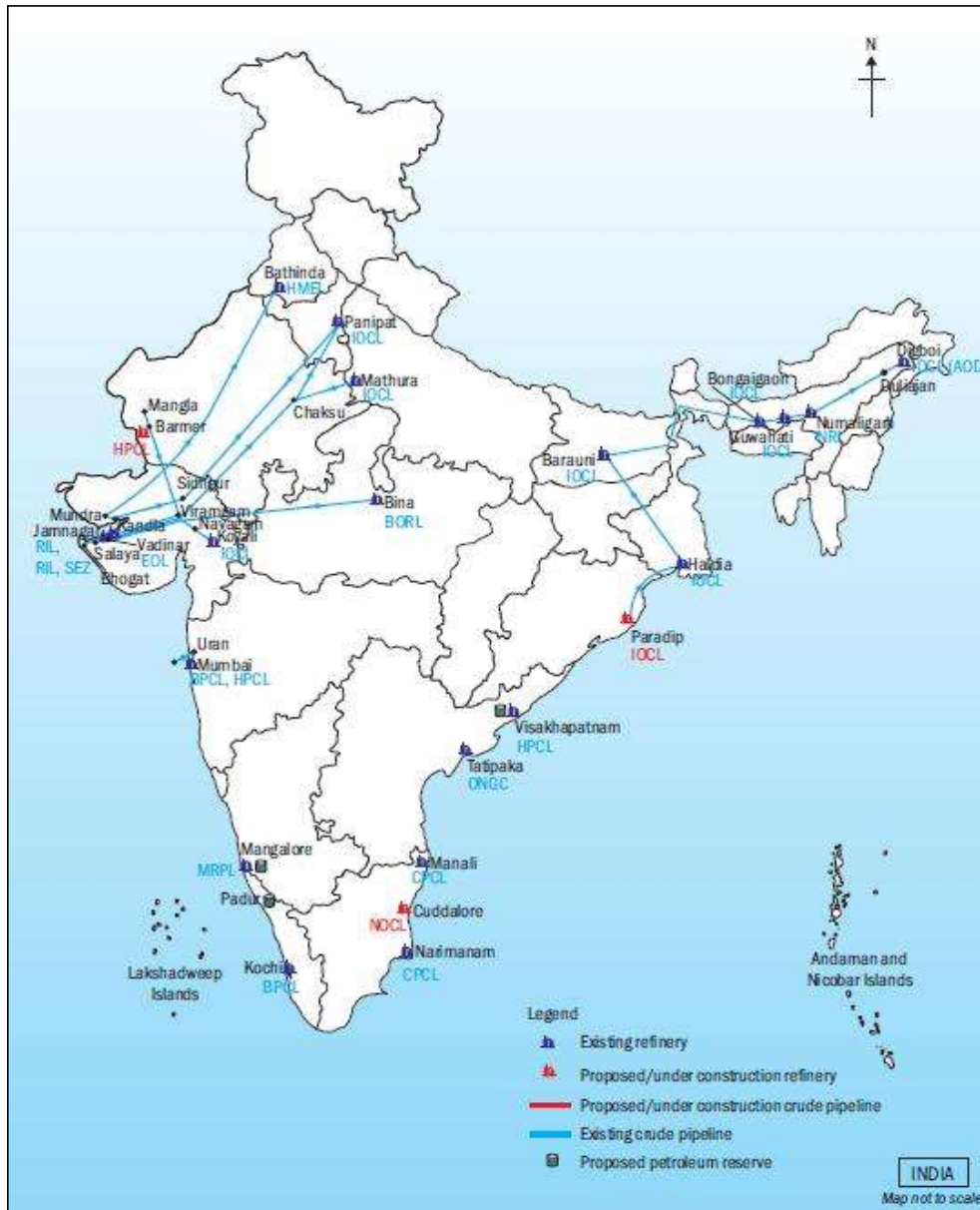
<sup>22</sup> These are crude petrol, petroleum, refinery products, coal, electricity, cement, finished steel and fertilizers.



implemented a New Exploration and Licensing Policy (NELP), India's current exploration licensing regime. The country's largest petrol and gas companies are the state-owned Petrol and Natural Gas Corporation (ONGC) and, Petrol India Limited and the privately run Reliance Industries Limited (RIL) and Cairn India. Public sector companies such as the Indian Petrol Corporation Limited (IOCL) and the Hindustan Petroleum Corporation Limited (HPCL) also dominate the petroleum-refining segment of the industry. In this segment, private sector companies for example Reliance Industries Limited (RIL) and Essar Petrol and Gas have, over the past several years, grown at a steady pace. Public and private sector companies operate in all the three major sectors of the industry: up-, mid- and downstream.<sup>23</sup> The biggest petrol company in the country in terms of market capitalization is the ONGC, an entirely state held organisation. The map in Figure no 4.1 provides an overview of the presence of petrol and gas companies in India's existing and proposed crude petrol pipelines and refineries.

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<sup>23</sup> The upstream segment of the industry, often called exploration and production, is traditionally what comes to mind when people think of the petrol and gas sector. In this segment, companies seek prospective areas for potential reserves of petrol and gas and perform geological tests—called seismic tests—to determine the size and composition of the resource. Initial wells are often drilled to explore the basin and, if satisfied with results, a company enters the production phase to extract the hydrocarbons. The midstream sector involves the transportation, storage and marketing of various petrol and gas products. Depending on the commodity and distance covered, transportation options can vary from small connector pipelines to massive cargo ships making trans-ocean crossings. While most petrol can be transported in its current state, natural gas must be either compressed or liquefied for transport. The midstream sector also includes the storage of petrol and natural gas, which balances the fluctuations between supply and demand and ensure a secure supply of energy products. The downstream sector involves the refining and processing of hydrocarbons into usable products such as gasoline, jet fuel, and diesel. Refining is a complex chemical process that helps separate the hundreds of hydrocarbon molecules into usable products. Petrochemical plants also break down hydrocarbons into chemical compounds that are used to create a myriad of products ranging from plastics to pharmaceuticals.



**Figure 5 - Petroleum and gas companies in India**

*Source: TERI (2014)*

### 5.3 CSR and the petroleum and gas industry of India

The petroleum and gas industry sits at the heart of the CSR debate not only globally but also in India. In the last three years, large domestic companies in the petroleum and gas industry have spent the highest amount of money (INR194, 505 million<sup>24</sup>) on CSR activities in India. **Appendix A** presents a survey, widely used by both Indian

<sup>24</sup> Data provided by Government of India, CSR division during fieldwork.

academics and researchers and the industry (suggested to me during the interviews by companies, government officials and academics), published by a leading Indian NGO called Nexgen; it shows that, in 2013-2014, the top two companies overall in terms of CSR spending were Reliance Petrol and Gas (INR76, 058 million) and ONGC (INR49, 520 million). The sector in total spent INR194, 505 million in 2014-2015, the highest CSR expenditure among all sectors for that particular year.

The use of petrol and gas in India is highly energy and resource intensive; additionally, its usage also leads to significant emissions. Typically, the petrol and gas industry has two value chains a) producers—in which petrol and gas producers make their output available to external refiners b) producers and internal refiners—in which petrol and gas producers make their output available to their own refineries. With the industry's high impact on GHG (greenhouse gas) emissions and climate change, the companies are subjected to an extremely high degree of pressure to move towards a product mix that includes renewables.

The CSR of companies in the petroleum and gas sector is governed by a variety of voluntary domestic and international guidelines and regulatory bodies, besides the mandatory CSR law. The Ministry of Petroleum and Natural Gas (MoPNG) has set up regulatory bodies to look at aspects in this sector; for example: the DGH (Directorate General of Hydrocarbons) and the Petroleum Conservation Research Association (PCRA), which promote energy efficiency and also conduct energy audits of industrial units, including those in the petrol and gas industry; the Petrol Industry Safety Directorate (OISD), which works to promote safety procedures in the industry; and, finally, the Petroleum Planning and Analysis Cell (PPAC), which administers subsidies, tracks prices, and disseminates data on the industry.

#### **5.4 Evolution of CSR in India**

In order to understand the CSR of the Indian petroleum and gas sector, we need to understand the historical evolution of CSR in India. The country has a long tradition of philanthropy and, since ancient times, has informally followed the custom of giving back to society, with Indian philosophers such as Kautilya preaching and promoting the adoption of ethical principles in business. The concept of helping the poor and the disadvantaged—cited in several ancient works of literature dealing with

philanthropy, religion, and charity—is seen as a key driver of CSR in the pre industrialised period.

The industrial families of the 19<sup>th</sup> century had a strong inclination toward charity and other social considerations. Industrial families like the Tata's, Birla's, and Ambanis established temples, schools, higher education institutions and other infrastructure for public use. However, the donations, either monetary or otherwise, were sporadic and taken out of personal savings, which neither belonged to the shareholders nor constituted an integral part of the business. Philanthropic<sup>25</sup> capital donated by business houses has been used to build some of India's finest institutes, starting from the Tata family, which set up the Indian institute of Science in 1909, or G.D.Birla, who founded the Birla Institute of Technology and Science in Pilani in 1964.

The term CSR came into common use with a shift in focus from charity and traditional philanthropy towards a more direct engagement of business in mainstream development and concern for disadvantaged groups in society. In the late 1990s-2000s there was a growing realization that business cannot succeed in isolation and that social progress is necessary for economic and social growth. This shifted to an increased focus and change in the policy environment to enable sustainable practices and increased participation in socially inclusive practices.

Philanthropy and charity moved to a more stakeholder concept and from CSR being solely managed by individual business families to governmental involvement since the early 2000s. The government introduced national voluntary guidelines for the social, environmental, and economic responsibilities of business (NVGs) in order to encourage public sector companies to invest in CSR. The public sector guidelines came into effect from the 1<sup>st</sup> of April 2013 and were a revised version of those issued by the Department of Public Enterprises (DPE) in April 2010. The DPE Guidelines define CSR as *“a company's commitment to operate in an economically, socially, and environmentally sustainable manner, while recognizing the interests of its*

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<sup>25</sup> The Greek word philanthropy literally means love for fellow humans; by adapting this idea to a business context, the model includes all those issues that are within a corporation's discretion to improve the quality of life of employees, local communities and, ultimately, society at large (Matten, 2006).

*stakeholders*” (DPE guidelines on CSR, India, 2010). While the earlier DPE guidelines focussed mainly on CSR activities for external stakeholders, the revised ones also took internal stakeholders, particularly employees, into account. For the first time, the new CSR guidelines also included a section on sustainability reporting and disclosure.

The National Voluntary Guidelines (NVGs) on the social environmental and economic responsibilities of businesses were laid down by the Ministry of Corporate Affairs (MCA) in order to provide companies with guidance in dealing with the expectations of inclusive growth and the imperatives of climate change while working closely within the framework of national aspirations and policies. These were applicable to all businesses, irrespective of size, sector, or location. The NVGs were designed with the intent of assisting enterprises in becoming responsible entities; formulating their financial/business objectives while considering their impacts on various stakeholders, including society and the environment at large.

The Nine principles of the NVGs are:

- 1) Businesses should conduct and govern themselves with ethics, transparency and accountability.
- 2) Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- 3) Businesses should promote the wellbeing of all employees.
- 4) Businesses should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- 5) Businesses should respect and promote human rights.
- 6) Businesses should respect, promote and make efforts to restore the environment.
- 7) When engaged in influencing public and regulatory policy, businesses should do so in a responsible manner.
- 8) Businesses should support inclusive growth and equitable development.
- 9) Businesses should engage with and provide value to their customers and consumers in a responsible manner.

CSR gradually became a focus of all stakeholders, including the government, the corporate sector, media, customers, suppliers, employees and communities. The government's initiative to provide a mandate to public sector CSR set the platform for increased contribution and more socially responsible behaviour to lead to inclusive growth.

### **5.5 Institutionalisation of CSR: recent trends**

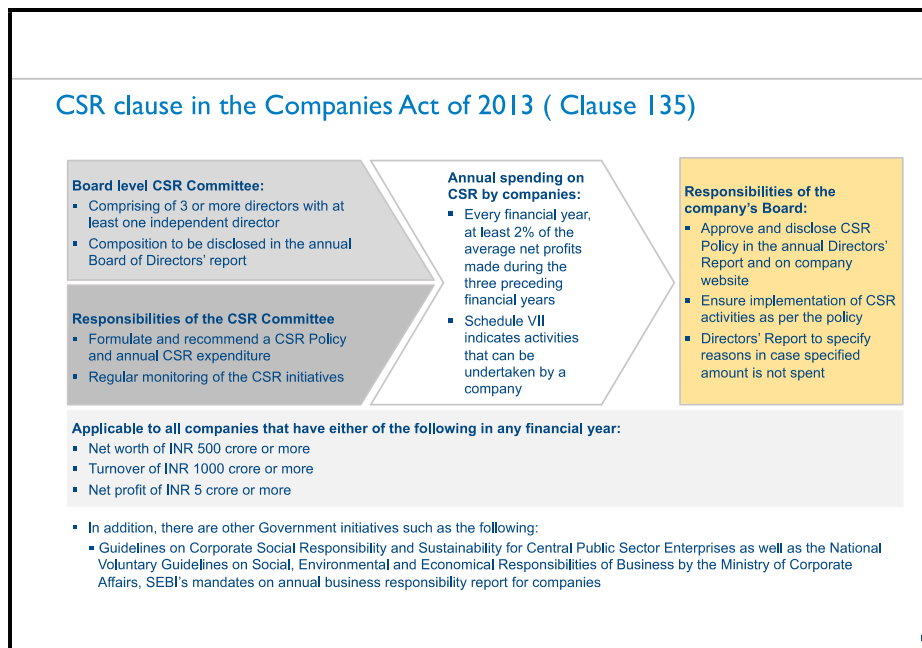
A corporate responsibility index both challenges and supports large organisations to integrate responsible business practices in developing countries. Emerging markets such as Brazil, China, and South Africa have become forerunners in CSR reporting in terms of their involvement in related activities in order to promote the listed companies' credibility, transparency, and emerging market stock exchange to create a socially responsible investing (SRI) index in 2004. China has been encouraging CSR reporting in guidelines released through the Shanghai and Shenzhen stock exchange. In 2007, the Malaysian government, passed a regulation to mandate all publicly listed companies, on a comply or explain basis, to publish their CSR initiatives in their annual reports. Accordingly, all public listed companies in Malaysia must either publish their CSR information or explain why they should be exempted (Nasir, et. al., 2015). In 2009, Denmark made CSR reporting mandatory, asking all state-owned companies and those with total assets amounting to more than US\$19 million, revenues of more than US\$38 million, and more than 250 employees to report their social initiatives in their annual financial report.

To enable transparency from business on the environment, social, and governance front, France passed a law called Grenelle II, which made mandatory integrated sustainability and exchanges, including subsidiaries of foreign companies located in France and unlisted companies with sales revenues of more than US\$400 million and more than 2,000 employees. Although some CSR standards are mandatory, others include both mandatory and voluntary standards. In 2006, the British Companies Act mandated that all companies listed in the UK must include information about their CSR activities in their annual reports; however, full length CSR reporting was left voluntary.

The pressures of delivering and the demands of time paved way to India's Companies' Act of 2013. Bowing to the demands of times, the government of India made CSR spending mandatory in the year 2013 paving the way towards stricter CSR laws and rules; keeping in line with efforts that have been made by various governments worldwide to encourage CSR reporting, such as incentivising companies who voluntarily report their CSR activities or by taking measures such as mandating CSR reporting. The next section will discuss the Companies Act of 2013, its main elements, schedules and various clauses of the Act.

### 5.5.1 The Companies Act of 2013

The Companies Bill of 2012 was launched after the NVGs to include private sector Company's national level CSR. With a view to provide a framework for companies in both the private and public sector, this Bill was introduced to implement need-based CSR activities. Thereafter, the Bill became an Act in the year 2013. The concept of CSR, governed by Clause 135 of the Companies' Act of 2013, was passed by both houses of parliament and received the assent of the President of India on the 29<sup>th</sup> of August 2013. Figure 6- CSR clause in the Companies Act of 2013 (clause 135) is a depiction of the act that is discussed further below in more detail.



**Figure 6 - CSR Clause in the Companies Act of 2013 (Clause 135)**

The CSR provision within the Act is applicable to companies with an annual turnover of over INR100, 000 million, a net worth of over INR50, 000 million or a net profit of over INR500 million. The new rules became applicable to all companies from the fiscal year 2014-2015 onwards. The Act encourages companies to spend at least 2% of their average net profit of the three previous years on CSR activities. Clause 135 of the Companies Act of 2013 aims at motivating companies to spend 2% of their Profit After Tax (PAT) on CSR. According to the Act, net profit is defined as the profit before tax as per the books of accounts, excluding profits arising from branches outside India (Companies Act of 2013)<sup>26</sup>.

Although spending 2% of the PAT on CSR is not mandatory, Clause 135 of the Act casts a duty on the Board to specify the reasons for not doing so. It must be emphasised here that the Companies Act of 2013 is not a mandatory legislation but a voluntary one. CSR is not mandatory under the act; however, a CSR expenditure of 2% of profits after tax is mandatory. The Act states that surplus, arising out of CSR activities will have to be reinvested into CSR activities and this will be over and above the 2% figure. Only CSR activities undertaken in India will be taken into consideration.

According to the Companies Act of 2013, companies can implement their CSR activities through the following methods:

- Directly on their own
- Through their own non-profit foundations set up so as to facilitate this initiative
- Through independently registered non-profit organisations that have a record of at least three years in similar such related activities.
- Collaborating or pooling their resources with other companies

**The main elements of the act are:**

**Governance:** CSR committee is held responsible for preparing a detailed plan of CSR activities, including expenditures, the types of activities, the roles and

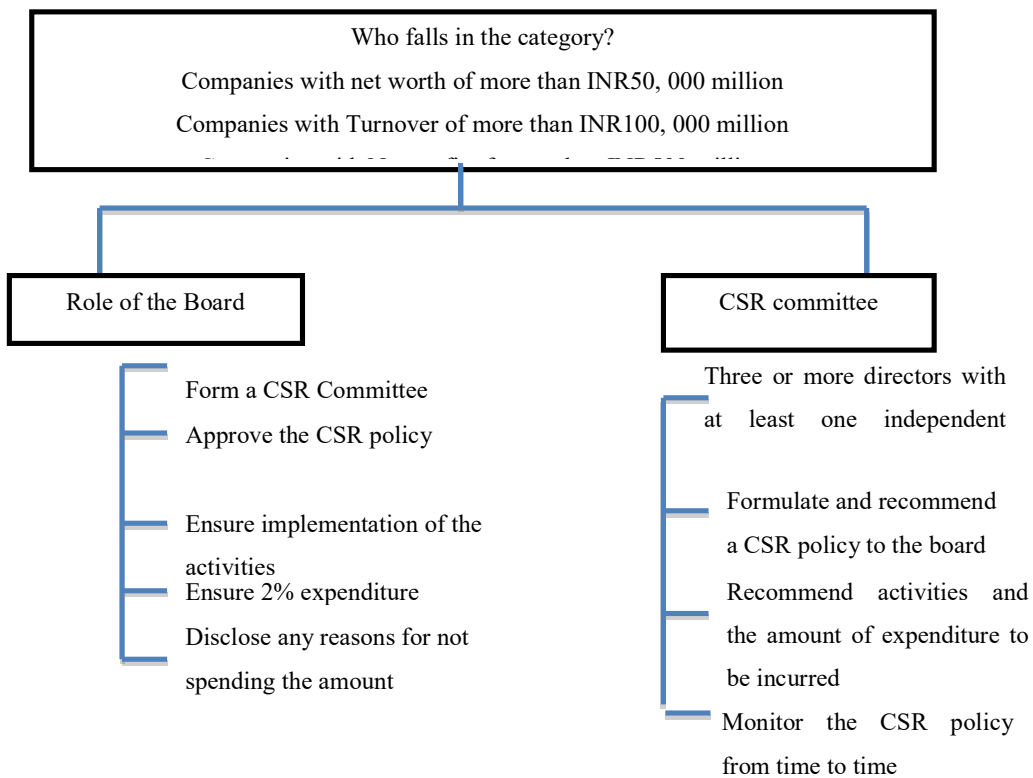
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<sup>26</sup> Mca.gov.in. The discussion of the Companies Act is based on the website of Ministry of Corporate Affairs. All information about this act was taken from this government website.



responsibilities of the various stakeholders, and a monitoring mechanism for such activities.

The following figure (figure 7) depicts the role of the board and of the CSR committee as set up by the new Companies Act of 2013. According to it, the Act obliges companies to form a board-level CSR committee comprising three or more directors, with at least one independent one. The composition of the CSR committee has to be disclosed in the annual board of directors’ report. The CSR committee is responsible for formulating and recommending a CSR policy and an implementation plan, and for the regular monitoring of CSR activities. The company’s board is responsible for approving and disclosing CSR policies in the annual directors’ report and on the company website. The board is also responsible for ensuring the implementation of CSR activities according to policy<sup>27</sup>.



**Figure 7 - Role of the board and CSR committee**

<sup>27</sup> Mca.gov.in

**Reporting:** The Act requires that, after taking into account the recommendations made by the CSR committee, the board of the company shall approve the CSR policy for the company and disclose its contents in its report and also publish the details on the company’s official website, if any such manner as may be prescribed. Penalties are imposed for the non-disclosure of CSR as per the Companies Act of 2013 (refer to appendix B). If the committee or board fails in its duties, the companies are punishable with fines of between INR50, 000 and INR2, 500,000. If a company fails to spend the specified amount under CSR, the board shall specify the reasons for not spending the amount in its report.

Schedule VII of the Companies Act of 2013 provides a list of CSR activities in which companies can potentially engage. These are mere suggestions that are targeted to work as guidelines to companies. Table 11 provides a brief snapshot of the Companies Act of 2013 and discusses its applicability, CSR activities under Schedule VII of the Act, key compliance requirements, and key considerations.

**Table 11 – Snapshot of the Companies Act of 2013**

<b>Applicability</b>	Section 135 of the Act applies to every company that has a net worth of INR50, 000 million (USD50 million) or more; or a turnover of INR100, 000 million (USD100 million) or more, or a net profit of INR500 million (USD500, 000) or more during any financial year
<b>How much needs to be spent</b>	The board of every eligible company shall ensure that the company spends, in every financial year, in pursuance of its CSR Policy, at least 2% of the average net profits (calculated as per Section 198) it made during the three immediately preceding financial years.
<b>What CSR activities can be undertaken</b>	The company shall undertake activities or contributions as prescribed in the Schedule VII of the Act. The company shall give preference to the local area and areas around where it operates to spend the amount earmarked for CSR activities
<b>Key compliance requirement</b>	Constitute a CSR committee of the board -Unlisted public or private companies, which are not required to appoint an independent director, can have a CSR committee without an independent director; two directors in cases of private companies having only two directors; two persons in case of a foreign company—one nominated by the foreign company and the other as deemed in Section 380(1)(d) of the Act; -Three directors with one independent director for all other eligible companies.

	-The board’s report shall disclose the composition of the CSR committee.
<b>Key considerations</b>	<p>CSR activities implemented through third-party NGO partners will only be considered as CSR expenditure if such organizations have an established track record of at least three years in executing activities in related areas.</p> <p>Companies may collaborate or pool resources to undertake CSR activities and any expenditure incurred for such collaborative efforts will qualify to compute the CSR spending.</p> <p>Only such CSR activities undertaken within India will be taken into consideration.</p> <p>The CSR projects/programmes of a company may also focus on integrating business models with social and environmental priorities and processes in order to create shared value</p>
<b>Activities covered under Schedule VII of the Companies Act of 2013.</b>	<p>i) Eradicating hunger, poverty and malnutrition, promoting healthcare—including preventive healthcare and sanitation, including contribution to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation and making safe drinking water available;</p> <p>ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, the elderly, and the differently abled, and livelihood enhancement projects;</p> <p>iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing any inequalities faced by socially and economically backward groups;</p> <p>iv) Ensuring environmental sustainability, the ecological balance, the protection of flora and fauna, animal welfare, agroforestry, the conservation of natural resources and maintaining the quality of petrol, air and water, including contributions to the Clean Ganges Fund set up by the Central Government for the rejuvenation of the river Ganges;</p> <p>v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;</p> <p>vi) Measures for the benefit of armed forces veterans, war widows, and their dependents;</p> <p>vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;</p> <p>viii) Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for the socio-economic development, relief, and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;</p> <p>ix) Contributions or funds provided to technology incubators located within academic institutions approved by the Central Government;</p>

	x) Rural development projects; xi) Slum area developments.
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The 2015 Nexgen survey <sup>28</sup> analysed the CSR spending and CSR activities of companies (refer to Appendix A). It shows that a total of INR499, 314 million was spend on CSR activities by companies in the fiscal year 2014-2015 (please refer to appendix A). The highest percentage of the CSR budget was used in projects on hunger, poverty, and healthcare. The petrol and gas industry was the top CSR spender, with Reliance Industries Limited topping the chart. Reliance’s CSR budget was of INR76, 058 million, 50% of which was spent in healthcare services (refer to Appendix A).

### **5.6 Other domestic and international CSR guidelines for the Indian petroleum and gas industry**

Besides the above-mentioned CSR Acts and Guidelines, there are other domestic and international non-mandatory guidelines, policies and regulations that the companies in the petroleum and gas industry must abide by. Business associations like the ASSOCHAM, the FICCI and the CII have several non-mandatory CSR guidelines along with government business bodies like SEBI. For example, the reporting requirements by the government of India are done by the SEBI (the Securities and Exchange Board of India) that obliges the top 100 listed companies to report their ESG (Environmental, social and governance) initiatives. Voluntary disclosure of information is also made mandatory by the SEBI. The Confederation of Indian industries (CII)<sup>29</sup>, has envisaged a national movement for mainstreaming CSR for sustained inclusiveness as part of its social development agenda. In 2001, the CII national committee on CSR and community development was constituted to make CSR an actionable business agenda. The committee develops CSR guidelines and promotes the sharing of CSR experiences and best practices, organises annual CSR

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<sup>28</sup> Nexgen’s (a CSR management company) report, widely used by companies, NGOs and government agencies in India, presented for the first time the CSR budget of companies in the petroleum and gas sector and the expenditure on specific CSR activities.

<sup>29</sup> The Confederation of Indian Industries (CII) was founded over 117 years ago and is India’s premier business association. It is a non-profit, industry led and managed organisation playing a proactive role in India’s development process. It has direct membership of over 8,100 organisations from the private and public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

summits to enable stakeholders to review and strengthen the CSR movement, and develops initiatives to ensure the continuity of these programmes.

The domestic companies in India's petroleum and gas industry adopted the global principles and guidelines for CSR since the 2000s; currently, most companies comply with the comprehensive norms pertaining to CSR available in the form of numerous globally recognised guidelines, frameworks, principles, and tools. Most of the international tools and guidelines that the petroleum and gas companies abide by are UN developed. For example, ten principles of the UNGC (the Universal Nations Global Compact), that derives from various UN conventions such as the Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against corruption are some of the conventions popular with the petroleum and gas industry. The UN guiding principles provide businesses with assistance to fulfil their existing obligations to respect and protect human rights and fundamental freedoms and comply with the existing laws. The principles act as global standards to address the risk of human rights violations related to business activities.

A series of standards that enable organisations to become accountable, responsible, and sustainable are also used by the petroleum and gas industry. For example, the AA1000 accountability principles, the AA1000 assurance standard, the AA1000 stakeholder engagement standards etc. The companies have adopted the AA1000AP standard by focussing on three broad areas: 1) Inclusivity (stakeholder engagement to develop and implement a strategic approach to sustainability); 2) materiality; and 3) responsiveness. The Social Accountability International (SAI) SA8000 standard, which is also followed by many companies in this industry, is a social certification standard based on ILO, UN, and national law conventions that ensures the protection of basic human rights of workers.

## **5.7 Chapter summary and conclusion**

This chapter presented a discussion of the research intentions and research context. In doing so, it introduced the reasons for choosing the petrol and gas industry, specifically the Indian one, for this study. A brief overview of the evolution of CSR in the Indian context and of present day CSR, as practiced by companies in the petrol

and gas industry, was also discussed. In the next chapter, the research methodology and the research design is discussed; more specifically, the data gathering methods, design and techniques used and the justifications for the same.

## **Chapter Six: Research Methodology and Research Design**

### *A Qualitative Case Study of the Indian Petrol and Gas sector*

#### **6.0 Chapter overview**

The previous chapters presented a discussion on the research context and research intentions by discussing the relevant literature on the topic. This section intends to provide a detailed discussion on how the research intentions were executed; for example, it discusses the study's philosophical position: purpose(s); strategy of inquiry; the data gathering, handling, and analysis process; and ethical considerations. The purpose of this chapter is to contextualise and rationalise the qualitative research design used for this study and the underlying philosophy guiding this thesis and thus it discusses how data was gathered, what data became available and how they were analysed (Silverman, 2010). It also explains how the research was conducted, the overall strategy adopted and the reasons behind it, the designs and techniques used and why they were chosen (Silverman, 2010).

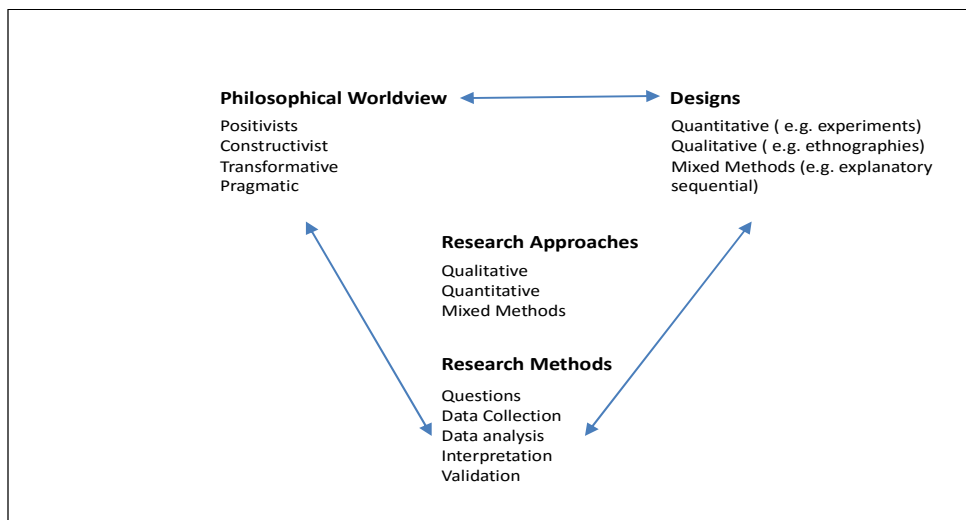
Section 6.1 discusses the research design and the research paradigm, the purpose of the study and the justifications for choosing a case study mechanism further in section 6.2. In section 6.3 data triangulation is discussed followed by selecting the sample and the data collection procedure in section 6.4. Section 6.5 then moves on to discuss data accessibility followed by section 6.6 discussing conducting the interviews. Section 6.7 discusses gaining access. The chapter then moves on to discussions about sources of evidence in section 6.8, methods and data analysis in section 6.9, ethical considerations in section 6.10 and criteria for evaluating qualitative research in section 6.11. Finally the chapter wraps up with a chapter summary and conclusion in section 6.13.

#### **6.1 The research design**

The primary aim of a research design is to structure and organise it in such a way that its validity is strengthened to the maximum (Mouton & Marais, 1988). For qualitative researchers, research is an iterative process (Creswell, 2009) that is open, flexible, and not merely defined by technical considerations (Blanche et al., 2006). In order to

choose the right research methods (qualitative, quantitative, or mixed) the larger philosophical ideas were made explicit. Although philosophical ideas remain largely hidden in research (Slife & Williams, 1995) they still influence the practice of research. The philosophical worldview (Creswell, 2009), paradigm (Lincoln & Guba, 2000; Mertens, 1998), epistemologies and ontologies (Crotty, 1998), or broadly conceived research methodologies (Neuman, 2000) thus needs to be explained in any research study.

In the following diagram (Figure 8), the framework for the research is explained (Creswell, 2009). According to Creswell (2009:5), this format can help “*explain why researchers, based upon the types of beliefs they hold, choose a qualitative, quantitative, or mixed methods approach*”.



**Figure 8 - A framework for design – the interconnection of worldwide strategies of inquiry and research methods**

*Source: Creswell (2009)*

Positivism includes elements of determination, reductionism, empirical observation and measurement, and theory verification. Constructivism, on the other hand, deals with understanding, multiple participant meaning, social and historical construction, and theory generation. Transformative researchers hold that a research inquiry needs to be intertwined with politics and a political change agenda to confront social oppression at whatever levels it occurs (Mertens, 2010). So the concepts here are



political, power and justice oriented, collaborative and change oriented. Finally, Pragmatism is about consequences of actions, problem centred, pluralistic, and real world practice oriented.

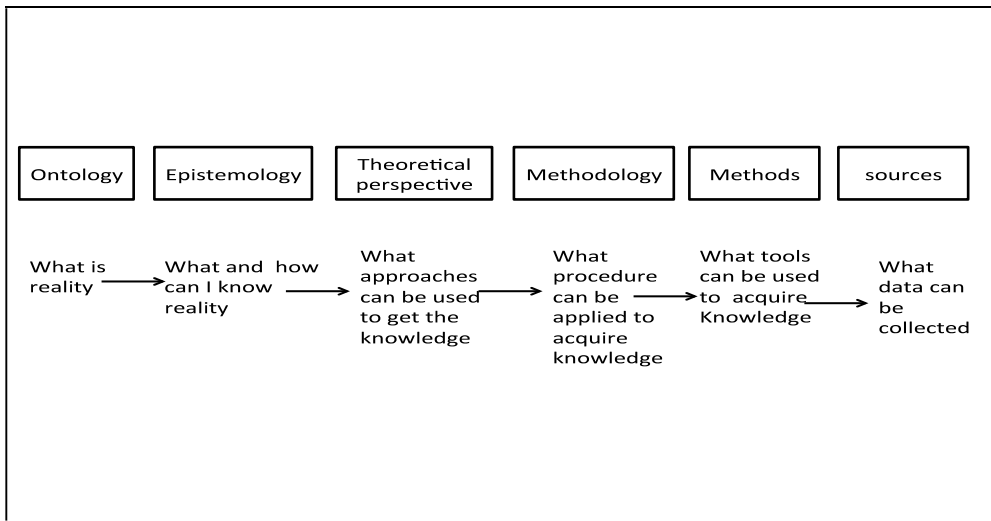
This research takes a qualitative research approach and demonstrates features that include, seeking an insider view of the social world, using an inductive (emergent) approach and working intensively with small samples (Bazeley, 2013). The three steps prescribed by Creswell (2007) were followed in the process of this research: the data were collected at the participants' settings, the data analysis inductively built from particulars to general themes, and then the data's meanings were interpreted. This process supported a way of looking at research that privileges an inductive style, a focus on individual meaning and the importance of rendering the complexity of a situation (Creswell, 2007).

By following an inductive logic (Babbie, 2012), I began by asking general questions on the topic selected for the research. This phase was then followed by the selection of the research context, from which the relevant data were collected. These data were interpreted, resulting in a final conceptual framework. This led to the further collection and interpretation of data in an iterative process. The position of the study with respect to paradigm, methodology, and purpose makes it clear that the overall nature of the study inevitably calls for a qualitative approach rather than a quantitative one.

### **6.1.1 the research paradigm**

A research paradigm is a "*set of common beliefs and agreements shared between scientists about how problems should be understood and addressed*" (Kuhn, 1962). Paradigms guide us "*in how we make decisions and carry out research*" (Guaba, 1990). A constructivist and interpretive paradigm can lead to a novel and rigorous philosophical position that not only substantiates the case research method followed by this study, but also provides helpful implications for both theoretical development and the research process. This paradigm is consistent with other rhetorical and institutional theory studies (e.g., Suddaby & Greenwood, 2005).

Constructivists believe that there is no single reality or truth and that, therefore, reality needs to be interpreted; thus, this process is more likely to use qualitative methods in order to get those multiple realities, which is the case of this research. According to Guaba (1990), “a research paradigm can be characterized through its a) *Ontology (what reality is); b) epistemology (how something is known); and c) methodology (how one goes about finding it)*”. The figure below (Figure 9) and the explanation thereafter explain these basic terms of a paradigm and the relationship between them along with the implications for this research.



**Figure 9 - Research paradigms**

## **Ontology**

*“ The researchers view of reality is the corner stone to all other assumptions”*

(Holden & Lynch, 2004: 402)

Ontology is concerned with the nature of social entities (Bryman & Bell, 2007) and facilitates an understanding of how the perceptions of human nature influence the conscious adoption of approaches that would assist in uncovering social phenomena (David & Sutton, 2004). One school advocates that social phenomena and their meanings are continually being accomplished by social actors (Bryman & Bell, 2007), while another posits that the social order is subjective and in a constant state of transformation (Babbie, 2012). Conversely, there are others who tend to advocate,

*“Social phenomena and their meanings have an existence that is independent of social actors”* (Gallagher, 2008). Thus, in other words, an organisation is considered to be both an object separate from the actors who populate it and a social order that coerces such actors to conform to its requirements (Gallagher, 2008).

The ontological considerations of this research were shaped by reality as a human construct (Mutch, 2005); viewing reality and meaning making as socially constructed, considering that people make their own sense of social reality. Qualitative research methods were chosen since this methodology treats people as research participants and not as objects.

Assumptions regarding the nature of science and the nature of society (Burrell & Morgan, 1979) leads researchers to make a choice between subjectivism and objectivism looking at the nature of science illustrating that ontology is not a fixed entity, but a fluid notion (Morgan & Smircich, 1980). In addressing the nature of society, two opposing societal views can be identified on a continuum (Holden & Lynch, 2004) from regulatory (assumes that society evolves rationally through a ‘modernist’ perspective) to radical change (offers a postmodernist model of society, whereby reality is in constant state of revision (Bryman, 2004)). Cunliffe (2011) build upon this distinction between the nature of science and society and proposed a continuum of three knowledge problematics:

- A) Objectivism- which assumes that a concrete reality exists independently from our interactions
- B) Subjectivism- which posits that meaning and knowledge are *“relative to the time, place, and manner in which they are constructed”*(Cunliffe, 2011:656) and
- C) Intersubjectivism- this extends the contextually of the subjective model to focus upon an interactional, multiple and shifting construction of meaning.

It can be argued from the perspective of this thesis that the research paradigm is focused upon intersubjectivism, focusing upon an interactional, multiple and shifting construction of meaning (Scheff et al., 2006). A key ontological question in this thesis is: does language (written-text and spoken-talk) mirror the world around us or do we construct social reality through talk and text? (Gruber, 1993) Considering that the unit

of analysis in this thesis is CSR reports operating within the unit of observation (written –text and verbal-talk), the study presides upon fluid processes in interaction.

As Cunliffe (2011) argues that in adopting a postmodern perspective, reality is assumed to be personal and nuanced with individuals developing a contextualized and reflexive relationship with the world around them. In this case they both constitute and are constituted by their surroundings (Cunliffe, 2011). This ontological positioning supports that reality is socially constructed. Considering that social constructionist ontology aims to, “*reveal the structure of meanings as constructed by individuals engaged in a social process*” (Hackley, 1998:130). The focus of this thesis is on processes of construction of institutionalisation of CSR reporting. Therefore, institutionalisation and social construction of CSR reporting underpins this research paradigm. From the social constructionist paradigm, the focus is on how, realities, identities and knowledge are created and maintained in interactions and are culturally, historically and rhetorically influenced.

### **Reflexivity**

Reflexivity is a process through which “*researchers engage in explicit, self-aware analysis of their own role in research*” (Finlay, 2002:531). The researcher is sensitive to the double hermeneutic existing in social science research, which emphasises a lack of universal truth and instead the co-constructed nature of meaning making processes (Giddens, 1987). As a qualitative researcher studying the institutionalisation of CSR as a social construct, the understanding that qualitative research is a process of co-construction between the researcher and the research points towards the very importance of reflexivity (Bryman, 2004) for this thesis. Qualitative researcher as compared to quantitative researchers is supposed to be more sensitive to their cultural, political and social contexts, and their epistemological and ontological commitments (Bryman, 2004).

To reflect upon how identity, experience and personal meanings shape the research process, I adopted an introspective approach (Finlay, 2002) that ensured that the assumptions underlying the research were transparent (Bluhm et al., 2011). The other aspect of reflexivity keeping in line with the Habermasian (1971) assertion of three types of knowledge (technical, practical and emancipatory) was to challenge

assumptions around the passive role of external voices in CSR reporting to highlight the more dynamic and discordant nature of language (Schultz et al., 2013) as often since the functionalist and managerialist perspective marginalize external voices (Gond & Matten, 2007).

From the social constructivist perspective, this element was very important and therefore the focus was to examine practical and to some extent emancipatory interests aiming to highlight how rhetoric shapes the process of CSR reporting between companies and stakeholders, in other words rhetor of organisations and stakeholder. The position of the researcher of this study was made explicit (for e.g. Hi. I am 40 years old Indian female who is a Phd student at Royal Holloway UK; 15 years of experience in research and teaching in CSR and that has informed the research design etc.) considering researchers frame of reference and subjectivity regarding socio-economic status, geographical location, cultural background, work experience and educational experiences. The experiences of continuously discussing the research with my supervisors and a range of people, presenting in conferences in the school and outside the school (for example, Audencia school of Management, Middlesex University, American University in Dubai etc.), were additional ways of viewing research as a social construction.

**Epistemological** considerations, which follow ontological ones, are shaped by the latter's view. Maxwell (2012) held that the relationship between ontology (what reality is) and epistemology (how reality is perceived) is complex. Epistemology is concerned with the philosophical question of what is deemed to be acceptable knowledge in a particular field of inquiry (Bryman & Bell, 2007). Adopting the selection of a philosophical position is central to a research design. It needs to be explicitly acknowledged and discussed; otherwise, the assumptions implicitly shape the approach to the theory, methods, and data of a research (Teddlie & Tashakkori, 2009). Thus, this approach is appropriate to this study given that a specific theoretical perspective—institutional theory—is used to consider CSR reporting, and that rhetoric permits exploration of meanings and intentions (Kennedy, 2007).

Philosophical considerations then shape methodological ones. While most of the research in both CSR and institutional theory tends to be quantitative in nature

(Lockett et al., 2006; Suddaby, 2010), this study takes a qualitative approach as studies using institutional theory need to adopt methodologies that attend to the **how** and **why** organisations adopt processes and structures from their institutional environments (Suddaby, 2010). The qualitative method is appropriate given the **why** and **how** of the research question (Yin, 2009) and is also aligned with the critical realist perspective underpinning this study (Maxwell, 2012).

The qualitative paradigmatic and epistemological choices in literature draws to a) positivist (theory driven research) b) interpretivist (participant-driven research) and c) critical (systemic / structural inequality research) (Schensul, 2012). Traditional management scholarship has been dominated by positivist epistemological positions, deductive theory applications techniques, and quantitative research methods (Johnson et al., 2006; Silverman, 2010), sought to explain and predict causal-relationships, similar to the functionalist assumptions that have dominated CSR literature (Gond & Matten, 2007); which is not of much interest to this thesis.

This research aligns with Denzin and Lincoln's (2011) account of interpretivist research as focusing less upon 'objectivity' and more upon providing powerful, intuitive, emotional and empathetic experiences. Interpretivist studies favour expression over precision (Bate, 1997); depth of inferences over breadth, and allow researchers to focus upon the intricacies of human interaction. It provides deep and rich insights into the 'symbolic world' (van Maanen, 1979). Qualitative research has indicated that interpretive researchers assume that people create their own meanings in interaction with the world around them (Lapan et al., 2012). This epistemological paradigm guides this research in exploring how influences of institutional pressures gives rise to rhetoric for gaining legitimacy (Lammers, 2010).

Data analysis and interpretation adopted in this study focuses upon both theory application (deduction), through foregrounding observations in relevant literature (rather than hypothesis testing), and theory building (induction) that acknowledges inferences drawn from the data (Morgan, 2007). This research attempts to move away from deductive and positivist management enquiry to employ a flexible research design which allows themes to emerge from the data (Saunders et al., 2011; Watson, 1994).

The critical paradigmatic choice is related to an interest in exploring inequality and oppression in society (Lapan et al., 2012). Whilst the study does not discuss this element, the extent to which the study adopts an explicitly critical approach to institutionalism is grounded in, and guided by, the data (Fairclough, 1995). Subjects of rhetoric, resistance and persuasion may indicatively evolve during data analysis, however I choose not to cement a critical lens to the methodology at the outset of the study. Doing so would focus analysis on the identification of power relations, rather than the broad range of institutional and society constructivism processes; giving way to a more open interpretation of the data.

Research in social science can serve several purposes; most commonly, it is useful in the exploration, description, and explanation of a topic or of a phenomenon (Babbie, 2012). Exploratory research intends to explore the research question while not intending to offer final and conclusive solutions to existing problems. This kind of research is conducted in order to determine the nature of a problem. The main purpose of an exploratory study is to develop a better understanding of a topic, to assess the practical feasibility of further extensive related research, and to assess and develop the appropriate research methods to be employed in such extensive research (Blanche et al., 2006).

Qualitative studies seldom limit themselves to describing occurrences (Babbie, 2012). Even when they begin with a description of occurrences, they continue by investigating the reasons for and the implications of these, thus taking on an explanatory role. The main purpose of an explanatory study, such as this one, is to answer questions of **why**—and not the **what**, **where**, **when**, and **how** of a descriptive one (Babbie, 2012).

Saunders et al., (2007:134) warned that, when conducting exploratory research, the researcher ought to be willing to change his/her direction as in light of the revelation of new data and new insights. An exploratory research design does not aim at providing any final and conclusive answers to the research questions, but merely at exploring the research topic with varying levels of depth. Exploratory research tends

to tackle new problems on which little or no previous research has been done (Brown, 2006:43).

Epistemological consideration for this research was about three primary questions: a) what is the relationship between the knower and what is known? b) How do we know what we know and c) what counts as knowledge? Following the interpretivist-constructivist perspective, this research looks at theoretical framework in qualitative research, and sees the world as constructed, interpreted and experienced by people in their interactions with each other and with the wider social systems (Maxwell, 2006; Bogdan & Biklen, 1992; Guaba and Lincoln, 1985; Merriam, 1988). Following this paradigm, the nature of inquiry of this research is interpretive and the purpose of enquiry is to understand a particular phenomenon (Farzanfar, 2005), which is CSR reporting of companies in India. The research applies to real world situations of how companies report about their CSR and therefore naturalistic. The research is non-manipulative, unobtrusive and non-controlling.

In the qualitative research methodology, that this study applies, I have relied on personal contacts, as I have discussed later on in this chapter. Building a partnership with this personal contact and with his team over a long period of time (three years time span), lead to deeper insights into the context under study (reporting and communication of reporting in this case), adding richness and depth to the data. This method is inductive, oriented towards discovery and process and having high validity (Ulin, Robinson and Tolley, 2004). Issues of trustworthiness and credibility were a key consideration for this research following the interpretivist paradigm. Any respondent could walk out at any point of time during the interviews. Written and verbal permission (some of them were recorded) was taken from all the 40 respondents. Any question that made them uncomfortable was stopped immediately.

During one of the interviews, a respondent had given a specific set of answers and after few days called me to say that he wanted to do the interview again since many of his answers were not correct and he was just trying to impress me about his organisation. As a researcher I could understand that during the interview but did not send any indications or discussions to the respondents. The trust (Lincoln and Guaba, 1985) that I had created made the respondents comfortable enough to discuss issues



without any fear. Respondent's names were kept anonymous at all times. Sound rationale justifying the choosing of a methodology and the process involved in data collection, (Lincoln and Guba, 1985) paved way for this research.

### **6.1.2 Research design**

When designing this research, the three important criteria's that were kept in mind following Creswell's (2007) analysis were the research problem, my personal experiences, and the audience for whom this study was to be written (Creswell, 2007). The research problem was a concern or an issue that needed to be addressed; in this case, it was the challenges faced by companies in communicating their CSR activities. My own personal training and experiences also influenced my choice of approach for this research. I enjoy writing in a literary way, conducting interviews, and making close observations; this caused me to gravitate towards a qualitative approach, which allows room for innovation, to work more within a researcher-designed framework, and to be more creative (Creswell, 2007). The prospective audience was also kept in mind, as I would be presenting this work at conferences, seminars, and universities, and to colleagues in the field and journals.

### **6.1.3 Qualitative study**

I chose a qualitative approach for this research due to many reasons; one of which was the claim, made by researchers, that qualitative methods can be used to better understand any phenomenon about which little is hitherto known (Corbin, 1990). This research set out to study CSR reporting in the Indian petroleum and gas industry—one that has hardly been studied. Several authors have identified what they consider to be the prominent characteristics of a qualitative or naturalistic approach (e.g., Bogdan & Bilken, 1982; Lincoln & Guba, 1985; Patton, 1990; Eisner, 1991) as presented below:

- 1) Qualitative research uses a natural setting as the source of data. Patton's (1990) term 'empathic neutrality' implies that the researcher attempts to observe, describe, and interpret settings as they are. In this type of research, the researcher acts as a human instrument of data collection.
- 2) Qualitative researchers predominantly perform an inductive data analysis.
- 3) Qualitative research reports are descriptive, incorporating expressive language and the presence of voice in the text (Eisner, 1991).

- 4) Qualitative research is of an interpretive character aimed at discovering the meanings that events have for the individuals who experience them and the interpretations of those meanings by researchers.
- 5) Qualitative research adopts an emergent (as opposed to predetermined) design and research focus on emerging processes and on its outcomes or products.

## 6.2 Case study

*Case studies and interviews are used to find the answers to why and how questions as well as to offset the lack of previous findings in literature.*

(Silverman, 2001; Yin, 2009).

The main reason for choosing the case study method is that it focuses on a single or a small number of instances, enabling the researcher to deal with the subtleties and intricacies of a complex social situation (Martyn & Denscombe 2010). It makes it possible to grapple with relationships and social processes in ways that are denied by a survey approach. In a case study, the analysis will be of a more holistic nature, rather than based on isolated factors. By concentrating effort on a single or just a small number of research sites, this approach fits in well with the needs of a small scale research like this one (Denscombe, 2010). A case study is a well-known and effective tool to represent and analyse real business activities and projects (Spence, 2011; Gomm et al., 2000). This method is frequently used, with different objectives, in the petrol and gas industry (e.g., Frynas, 2005; Spence 2011; Buldybayeva, 2014).

The main reasons for choosing the case study method stem from its following features:

- 1) Case studies focus on a single or just a small number of instances of a particular phenomenon with a view to providing an in-depth account of the events, relationships, experiences, and processes occurring in that particular instance or group thereof (Denscombe, 2010). Occasionally, researchers focus upon two or more instances but, in principle, the idea is to point the spotlight on individual instances rather than on a wide spectrum (Denscombe, 2010).

2) What distinguishes a case study design is that the researcher is concerned with discovering the unique features of a case (Bryman, 2008). Engaging in a case study analysis involves conducting an in-depth contextual analysis of a particular situation concerning a particular problem. A case study is useful for obtaining several clues as to **why** and **how** certain qualitative data are highly appropriate for understanding certain phenomena and may promote the generation of explanations that can be expanded upon by further research (Sekaran & Bougie, 2010). The proponents of case study designs usually favour qualitative methods because they are considered to be particularly useful for generating in-depth analyses of cases (Bryman, 2008).

3) Case studies can be used for the purpose of theory testing and building (Yin 2009). The rationale for choosing a study of CSR in developing countries context is that, if the theory holds true, it contains crucial elements that are especially significant to predict outcomes. If there is evidence supporting the theory, which is the case in this research even under such unlikely conditions, then the theory has all the more credibility. For example, CSR in developing countries has recently enjoyed a high degree of interest, and there is still discrepancy in the literature between the attentions given to developed countries, compared to that in developing ones (Egri & Ralston 2008). This leaves room for theory building by making the case for a more holistic and multilevel conceptualization of CSR.

4) The case study method would help this research since it would offer the opportunity to explain **why** certain outcomes might occur, rather than just finding what those outcomes are. Also, cases are not randomly selected, but on the basis of known attributes. Unlike classic experiments or large-scale surveys, the instances selected for a case study are chosen on the basis of their distinctive features.

5) This study adopts a multiple case study design, keeping in mind the advantages of a multiple case study vs. a single case design. *“In order to build the generalisability of the research, a multiple case, embedded design was used”* (Yin, 2009), since this research design dictates the use of multiple cases, with multiple units of analysis within each case. This approach is appropriate when applying institutional theory, legitimacy and rhetoric in a CSR reporting and communication context as it enables us to identify when the observed reporting behaviours are evidence of a widespread

trend, or are only relevant to a particular organisation. This comparison between and among organisations is helpful to comprehend the broader CSR reporting trends in the Indian petrol and gas sector. Further

*“The use of multiple methods within a case provides for internal and construct validity, stronger evidence of the relationship between theory and data, and the ability to build theory and thus generalize the findings to a wider group”*

Eisenhardt, 1989

To elaborate this further, Eisenhardt (1989, 1991) saw multiple or comparative case studies as superior to single cases in generating theoretical insights or testing theoretical constructs. This is because of replication and extension—the ability to test results through repetition and to extend theory by building on insights from one case to another. Multiple case studies are excellent for studying the range of types within a population, replication, and generalization, and can use positive methods seeking the construct validation of fixed types. Multiple case studies are good for comparisons, since they look at different types of social action. Eisenhardt (1989) essentially dismissed ‘stand-alone’ single cases and advocated a minimum of four cases, unless a single case can be broken down into several mini-cases (McSweeney & Ryan, 1989). This thesis aligns to this formula and follows the four cases path. The contrasting form of the multiple case studies is primarily for sources of similarity and differentiation and to reveal bases of institutional or contingent difference, and paired comparisons (Dore, 1973).

However, the multiple case study approach in general is vulnerable to criticisms, especially in relation to the credibility of any generalizations made from its findings. This approach has often been accused of producing soft data and lacking the degree of rigor expected in business study research. This study was careful to allay such suspicions and demonstrate the *“extent to which each cases was similar to or contrasted with others of its type”* (Denscombe, 2010).

### **6.3 Data Triangulation**

The data triangulation method was applied to the primary and secondary data of this research, since a single method could never have adequately shed light on the

phenomenon. The use of multiple methods can help facilitate a deeper understanding of the issue. Triangulation involves the use of multiple data sources in an investigation to produce understanding and increase the validity of a study. Triangulation was used to ensure that the research account would be rich, robust, comprehensive, and well developed. Data triangulation strengthens research and enables the writing of a better research paper because additional sources of information often provide more insights into a topic, the inadequacies found in one set of source data are minimized when multiple sources confirm the same data, multiple sources provide verification and validity while complementing similar data, and any inconsistencies in data sets are more easily recognised.

There are four types of triangulation (Denzing, 1978; Patton, 1999): methods triangulation, triangulation of sources, analyst triangulation, and theory perspective triangulation. All these methods were of help for this research. Methods triangulation was used to check the consistency of findings generated by different data collection methods. The triangulation of sources examined the consistency of different data sources within the same method. For example it was used to compare people with different viewpoints and also the public and private sector settings. The data collected during the interviews were frequently double-checked and sometimes crosschecked by using the secondary data sourced from government websites and other materials.

The disadvantages of triangulation was kept in mind and managed right from the beginning. One of these is that it can be time consuming. Collecting more data requires greater planning and organisation—resources that are not always available to lead researchers (Thurmond, 2001).

#### **6.4 Selecting the sample and the data collection procedure**

This section will offer a discussion of how the companies were chosen, how the study was undertaken, how access was gained, what kinds of techniques were used to collect the data, how the collected data were stored, and, finally, how they were transcribed.

The selection of the four companies was performed after a thorough investigation of the available literature on the Indian petrol and gas industry; this focussed mainly on

the companies' involvement in CSR, the CSR activities in which they were involved, and their background histories in social responsible giving. This was to ensure that the companies had been involved in CSR or any other kind of responsible giving.

The starting point of the data collection saw secondary data being sourced from a survey carried out by the Economic Times (2014), a leading business Indian newspaper, which analysed the top 115 companies to rank them in a list of India's best CSR Companies<sup>30</sup>. This was done to carry out an initial sampling of the companies. This initial survey enabled the identification of the companies in the petrol and gas sector and also facilitated gaining a broad idea of how these companies were engaged in CSR activities and reported their CSR and communicated about their CSR to external stakeholder through some medium-either websites, social media, annual reports, video streaming, or live television. In the survey, large domestic companies in the petroleum and gas industry—for e.g. GAIL, Indian Oil and Gas, Essar Oil and Gas and ONGC were ranked the top 25 CSR companies. For triangulation purposes, I used the reports published by the Nexgen NGO (as discussed in the last chapter), looking at their ratings to identify the companies. NexGen also listed the same companies in their reports and considering them to be leaders in CSR (refer to appendixA). At this point the selection of the companies were finalised: the source was of the reports validated that the companies were expected to be compliant with the various regulations, guidelines, laws, and policies associated with CSR; had social visibility and were more exposed to public scrutiny; as a result, they were subjected to higher levels of CSR pressure from various stakeholder groups (Marais, 2012).

Thereafter the researcher contacted the preliminarily selected companies and discussed with them the possibility of taking part in this study. The researcher worked

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<sup>30</sup> The survey covered industries in sectors like automobiles, banks, FMCG, infrastructure, IT, petrol, power, gas, steel, pharmaceuticals, telecommunications, metals, mining, etc. The survey looked at how the key stakeholders (employees, community, customers, and suppliers) were integrated within the companies' CSR frameworks. Only 20% of the companies were above the halfway mark. The CSR measures for employees were quite strong for most companies, most of which had key measures/policies/initiatives related to employees such as non-discrimination, education, occupational health and safety, and pre/post retirement initiatives.

around the key contact person, the CEO of the Essar Foundation, who helped with the networking aspect and to identify the right contacts within the companies, business associations, NGOs, and academia. Having selected the largest companies in the India petroleum and gas industry, the researcher was able to identify professionals in companies large enough to have relatively mature CSR experience and practice (Langlois & Schlegelmilch, 1990; Maignan & Ralston, 2002), providing insights into a number of cycles of CSR activities and into the history of their development within the organisations.

#### **6.4.1 Sample**

The assumption behind the selection of leaders and laggards was that the leading companies would be adopting and creating new trends in CSR and CSR reporting, while the laggards would present more mainstream CSR activities and CSR reporting (Herremans et al., 2008; Swales, 1988). The common characteristic found among the companies selected was that all four are very large domestic companies, they are engaged in CSR, and claimed to follow CSR regulations, guidelines, policies and rules. The researcher took note of an important development; all four companies had established either a CSR foundation or a new CSR division since the launch of the Companies Act of 2013. Before the establishment of the foundation/CSR cell in these companies, CSR used to be under the domain of the companies human resource departments. Also, since their setting up of foundation/CSR cells, all four companies had no longer managed employee issues as a part of CSR; they were still handled by their respective HR departments. The companies had very clearly separated employees and issues of employment from CSR.

The four companies are briefly introduced providing further reasons for choosing them in the following paragraphs: (please refer to appendix C for more information)

##### **A) Reliance Petrol and Gas**

The flagship company of the Ambanis, India's oldest business family, and India's largest private company, Reliance is one of the largest petrol and gas exploration and production players in India. The company's CSR is handled by its own agency, called the Reliance Foundation, launched in 2010. The chairman, who is also the owner of the company, heads the CSR Foundation. All my interviews for the study were

conducted with employees of the Reliance Foundation since they had the knowledge and were equipped to talk about and share information about the company's CSR. Reliance currently has the highest CSR budget (please refer to Appendix A) and, to keep its stakeholders updated, communicates about its CSR activities through its website ([www.reliancefoundation.org](http://www.reliancefoundation.org)), annual reports, bioscopes for media, and regular press releases. The company keeps both its sustainability agenda and its employee issues separate from its CSR agenda. All these factors made Reliance petrol and gas an interesting company to participate for this research.

### **B) ONGC (Oil and Natural Gas Corporation)**

Globally, ONGC ranks 3<sup>rd</sup> in the Oil & Gas Exploration & Production (E&P) industry. It cumulatively produced 803 million metric tonnes of crude and 485 billion cubic meters of natural gas from 111 fields<sup>31</sup> (2014-2015 figures). The company reports and communicates about its CSR to its external stakeholders through the company's website ([www.ongcindia.com](http://www.ongcindia.com)). Unlike private sector companies, ONGC, which is a public company, does not have its own CSR foundation; rather, it has a separate CSR cell/division with 12 employees headed by the chairman of the company. Since it does not have an in-house expertise, ONGC mostly engages in CSR activities by partnering with domestic NGOs working on grassroots level development projects.

### **C) Essar Petrol and Gas**

Essar has a global portfolio of about 35,000km of onshore and offshore petrol and gas blocks available for exploration<sup>32</sup>. The company operates a network of over 2,100 retail outlets in India, and is engaged in the exploration and production of petrol and natural gas, refining of crude petrol, and marketing of petroleum products. It is a part of the Essar group, based in Mumbai. Essar oil and gas has its own foundation, called the Essar Foundation, which communicates CSR to its stakeholders ([www.essarfoundation.com](http://www.essarfoundation.com)). Over the last few years, the group has won many CSR awards related to its social responsibility projects and has been one of the highest

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<sup>31</sup> [www.ongcindia.com](http://www.ongcindia.com)

<sup>32</sup> [www.essarfoundation.com](http://www.essarfoundation.com)



CSR spenders, investing in projects like the clean India drive and the cowshed cleaning (Gaushalas projects).

#### **D) The Indian Oil Corporation (IOC)**

The Indian Oil Corporation is India’s largest commercial enterprise, with a sales turnover of US\$61 Billion and profits of US\$1,589 million. The company keeps the stakeholders informed about its involvement and expenditure in CSR through its dedicated reports. The sanitation and cleanliness drive, alongside education, is the cornerstone of the companies CSR initiatives. The company’s CSR is designed in line with the activities contained in Schedule VII of the Companies Act of 2013. The IOCL has been heading the clean India drive (Swachh Bharat Abhiyan) and communicated it as its signature project to its stakeholders.

#### **6.4.2 CSR reports**

CSR reports of the four companies forms a major part of data collection for this research. Consecutive reporting periods from 2012 onwards were considered and a total of 20 reports (websites, written, published) were analysed for this study. Written reports were not available for every year, so I included only the ones that were readily available. Since CSR was mentioned in the CSR, sustainability and company annual reports, I looked at all three. The following table (table 12) summarises the data analysis of the CSR reports of the four companies.

**Table 12 – CSR reports of companies**

<b>Name of company</b>	<b>Title of the report</b>	<b>Description</b>
<b>Reliance Petrol and Gas Limited</b>	Reliance CSR annual reports (2013-2014, 2014-2015)	The CSR reports started with a letter from the chairperson and went on to explain the core pillars of the company in terms of its CSR work. In an overview, the reports described the CSR work undertaken by the company and its CSR budget. They then described the “various projects and how the stakeholders benefitted from those projects”. These reports were also available online in pdf. Reliance published the lengthiest reports of all four companies. The reports stated that, “ <i>Reliance is India and India is Reliance</i> ” and the importance of stakeholder’s demands and issues, which are national issues

		that must be addressed.
	Reliance Annual reports (2012-2013, 2013-2014, and 2014-2015)	In addition to the other company related information and financial disclosures, the company's annual reports mentioned CSR, corporate governance, and the director's responsibility statement. These reports provided insights into some of the regulations with which companies had to comply in relation to their CSR.
<b>Essar Petrol and Gas Limited</b>	Essar Foundation CSR annual report (2014-2015)	Essar Petrol and Gas named its annual report, a 48 page long document, 'Hopes, Thoughts and Action – The Essar Foundation CSR Annual Report 2015'. It opened with a foreword from the company chairman and the head of the CSR group. Then, the Essar Foundation was explained with the footprints of the reach of the company. The rest of the document dealt with the various "CSR projects in which the company was engaged and examples of how its stakeholders benefited from its various projects". The various geographical locations of the projects were discussed along with the breakdown of CSR projects in various individual sub-projects. The document explicitly discussed the various projects that the ruling government had propagated in recent times in which the company was involved; for example: Make in India and Swatch Bharat Abhiyan (the Clean India Drive). The report is available online in pdf.
<b>The ONGC (the Petrol and Natural Gas Corporation)</b>	ONGC Annual Report (2014-2015)	The ONGC's CSR report was integrated in the company's annual report 2014-2015, which was also available online. The CSR report began with a message from the chairman; then, the head of CSR provided an overview of the organisation and then outlined its CSR policies, programmes, and activities. The report was divided into healthcare, education, and empowerment of women, environment and community. The reports emphasised on, " company's CSR policies targeted at addressing national issues" and " stakeholders issues were national issues".
<b>IOCL</b>	The IOCL Annual CSR report (2014-2015)	IOCL's CSR report was integrated in the organisation's annual report in a document entitled '2013-2014 annual CSR report'. The report was 70 pages long and divided into seven core sections: an overview of the organisation, the year in summary, the chairman's message, the report from the head of CSR, a

		<p>review of operations, the company’s economic performance, and its corporate governance statement. Much of the report discussed the CSR activities and practices that the company had undertaken, highlighting the Companies Act of 2013 and its Schedule VII. It also highlighted how its “CSR activities were reaching various stakeholders in various geographical locations helping the various stakeholders”. The reports explicitly mentioned, “ doing CSR in the national interests that will benefit everyone in the country”.</p>
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**Source:** Text references from company websites, annual reports, CSR reports, Board reports and sustainability reports of the 4 companies (soft and hard copies)

Reliance and the Essar Petrol and Gas Company had most of their reports in both hard and soft copy, and they were also uploaded on both the foundation and the companies’ websites. However, Essar Petrol and Gas only had a report for the fiscal year 2014-2015. The ONGC and IOCL public companies did not have soft copies nor was there much information on their website about the reports. The hard copies were the best way to gather information. This did not come as a surprise, as Indian public sector companies are not very tech savvy and still operate in traditional ways.

### 6.4.3 Data collection and interviews

The data collection process began in early September 2015 and went on for nearly six months. This was a considerably slow process due to the nature of the interviews, which were in-depth and time consuming; interviewing top-level people in the Indian government and business sector is hard in terms of getting an appointment. Many times, having been called for a meeting and waiting for hours, I was told that the respondent was sorry but the interview would have to be rescheduled due to other work related commitments. This is not unusual in the context of developing countries; researchers must allow for extra time when entering such a research field.

Semi structured interviews were conducted with 40 respondents in total. 34 interviews were conducted with companies. The respondents were employees of either the CSR foundation or of the CSR cell/division; a separate entity that had recently been formed in companies dealing with CSR matters. CSR was no longer under HR as it had been

earlier as discussed in the previous section, therefore all the interviews were conducted with the foundations in the private sector companies and CSR cells in the public sector companies. The following table (table 13) discusses the sample size of the companies.

**Table 13 - Sample size of companies<sup>33</sup>**

Date	Company name	Designation/Position of interviewee	Coding given to respondents	Number of interviewees
5 <sup>th</sup> October to 15 <sup>th</sup> November 2015 Followed up again in March 2016.	Reliance Petrol and Gas (Pvt) – Company 1 (C1)	CEO (Reliance Foundation), CSR project heads, CSR finance head and CSR implementation team.	C1 (1), C1 (2), C1 (3), C1 (4), C1 (5), C1 (6), C1 (7), C1 (8), C1 (9), C1 (10), C1 (11).	11
10 <sup>th</sup> October to 10 <sup>th</sup> December 2015 Followed up again in March 2016.	Essar Oil and Gas (Pvt) – Company 2 (C2)	CEO (Essar Foundation), Project leader-education, Project leader-finance, Project leader –health and sanitation, project leader-	C2 (1), C2 (2), C2 (3), C2 (4), C2 (5), C2 (6), C2 (7), C2 (8), C2 (9), C2 (10), C2 (11) and C2 (12)	12
10 <sup>th</sup> November to 20 <sup>th</sup> December 2015	The Petrol and Natural Gas Corporation limited (ONGC) (pub) – Company 3 (C3)	Chairman and project leaders	C3 (1), C3 (2), C3 (3), C3 (4), C3 (5), C3 (6).	6
15 <sup>th</sup> December 2015 to February 2016.	The Indian Oil Corporation (IOL) (pub) Company 4 (C4)	Chairman and Project leaders.	C4 (1), C4 (2), C4 (3), C4 (4) and C4 (5)	5
<b>Total</b>				34

The other six respondents were from the NGO sector, government officials, business associations and research/academics. The following table (table 14) discusses the sample from these organisations.

**Table 14 - Sample of other organizations**

Date	Organis ation	Organisation name	Designation/Positi on of interviewee	Coding given	Number of interviewee
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<sup>33</sup> **Note:** Essar Petrol and Gas and Reliance Petrol and Gas are private companies (Pvt), while the ONGC and the Indian Petrol Corporation are public sector companies (Pub). The research will refer to Reliance Petrol and Gas as C1 (Company 1), to Essar Petrol and Gas as C2 (Company 2), to the Petrol and Natural Gas Corporation limited (ONGC) as C3 (Company 3), and to the Indian Petrol Corporation (IOL) as C4 (Company 4).

	Type				s
<b>October 2015</b>	Non Governmental Organisation (NGO)	Centre for responsible business	Chairperson	N1	1
		Nexgen	Chief executive officer	N2	1
<b>November 2015</b>	Government	CSR cell head of the MCA (Ministry of Corporate Affairs)	Solicitor general	G1	1
<b>December 2015</b>	Business association	CII (Confederation of Indian Industry)	Foundation chairperson	B1	1
<b>January 2015</b>	Academic/ Research/think tank	The Indian Institute of management Udaipur University of Delhi	Professor/Assistant professor/Dean	A1 A2	2
<b>Total</b>					6

**Note:** Four more people were interviewed (one from government sector - Ministry of Corporate Affairs), two from NGOs (Nexgen), and one from business association (CII); however, during the interviews, they disclosed that they did not have much knowledge of the subject and left half way through. Therefore those interviews were not included in this research.

### 6.5 Data accessibility

Since most of the Indian petroleum and gas companies disclose their CSR related information to the public, and are vocal about their CSR reporting in the media, conferences, and other public platforms, the sample companies were expected to more willingly accept academic requests for interviews on CSR than on other confidential topics. Therefore, I was very much welcomed to conduct this study. All the four companies were very open to display and discuss their CSR policies and programmes.

An introduction by a gatekeeper, a key person acting as an intermediary between the person of interest and the researcher helps to obtain access (Merken, 2009:288). In this research, the CEO of the Essar Foundation was the key gatekeeper; he was helpful in selecting qualified interviewees that added value to the research. He helped select and establish contact with qualified interviewees, which included several high-

ranking members of the Indian government's Ministry of Corporate Affairs (MCA) and of the petroleum and gas companies. Those interviewees who had the necessary knowledge and experience, the ability to reflect, abstract, and to convey their knowledge, and the time and willingness to participate in an interview (Morse, 1994:228) were included in this study with the help of the gatekeeper.

During the interviews, a snowball sampling technique was used. Snowball or chain referral sampling is a method uniquely designed for sociological research because it enables the sampling of natural interactional units (Coleman, 1958). Snowball sampling is affected in a number of ways but, generally, involves a group of people recommending or directly recruiting potential participants for a study. Those participants then recommend additional ones and so on; thus building a sample like a snowball rolling down a hill. In its general application, it is a type of convenience sample. It can be used for both purposive and random sampling (Coleman, 1958).

The initial group of interviewees was expanded, by asking them to recommend further persons of interest for the research (Flick, 2010:293). A question on the possible recommendation of further interviewees was asked before the interview to give the interviewees time to carefully consider which other persons in their organisations could add value to the research. All those interviewees who recommended others also helped either directly—by establishing contact between the recommended persons and the researcher—or indirectly—by allowing the researcher to refer to them when contacting a recommended person.

The gatekeeper's introduction secured the willingness of the interviewees to participate and reveal information. However, it was important to keep in mind the biases implicit in the sample. For example, interviewees from early CSR adopter companies were likely to recommend further persons in their networks who also belonged to early CSR adopter companies. This point was kept in mind to get the best picture, and so it was important to select a mix of interviewees from different levels and different lengths of employment. Some of the interviewees had just worked two months for their companies; others had been with their organisations for more than 20 years. This reduced the probability of including only late adopters of CSR with

defensive/re-active CSR strategies or only early adopters with accommodative/pro-active CSR strategies.

Talking about the sample composition and the advantages and disadvantages of the snowball sampling approach, sample companies were selected based on secondary literature/material available in India (media reports, academic published research and reports, and governmental CSR reports). Much of the research indicated that the petrol and the petroleum companies were the highest CSR spenders (refer to Appendix A) and the most engaged in CSR. Large companies were selected since they tend to be agenda setters in CSR; indeed, the CSR literature has focussed on very large companies (Jenkins, 2006). The networks of the gatekeepers, who were in a position to provide support to this research, made it possible to choose companies and stakeholder organisations according to the above-mentioned criteria. Some of the interviewees recommended further persons of interest.

Thus, the snowball sampling approach helped to gain access to companies that might have rejected a direct interview request by the researcher and brought forward appointments with persons recommended as of interest for the research. The snowball sampling approach gave access to corporate communication and public relations officers within the companies; this assured the quality of the expertise of the interviewees. Regarding the selection of the other companies, recommendations from the gatekeeper and the interviewees from Essar Oil and Gas resulted in including and finalizing the three other companies. They regarded the other three companies as progressive in regard to their understanding, implementation, and outcomes of CSR.

For a broad and critical view of the motivations and processes pertaining to CSR adoption by companies, the interview series included not only company interviewees, but also some from CSR related company stakeholder groups, such as government agencies (the Ministry of Corporate Affairs); business associations (the Centre for Indian industries and the Federation of Indian Chambers of Commerce), academic researchers and consultants, Non-Governmental Organisations, and think tanks. The next section discusses the process of conducting the interviews with the respondents.

## 6.6 Conducting the interviews

The interviews were conducted in both English and Hindi. Preference was given to conducting the interview in English because it enabled me to focus on the interview while taking notes and drawing connections within the information gathered as the interview progressed. The interviewees were expected to be more informative when speaking English instead of their native Hindi, which would put them outside of their everyday professional role. The initial contact with the gatekeeper and some government officials was made through emails in English.

English is an implicitly official language used in most large domestic companies in India; therefore, most interviewees were comfortable communicating in it. The list of topics for discussion during the semi-structured interviews was also written in English and the discussions were mostly held in English. However, the occasional Hindi words or phrases were thrown in by the interviewees to add more substance to specific instances. The CSR projects had Hindi names; for example, the “Swachh Bharat” project (Clean India Drive) or the “Beti Pado” (educate female children) project. Those project names were discussed in Hindi, which was easy for me to understand, given my Indian roots.

Contact with the interviewees was also established verbally in English by means of the gatekeeper’s direct introduction at personal meetings and, sometimes, during conferences and workshops. The interview guideline, a short summary of the research, and a short bio of the researcher were sent to the interviewees a week before the interview. The summary of the research introduced the research topic and research goals without mentioning any details of the researchers ideas (assumptions) on the development of CSR in the Indian petroleum and gas sector (for example, media reports about the ONGC’s petrol spills, which caused the company to incur massive negative publicity and stakeholder backlash) to avoid influencing the answers of the respondents. The respondents were expected to share their knowledge and opinion about company and industry CSR and also CSR at the national and domestic levels. The respondents drew comparisons between public and public sector companies, pointing at the differences in the ways the public sector engaged in CSR.



The interviews started with a short introduction of the researcher's background and of the research project, followed by the statement affirming of the purely scientific purposes of the research and the offer to treat all information gathered during the interview confidentially. As explained earlier, trust was an important factor and it was expected that companies could possibly ask for certain data to be made anonymous or for information to be treated confidentially.

The respondents gave mixed responses: some displayed a very open and interested attitude in sharing their knowledge of CSR and agreed on their interviews being recorded. However others (specifically from the public sector companies) did not consent to be recorded due to the more conservative information sharing policies of their organisations. Some interviewees even asked for anonymity, as they wanted to discuss their viewpoints on the challenges faced by their companies and by the nation as a whole in regard to CSR. However, they allowed the researcher to use all the information they provided as long as it was not mentioned in direct connection with either their names or with those of their companies. One interviewee asked to exclude one particular piece of information related to his company's CSR expenditures, which he viewed as being of a sensitive nature.

The topics discussed centred on providing detailed information regarding the main reasons for the companies adopting CSR and reporting it to their stakeholders; the reasons for the growth of CSR both in the petrol and gas sector and in the country; the circumstances and processes linked to CSR adoption and communication; the establishment of CSR related institutions with detailed examples from their personal experiences. The information provided by the interviewees was connected to that obtained in advance from publicly available sources, such as company annual CSR reports, statistical handbooks, news company websites, media reports and company foundation TV channels.

The interview guidelines served to steer the interview towards the topics of interest for the research goal and theoretical explanation of this study. Most of the interviews followed the same basic order of topics and questions; however cross-references to topics that were intended to be discussed later or connections to wider topics

occasionally occurred when the interviewees mentioned them; this was done to capture the interviewees' evaluations, opinions, and further background information.

One of the NGOs included in the sample (NGO2) was a partner of Essar Oil and Gas and helped the company in its grass roots level development, especially in the farmers' programme. Reliance does not outsource any of its work to NGOs. Its CSR programme is totally run in-house. The public sector companies were not very keen to share information on the NGOs they hired for their CSR activities. They did mention that they partnered with NGOs to some extent, but were much more keen to discuss the work that they were doing in-house, not sharing much information about the work they outsourced.

Some of the interviews were audio recorded and then transcribed. When the interviewees did not consent to be recorded, handwritten notes were taken and then organised. Public sector companies—ONGC and the Indian Oil Corporation—and government officials requested their names to be kept anonymous and agreed to the interview after long trust-building efforts. It was not easy to gain access to the government offices and public sector companies, which adopt very closed-door policies. Personal contacts were most helpful in those cases. In support of the use of personal contacts, Silverman (2009) argued “...if you are contemplating fieldwork, it simplifies access if you draw upon your existing circle of contacts. Trying to enter new fields is likely to involve time consuming negotiations and may end in failure, particularly if you want to research an ethically sensitive area” (p.204).

The topics for the interviews (please refer to appandedix C) were adjusted to each type of response and divided into the following categories: 1) CSR policy- this included questions on specific strategy towards CSR; 2) CSR issues and actions, which included questions such as ‘What issues does the CSR policy focus on?’ 3) Stakeholders, with questions aimed at understanding the role played by stakeholders in the determination and operationalization of CSR policies; 4) employees, with questions focussing on aspects of how companies treat and think of employees 5) external communication aspects about the CSR report 6) evaluation of CSR aspects- for e.g how do the companies deal with criticisms from outside 7) CSR reporting- aimed at identifying various regulations, policies, guidelines, rules 8) CSR websites

9) written and verbal communication patterns and challenges. The company employees were asked to narrate and provide examples of most instances throughout the interview. Some of these were recorded and used in the form of quotes and narration throughout the findings chapters.

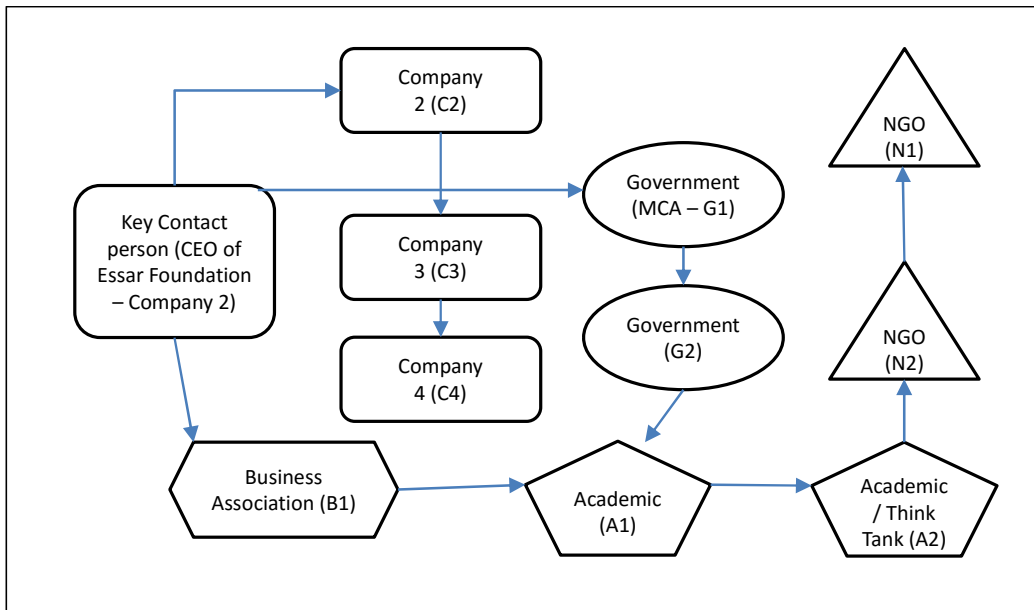
### **6.7 Gaining access**

Due to the sensitivity of the research topic and practical contingencies, the research setting was accessed either overtly (Silverman, 2009) or discreetly (Gobo 2008). Ethical obligations were paramount to this study. This was achieved by informing and getting prior permission from primary contacts in the companies (e.g., the CEOs of the companies' foundations). This study's subject matter is quite sensitive due to the nature of the petrol and gas sector and also due to the amount of negative criticism of CSR made by both media and researchers in relation to petrol spills. Therefore, gaining access to the research settings in the first stage of the data collection process of this qualitative research, which involved individuals, groups, and organisations (Bryman & Bell, 2007; Easterby-Smith et al., 2012) was not an easy and straightforward process.

Easterby-Smith et al., (2012) observed *“Unless the participants trust the researcher, they will never open up; consequently the research of sensitive topics, the scope of the study will never realize its real intention”* (pp.90-94). Trust was an important element in gaining access and, in spite of the fact that personal contacts limited the issue of trust, I still had to make continuous efforts throughout to keep the level of trust up by means of appropriate impression management. Trust is the most essential factor for effective social interaction (Bachmann & Inkpen, 2011). The level of trust that I had gained with one company helped me gain access to others. It helped participants to open up more.

The figure below (Figure 10) demonstrates the process of access of this research. The key contact person, a personal acquaintance from company 1(C1), helped me touch base with the CEO of Company 2(C2), NGO2, and also the head of Company 4(C4). The key person also helped me conduct the group discussions with the three heads of C1 C2, and C3 to compare their views about the company's CSR. The CEO of C1

provided the Government official’s contact detail, and the G1 government official helped me get access to G2. The fieldwork mainly involved chain networking.



**Figure 10 – The process of research access**

A few manageable problems emerged during the fieldwork. One of them was fixing interview dates and times. I had to wait for months, especially to interview the four CEOs of the foundations. Their travel schedules and busy timelines were very difficult to deal with, which resulted in wasting a lot of time in the process. Thus, the issues linked to interviewing large companies, and especially people at the top level, who are extremely busy, need to be taken into account.

### 6.8 Sources of evidence

In the research protocol, the research questions should dictate the sources of evidence that will be used in order to successfully achieve the aims of the study. Thus, the sources of evidence for this research had to enable the consideration of the rhetoric used, of the institutional pressures impacting the organisations’ communication, and most importantly, the main research question about the companies CSR reporting.

Discourse content and context cannot be separated. Discourse provides a platform to consider **why** (institutional pressures) and **how** (rhetoric) organisations report. Drawing on arguments that highlight the benefits of discourse and its relevance to

studying institutional pressures and rhetoric, corporate written discourse in the form of CSR reports, along with the face-to-face interviews, provided the primary source of evidence for this study. Other multiple sources of evidence (Yin, 2009), as used in qualitative case study research, were also collected to understand how the various institutional pressures were affecting companies CSR reporting. Tangible measures of each of these pressures are included in the study as sources of evidence; for example, legislations and regulations (regulatory pressures), business association guidelines (professional pressures), media-print and electronic coverage (mimetic pressure), and pressures from NGOs.

The following sections outline and justify each source of evidence as well as the data collection process for each of the sources.

**Professional guidelines**-Scott (1995) stated that professional pressures could come from mandates, rules of thumb, standard operating procedures, occupational standards, certifications, and accreditation. Given the tangible aspect of the institutional environment, the focus here was not solely on employee educational background and training and how that could impact the types of activities performed by organisations under the banner of CSR and CSR reporting; rather, it was on tangible aspects relevant to the professional pressures that contribute to shaping the adoption and reporting of CSR (e.g., reporting guidelines, assessment, framework, awards and industry and business associations ranking devices, and industry and business association guidelines).

CSR reports came in handy to identify the relevant professional guidelines impacting CSR communication. This was acceptable given the interplay between context and content. Basu & Palazzo (2008) stated, *“as a result of studying the justification and symbols used to garner legitimacy used in the CSR reports, insight can also be provided into the institutional pressures underpinning communication”*. A total of 20 professional guidelines were noted (please refer to chapter 6), within the reports and the websites of companies—for example, rating devices, industry guidelines, framework, and reporting guidelines.

**CSR reports** -The issue of content and context was highlighted in the earlier section. Given the interplay between the two factors, CSR reports are a viable source to consider the institutional pressures shaping CSR reporting. Many past studies used CSR reports as a form of documentation that provided a tangible account to analyse legitimacy strategies (Suddaby & Greenwood, 2005, Castello & Lozano, 2011). CSR reports and their widespread distribution (Unerman, 2000) lend a high degree of credibility to the information reported within them (Tilt, 1994). They have been used in a number of studies on CSR communication (e.g., Chen & Bouvain, 2008; Waeraas & Ihlen, 2009; Castello & Lozano, 2011; Johansen & Nielsen, 2012; Marais, 2012). In many studies on environmental information, stakeholders have been seen to use CSR reports as their sole source of information (Deegan & Rankin, 1997). The CSR reports of all four companies were obtained from 2012 onwards. Appendix C and D provides a description of each of the reports. The annual and CSR reports of government companies were often bundled up together. Therefore, different kinds of reports—for e.g. company annual reports, sustainability reports, and CSR reports—were studied.

**Legislation and regulations**- CSR reports were initially used to identify the relevant legislation and regulations. An analysis of each of the organisations’ CSR reports revealed that these signalled their alliance or responsiveness to a number of regulatory or legislative guidelines, which shaped their adoption of CSR activities and the subsequent communication of these activities to their stakeholders. In total, eight pieces of legislation were noted across the company reports. To ensure that further regulations and legislation were not overlooked, Google searches were conducted in relation to each activity addressed by the organisations in their CSR reports; no additional legislation or regulations were noted.

The following table (table 15) is a comprehensive list of regulatory pressures, as found through the primary and secondary data analysis.

**Table 15 – A list of regulatory pressures taken from the companies’ websites**

<b>Regulatory pressures</b>	<b>Description</b>
<b>Legislation and regulations</b>	Petroleum And Natural Gas Rules (Safety In Offshore Operations) 2008(M)
	Petroleum Rules, 1976(V)

	P&NG Rules 1959(V)
	P&NG Rules 2002(V)
	P&NG Rules 2009(V)
	Petroleum Amendment Rules 2011 (V)
	CREP (Corporate Responsibility For Environmental Protection), 2003(V)
<b>Acts</b>	Companies Act of 2013 (V)
	Petroleum And Natural Gas Regulatory Board Act, 2006 (M)
	Right To Information Act
	Minimum Wages Act, 1948 (M)
	Payment Of Wages Act 1936 (M)
	The Petroleum Act, 1934 (V)
	Trade Unions Act, 1926 (M)
	Industrial Dispute Act 1947 (M)
	The Petrol Industry Act, 1974 (V)
	Industrial Employment Act 1946
	Workmen's Compensation Act 1923
	Petrol Fields Regulation And Development Act, 1948(M)
	Petroleum Pipeline Act, 1962(V)
	<b>Policies/guidelines</b>
Guidelines For Exploration /Exploitation Of Shale Gas And Petrol (V)	
OISD Guidelines (V)	
CPCB/SPCB (Central And State Pollution Boards)	
National Voluntary Guidelines On Social, Environmental And Economic Responsibilities Of Business (2011)	
Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Guidelines on CSR and Sustainability	

Some more acts were recognised by crosschecking them through media and talking to stakeholders like the government and academics. These are described in the following table (table 16).

**Table 16 – A list of some more regulatory pressures recognised through secondary data**

<b>Name of the legislation/regulation</b>	<b>International /domestic</b>	<b>Voluntary/ mandatory</b>	<b>Description</b>
<b>The Petroleum Act of 1934</b>	Domestic	Voluntary	Passed in 1934, this act addresses operational issues covering the entire value chain. It is aimed at consolidating laws relating to the import, transport, storage, and production, refining and blending of petroleum, with powers for regulating these aspects vested with the central government.
<b>The oil fields Regulation and Development Act, 1948 and the Petroleum and Natural Gas Rules</b>	Domestic	Voluntary	Both these acts gave the central government the power to make laws to regulate the authorization of mining leases for onshore mining license and offshore blocks.

<b>1959 (last amended in 2009)</b>			
<b>The Petroleum and Minerals Pipeline Act, 1962</b>	Domestic	Voluntary	This act lays down provisions for land acquisitions and land utilization for laying pipelines. The central government has been given the authority to acquire the land.
<b>The Petroleum and Natural Gas Regulatory Board Act, 2006</b>	Domestic		It is a regulatory body for downstream petroleum aimed at protecting the interests of consumers and entities engaged in specific activities relating to petroleum.
<b>Companies Act of 2013</b>	Domestic	Mandatory	The Companies Act of 2013, Schedule VII mandates CSR for the Oil and gas industry.
<b>The Oil Industry Safety Directorate (OISD), 1986</b>	Domestic with international collaboration	Voluntary	This is a technical directorate under the Ministry of Petroleum and Natural Gas. The OISD's main responsibilities are: a) standardisation; b) formulation of the disaster management plan; c) accident analysis; d) evaluation of safety performance.

The theoretical framework, discussed in chapters 1, 2 and 3, described how institutional theory suggests that regulatory pressures, which, in turn, relate to the regulations and laws with which organisations are forced to comply can shape organisations. Given this, the domestic regulations and legislations, and the international guidelines, regulations, and legislations, as a tangible aspect of the institutional environment, were used as a source to triangulate the data and identify the regulatory pressures impacting the organisations' CSR reporting. Given that this study is focussed on the tangible aspects of the institutional environment and follows the view that content and context in discourse are invariably interrelated, companies CSR reports were initially used to identify relevant legislation and regulations.

Thereafter, a manual natural word check of each article was conducted to ensure that the articles source did in fact meet the criteria defined for the study (Bartlett, 2007). Forty articles/data analysis papers regarding CSR in the petrol and gas sector in India were collected. I limited my search to this number as, at this point, the articles were no longer deemed to be relevant, or had become redundant (Lincoln & Guba, 1985).

**Media coverage-** Given that public expectations can be negotiated and debated through the media, the latter play a key role in identifying public pressures (Wehmeier, 2010). Barley & Tolbert (1997) suggested that newspaper articles offer a



rich source of data to consider institutional matters. Thus, the print and electronic media coverage from six Indian print media sources (The Times of India, The Economic Times, The Financial times, Forbes India, The Indian Petrol and Gas weekly magazine, and The Asian Age) was collected for this study. Articles were collected from the January 2012-March 2016 period (period of this study)

Search engines were used for online versions of media reports using words like ‘social’, ‘economic’, ‘environmental’, ‘ethical’, ‘human rights’, and ‘stakeholder’ together with ‘CSR’ and the industry and organisations’ names. This was an attempt that drew loosely on the European Union’s (2011) definition of CSR, which states “*to fully meet their CSR, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders*”. Bartlett (2007) has also used these search parameters with similar words like ‘social’, ‘economic’, and ‘environmental’ in a study linking CSR, institutional theory, and legitimacy.

## **6.9 Methods and data analysis**

The methods used for this research are thematic content analysis and rhetorical analysis. The methods used for texts were thematic content analysis. The methods used for interviews (talk) were rhetoric. This was done primarily to understand if companies were talking exactly the same as they were writing in their reports. Chapter 8 and 9 compares the findings from both the methods to arrive at the conclusion that text and talk were not matching. The usage of pathos, logos and ethos as rhetorical devices might not work very well with texts, since it is practically very hard to understand the emotions in written texts. Therefore for the interviews, in order to capture the talk process, rhetorical analysis was conducted.

While analysing the data, Mayring’s (2000) steps were followed regarding the inductive category development that consists of the research question, the determination of category and levels of abstraction, the development of inductive categories from material, the revision of categories, and the final working through text and interpretation of result. Overall, the data analysis process included the following core steps: selecting the unit of analysis, creating categories, and establishing themes.

Content analysis is a research method of textual data analysis (Patton, 2002) and is described as a method to classify written or oral materials into identified categories of similar meanings (Moretti et al., 2011). These categories represent either explicit or inferred communication (Hsieh & Shannon, 2005). This method is particularly useful in this research as it can be fruitfully used to examine virtually any kind of communication materials, including ‘narrative responses’, open ended survey questions, interviews focus groups, observations, and printed media such as articles, books, or manuals (Abrahamson, 1983; Hsieh & Shannon, 2005); and this research is indeed made use of open ended questions, semi structured interviews, observations, and printed media and therefore content analysis proved very helpful in analysing the data.

In its simplest form, thematic analysis is a categorising strategy for qualitative data. Researchers review their data, make notes, and begin to sort them into categories. Styled as a data analytic strategy, thematic analysis helps researchers to move from a broad reading of data towards discovering patterns and developing themes. It is a method to identify, analyse and report patterns (themes) within data and the process minimally organizes and describes data sets in rich detail. However, it also often goes further than this and interprets various aspects of the research topic (Boyatzis, 1998). As Boyatzis (1998) wrote in regard to transforming qualitative information, “*thematic analysis is a process of encoding qualitative information*” (Boyatzis, 1998 pg.vii). Thus, the researcher develops ‘codes’: words or phrases that serve as labels for sections of data. Depending on the methodology and research questions, codes can come in many shapes and sizes; for example, “*a complex model with themes, indicators and qualifications that are causally related, or something in between these two forms*” (Boyatzis, 1998).

The data analysis procedure for this study drew on Miles & Huberman’s (1994) approach to conducting qualitative research and Yin’s (2009) approach to conducting case study research. The thematic data analysis method was used to analyse the collected data in a way that would produce an effective discussion to answer the research question(s). The data analysis involved content and rhetorical analysis. Rhetoric provided this research an interesting perspective that also tempers the organisations’ self-interests with their roles within society (Castello & Lozano, 2011).

A growing body of work in organisational studies uses rhetorical analysis (discussed in chapter 1 and chapter 4). Scholars in both communication (e.g., Waeraas & Ihlen, 2009) and organisational studies (Suddaby & Greenwood, 2005; Oakes et al., 1998; Covalleski et al., 2003) have used rhetorical analysis. Content analysis is frequently used in organisational research, and has been used in other studies considering CSR communication, legitimacy, and/or institutional theory (see, for example, Chen & Bouvain, 2009; Marais, 2012; Suddaby & Greenwood, 2008; Unerman, 2000). Those qualitative researchers who use a content analytic approach recognise that text is open to subjective interpretation, reflects multiple meanings, and is context dependent (i.e., part of a larger discourse) (Julien, 2008). Furthermore, given *that “content analysis is useful in identifying both the conscious and unconscious messages communicated about by the text—in that it considers both what is explicitly stated and what is implied by the manner in which the content is expressed”* (Julien, 2008)—it is particularly useful to consider the content/context interplay relevant to this research.

### 6.9.1 Detailed explanation of the data analysis process

The data analysis process of this research followed these key steps:

1. Applying content analysis to identify **what** CSR activities the organisations were talking about in their CSR reports.
2. Applying content analysis to explore **why** the organisations were talking about their activities in their reports. This was done to try to identify the signals the corporations had given in their reports (content analysis focuses on looking for evidence/references to professional guidelines, legislation/regulations, and stakeholders).
3. Using rhetorical analysis to explore **how** the organisations were communicating about their CSR activities within their reports.

The coding process produced a great quantity of data in quotes, tables, and relationships (Table 17). The coding process was based on statements made by CEOs and similar management personnel in the CSR reports. When these statements were lacking, the business strategy descriptions were analysed.

**Table 17 – The Data Analysis Process** <sup>34</sup>

<b>Step one (Activities discussed in CSR reports and rhetorical devices).</b>	<b>Step two pressures shaping each of the activities).</b>	<b>Step three (Institutional pressures used by organisations to justify why they performed/communicated about their activities).</b>
<b>Coding of the CSR activities discussed in the reports.</b>	Coding of the CSR reports for references to professional guidelines, legislation, and regulations.	Coding of the justification strategies.
<b>Coding of the rhetorical material.</b>	Analysis of the regulatory sources and of their impact on CSR activities.	
	Analysis of the professional sources and of their impact on activities.	
	Analysis of the media reports and of their impact on activities.	
	Overview of the industry and of its impact on activities.	

In step 1, the aim was to identify the primary pieces of data used in this study—the CSR related activities that were discussed in the companies’ CSR reports—using rhetorical devices to answer *RQ1. How do institutional pressures influence the nature of text in CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy?* Step two identified institutional pressures shaping each of the activities) and in step three the goal was to identify institutional pressures used by organisations to justify why they reported/communicated about their CSR activities.

Following this, Higgins & Walker’s (2012) rhetorical coding framework was adopted (table 18) for analysing *RQ2. How do institutional pressures influence the nature of talk in CSR reporting adopted by Indian petroleum and gas companies in order to gain legitimacy?*

**Table 18 – Rhetorical coding**

<b>Rhetorical device</b>	<b>Rhetorical appeals</b>	<b>Explanation</b>
<b>Ethos</b>	Similitude.	Highlighting any similarities between the

<sup>34</sup> For each individual organisation, Appendix E summarises the findings across the three steps of this process and highlights: 1) the activities discussed with the reports; 2) the coverage the reports gave to each activity; 3) the relevant regulations and/or legislation and the activities they shaped; 4) the professional guidelines and the activities they shaped; 5) the rhetorical devices used in relation to each activity; 6) the activity identified through the media and their impact on the activities; 7) the industry and business association guidelines and how they impacted the activities.

<b>(credibility/perceived character of the speaker).</b>		organisations and their audiences, the use of pronouns such as 'we' and 'our'.
	Imagination/self-promotion.	Compliments, flattery, agreement, self-presentation or promotion, help.
	Deference.	Rights and feelings of audience.
	Self-criticism.	Admit mistakes or shortcomings.
	Expertise.	Qualifications, judgments, experience.
	Consistency.	Continuity.
	Inclination to succeed.	Promise to succeed. Commitment.
<b>Pathos (emotion).</b>	Figurative speech.	Use of metaphors.
	Narrative speech.	First person narrative.
	Emotive appeals.	Use of emotive language.
<b>Logos (reason/the appearance of rationality)</b>	Argumentation.	Present and argument why a practice has been conducted.
	Logics.	Logical argument.
	Claims.	Making a statement about what the organisation has done.
	Warrants/justifications.	Justifying a particular outcome or activity.
	Data.	The use of data, graphs, and statistics.
	Citations of third parties.	Reference to third parties to support an argument.
	Evidences/examples.	Using examples or evidences to support a statement/claim.

**Source:** Adapted from Higgins & Walker, 2012:198

In order to determine the rhetorical devices—ethos, pathos, and logos—as described in the table above, the following table (table 19) explains in a snapshot how the method was followed.

**Table 19 – Rhetorical coding excerpts – selected coding examples**

<b>Original text excerpts</b>	We have always invested in farmers' rights and their problems. Although they are not direct stakeholders to the company, there is a national issue with the amount of farmer suicides, which are on the rise. We have chosen this subject to invest our CSR budget and help the government in achieving its development goals. Following the CSR activities from Schedule VII of the Companies Act of 2013 is a must for all companies. This not only gives us the confidence of being recognised by our stakeholders; it also gives us the confidence to operate (company 2)
<b>Activity</b>	Mandatory regulations and issues of farmers' rights.
<b>Language code</b>	Claims, evidence, and examples.
<b>Rhetorical coding</b>	Logos and ethos.

This step sought to consider the various institutional pressures impacting CSR as noted in the earlier step. In all, the analysis involved four phases, as depicted in Table 20.

**Table 20 – Phases of the data analysis**

<b>Phase</b>	<b>Description</b>
<b>One</b>	Overview of each of the cases/organisations.
<b>Two</b>	Stage 1: Coding of the activities discussed in the reports. Stage 2: Coding of the rhetorical appeals used in the reports.
<b>Three</b>	Coding of the justification strategies used in relation to each activity.
<b>Four</b>	Stage 1: analysis of the regulatory sources and their impact on the activities. Stage 2: analysis of the professional sources and their impact on the activities. Stage 3: analysis of the industry and its impact on the activities. Stage 4: analysis of stakeholder engagement and its impact on activities. Stage 5: analysis of the media and their impact on the activities.

In Phase 1, overview of each of the cases/organisations was done followed by phase two where coding of the activities discussed in the reports were conducted followed by coding of the rhetorical appeals used in the reports. In phase three coding of the justification strategies used in relation to each activity was done and finally in phase four the followings steps were taken: Stage 1: analysis of the regulatory sources and their impact on the activities. Stage 2: analysis of the professional sources and their impact on the activities. Stage 3: analysis of the industry and its impact on the activities. Stage 4: analysis of stakeholder engagement and its impact on activities. And Stage 5: analysis of the media and their impact on the activities.

### **6.10 Ethical considerations**

Writing about ethical considerations is mandatory to demonstrate that the researcher concur with the necessary ethical values throughout the research process (Silverman, 2009). This research aligns with Burton’s (2000) ethical considerations of going beyond debating between Immanuel Kant’s ‘deontological theory’—which proposes that ethical actions should adhere to obligations—and John Stuart Mill’s ‘consequential theory’—which proposes that ethical actions must produce the greatest possible value over disvalue to the four ethical principles (autonomy, beneficence, non-maleficence, and justice) and four rules (veracity, privacy, confidentiality, and fidelity) to be considered while doing any research.

Hammersley & Traianou (2012), points out to an important question while conducting a research-how ethical is the research? Several distinct ethical principles can be involved according to the authors, leading to dilemmas and it is important to identify them clearly. For example, the question of justifying a research, the legitimacy of the research, researchers responses in difficult situations, publishing the findings of the research (if the findings are sensitive or harm the reputation of an organisation) and many such issues. Farrimond (2012) tackles numerous different ethical questions that researchers need to think about in her research, for example, should one always preserve subjects anonymity? How can one gain consent from vulnerable groups such as children or those with learning difficulties? What should one do if it is found out that one of the research subjects is engaged in criminal activity? Can a research harm the subjects psychologically financially or reputationally? In order to understand these issues more clearly, Farrimond (2012) includes a number of thought-provoking ethical dilemmas, many of which have no easy answers, and which illustrate why researchers need to build ethical considerations into their research proposal, rather than leave them as an afterthought so they can pass the ethics committee review.

As far as informed consent was concerned, during the fieldwork, every possible care was taken to adhere to the status of complete informed consent. Although some scholars, like Silverman (1989) and Homan (1991), were sceptical of the process and went to the extreme of calling it a convenient myth and arguing that informed consent is an apposition that cannot be completely achieved in social sciences research, others, like Kent (2000), stated that the logic of informed consent means that the researcher must take a position whereby the individuals who agree to take part in a research are made aware of what they are agreeing to and authorize the researcher to collect information from them without any form of coercion or manipulation.

Before obtaining access from the respondents, the purpose and nature of this study was clearly explained in order to provide them with a scope to freely decide on their participation. I provided the respondents with my business card—to make them aware of my contact details and assure them about my identity and of the genuineness of the research—and Royal Holloway's ethics approval form. A briefing about the study, its usage, intentions, and purpose was always given prior to the interviews.

The audio recording of the interviews was carried out only when specifically consented to by the respondents. Many government officials and government-owned company employees did not wish to be audio recorded; so during those interviews, I took notes. The participants were also informed about three basic ethical provisions: their right to refuse to answer any question, their right to anonymity, and their right to terminate their participation at any point during the interview. As Oliver (2010) rightly points out that “ *A corner stone of research ethics is that the respondents should be offered the opportunity to have their identity hidden in a research report*”. In this regard, I have only named the companies and not any specific person. Thus, all participants were provided with a scope to retain the ownership of their statements and be honest in their answers.

### **6.11 Criteria for evaluating qualitative research**

In order to ensure the rigour of qualitative research, the criteria of credibility, transferability, dependability and confirmability should be adhered to (Guaba and Lincoln, 1989). I will now discuss in this section all the four elements and what the necessary conditions to meet these criteria in relation to case study research.

**A) Credibility:** Credibility relates to the validity or authenticity of the research (Miles & Huberman, 1994). Yin (2009) also highlights in his research how credibility can be of concern for case studies because of so-called, ‘subjective’ judgements used to collect the data. This study applied few tactics to increase the credibility of this research for example: multiple sources of evidence were used from the government data, company’s reports, business associations reports, interpretations of academics and think tanks and media reports in order to triangulate the data. Additionally the use of four cases and multiple units of analysis within each case enables replication logic (Yin, 2009), which also strengthens the credibility of this study.

**B) Transferability:** This refers to whether the findings can hold under different conditions, and hence considers if the findings can be generalised beyond the research’s population, time or setting (Singleton and Straits, 2005). The issue of transferability is addressed by a) using the literature review as the foundation for shaping the research questions and b) by following research protocols relevant to



document analysis research. It should be noted that given this study considers CSR reporting in the developing countries contexts the transferability of this research may be somewhat limited.

Also since CSR reports form the main source of analysis that also limits the transferability to a certain amount. The case of generalisability is not much of a concern for this study, since it usually is a concern in a single case study. Multiple cases were used to build up on the generalisability aspect of this study. Like any case study research, the findings of this research are generalisable to theoretical propositions, not to populations or universe (Yin, 2009). This research can be considered analytically generalisable rather since it uses previously developed theory as a template with which to compare the empirical results and a number of cases were considered in order to explore the theory.

**C) Dependability:** This is related to the reliability or auditability of the research (Miles & Huberman, 1994) and considers the operations of the study and whether it can be repeated with the same results (Yin, 2003). To ensure the dependability of this research, this study was guided by the principle of rigorous qualitative research set out by Miles & Huberman (1994) as well as Yin's (2009) case study design. Being transparent was observed throughout the research process along with a detailed comprehensive outline of all the steps involved in the research.

**D) Confirmability:** This can be linked to objectivity (Miles & Huberman, 1994) and involves outlining or illustrating how interpretations develop based on inquiry (Guba & Lincoln, 1989). This is a challenge with this research like any other qualitative research. To enhance the credibility of this research, efforts were taken to ensure the findings chapters utilise explanation building through the use of frequent references to evidence and also outline rival explanations (Yin, 2009).

## **6.12 Limitations and contributions**

**Limitations:** In the spirit of reflexivity, a number of limitations of the methodology are worthy of mention. Firstly, given the large number of interview extracts for analysis, the interpretivist orientation of the research has on occasion been questioned. 40 in-depth interviews, and also spending time with the respondents outside the

interview setting comprised of many excerpts that were very tedious to unwind during the thematic analysis phase to determine macro CSR themes. Whilst this approach is somewhat original and in line with qualitative data analysis as recommended by Spiggle (1994), I would like to acknowledge that this research project is heavily dependent on the notion of researcher as instrument (Denzin & Lincoln, 2011), not forgetting the interpretive biases surrounding case studies (Guba and Lincoln, 1989). Thus, considering this element of generalisability of this research, I would invite comments and participation from readers on the data interpretation

Another method limitations are in using the term ‘stakeholders’. I am wary of suggesting that stakeholders represent a homogenised entity and instead recognise that stakeholders may in fact be consumers, activists and employees. Interviewing external stakeholders is a limitation for this research and can be problematic in ensuring accurate understanding of participants, however, the interests of this study is less on the internal stakeholders and more upon the regulators and stakeholders attached to the regulative policies, being a macro study of organisational behaviour.

Finally, I do acknowledge that there may be broader limitations in analysing CSR reports to inform dialogical understanding of effects of institutions, rhetoric and legitimacy. Many times, reports were not very clear, CSR activities changed from the websites to the hard copies of reports to the visual short movies depicting the CSR activities. This sometimes emphasises the temporal nature of the analysis. Occasional fluidity of organisational texts is acknowledged in this research and also in the way it was subjected to interpretation both from my side and from the side of the respondent is a matter of concern like in all case studies. This sentiment is returned to in the final chapter when avenues for further research are discussed.

**Contributions:** As discussed in Chapter 1, the methodological contributions of this thesis is primarily in the utilization of CSR annual reports (including press releases, reports and websites) well established in the CSR research (for e.g. Livesey, 2002; Campbell, 2000; Castelló & Lozano, 2011); the combination of rhetorical analysis in case study to investigate CSR reporting is somewhat more novel in the developing countries context.

Furthermore, the ways in which the CSR reports of companies are distilled down into CSR dialogues through thematic analysis (Spiggle, 1994) presents a way in which large data's can be qualitatively interpreted. Whilst reflexivity around this contribution is discussed in Chapter 5, the thesis contends that deep and rich insights can be provided through such an approach. This might help framing discussions/debates around how qualitative case research study applying rhetorical analysis can be undertaken further in CSR reporting and management studies broadly.

### **6.13 Chapter summary and conclusion**

This chapter and the previous one considered the content and the context underpinning this research. In regard to the research context, the importance of studying the elements of CSR reporting in the Indian petrol and gas sector was explained. In regard to the research content, the research methods and the factors underpinning the choice of those methods were explained. The chapter outlined the qualitative nature underpinning this study. It also outlined that a case study method was chosen for three reasons: 1) the researcher had little control over behavioural events; 2) the focus of this research is on a contemporary event within a real life context; and 3) the guiding research questions consider the **how** and **why** (Yin, 2009). The next chapter moves on to the empirical findings thereby discussing how the data sources as discussed in this chapter examines issues of CSR reporting through the analysis of regulations, legislation, professional guidelines, media, industry, and business associations etc.

## Chapter Seven: Findings and Analysis

### *Examining institutional pressures and legitimacy in CSR reporting: the context of text*

#### **7.0 Introduction**

The main purpose of this chapter is to set the stage for the exploration of the research question in greater detail. The primary research question (*RQ*) ‘*What role do institutional pressures play in the rhetorical strategies of reporting (talk and text) adopted by the Indian petroleum and gas companies in order to gain legitimacy?*’ is analysed in this chapter by first examining *RQ1* ‘*How do institutional pressures influence the nature of CSR reporting (text) adopted by the Indian petroleum and gas companies in order to gain legitimacy?*’

In order to answer *RQ1* the CSR reports of the four companies were examined, applying the theoretical lens of institutional theory and legitimacy. It was vital to first understand why companies engage in CSR, why do they report their CSR and what do they report. CSR reports came in handy as the initial source to collect this information and therefore reports of the four companies forms the main part of analysis in this chapter. The language (words-text) in the CSR reports was studied carefully to investigate *RQ1* and this formed the base for discussions during interviews, examining the talk context (discussed in the next chapter). Applying the research methods discussed in chapter six, this chapter and the following chapter presents the findings from the fieldwork.

To this end, the analysis was centred upon the notion of institutional pressures, as presented in chapter three, and considers Scott’s (2004) three institutional pillars/pressures (regulatory, normative and cultural-cognitive pressures) shaping companies CSR reporting. It must be once again highlighted that this chapter draws on the premise of institutional theory, which suggests that organisations do respond to institutional pressures and from this assumption; particular types of legitimacy are inferred. This linkage is the theoretical yet assumptive claim discussed in chapter

one, two and three.

The chapter first examines the various regulatory pressures in section 7.1 followed by examining the normative pressures in section 7.2. The cultural-cognitive pressures are examined in section 7.3. Section 7.4 presents a discussion on linking the regulatory, normative, and cultural-cognitive pressures. Section 7.5 provides a summary of the chapter and finally a conclusion is drawn in section 7.6.

## **7.1 Regulatory Pressures**

Chapter three-outlined how institutional theory suggests that various regulatory pressures shape organisations. Regulatory pressures results from entities that are external to the organisation (Matten & Moon, 2008) and can include both those formal and informal pressures that constrain behaviour. Regulatory pressures stem from political influences (DiMaggio & Powell, 1983), or power relationships (Boxenbaum & Jonsson, 2008), and may include government regulations or mandates (DiMaggio & Powell, 1983), or externally codified rules, norms or laws (Matten & Moon, 2008; Scott, 1995). Aligning with these scholarly works, regulations and legislations were examined in this chapter to identify the regulatory pressures shaping organisations' CSR reporting. Firstly, the companies' annual CSR reports and other CSR manuals were identified; then, the relevant legislation, regulations, acts, guidelines, and policies referred to in these reports were singled out.

Here, it was found out that some regulatory items, albeit being relevant to the petroleum and gas industry and, thus, to all four organisations—since they belonged to the same sector identified from media reports—had not been addressed by all of them. A pattern of choosing and addressing voluntary regulations, especially the international regulations, policies and guideines were observed. The domestic legislations, laws, regulations and policies were addressed more than the international ones. The following subsections provide further information and an indepth discussion of the regulative pressures.

### **7.1.1 Findings: identification of regulatory pressures**

A total of 26 regulations, legislative constraints, guidelines, policies, and acts were identified from the analysis of the company CSR reports and of the media (as

discussed earlier in chapter six). Once again, it must be noted that the regulatory pressures were observed in two ways. First, during the interviews when CSR reports were handed over to the researcher (soft copies of the reports available on the companies' website) and second, for triangulation purposes, the researcher used secondary data obtained from the media analysis, consisting of reports from government agencies like the OISD (the Oil Industry Safety Directorate), TERI (The Energy and Resources Institute), Government gazettes (government documents available online and published in the Times of India and Economic Times daily newspapers), and the websites of the Ministry of Petroleum and Natural Gas (MoPNG), the Ministry of Corporate Affairs (MCA), and the Indian Institute of Corporate Affairs (IICA). Journal articles of all these government bodies were also referred to, for concrete findings of all the regulatory pressures in the petroleum and gas industry in general and specifically to the four companies.

Table 21 (please see below) is a list of the identified regulatory pressures. From the primary data—i.e., the company's reports—a total of 24 regulations were jotted down. The companies did not mention any of the legislation and regulations related to employment and employee benefits in their CSR or sustainability reports; employment and employee issues were separated from the CSR or sustainability reports and documents, since issues related to employees were handled by the HR team. New CSR cell or CSR foundation had been created since the launch of the Companies Act of 2013, and the CSR and sustainability issues were dealt with the CSR cell and foundation. Since employment and employee issues were not discussed in the CSR and sustainability reports; I have added annual reports of the companies as a source of data gathering for the findings, since employee and employment topics was discussed in the annual reports of the companies.

Secondary data search during the triangulation phase led me to 2 extra regulations that were not addressed by the companies. I have added them to the list as well (table 21). All the four companies failed to list these two regulations (P&NG Rules, 1959, and Petroleum Rules, 1976) despite their relevance to the petroleum and gas sector. It must be noted here that, in some cases, the companies had listed those regulations but had not been following them (this is denoted as an x in the table marks). If the companies did not list them at all, they are marked as 'No' in the table (table 21).

**Table 21 –List of Regulatory Pressures**

Regulatory pressures	Description	Reliance	Essar	ONGC	IOL
<b>Legislations and regulations</b>	Petroleum and Natural Gas Rules (Safety in offshore operations) 2008 (M) <sup>35</sup>	Yes	X	Yes	X
	<b>Petroleum Rules, 1976 (V)</b>	No	No	No	No
	<b>P&amp;NG Rules 1959 (V)</b>	No	No	No	No
	P&NG Rules 2002 (V)	Yes	Yes	Yes	Yes
	P&NG Rules 2009 (V)	X	Yes	X	Yes
	Petroleum Amendment Rules 2011 (V)	X	X	X	X
	CREP (Corporate Responsibility for Environmental Protection), 2003 (V)	X	Yes	X	Yes
<b>Acts</b>	The Companies Act of 2013 (V)	Yes	Yes	Yes	Yes
	The Petroleum and Natural Gas Regulatory Board Act, 2006 (M)	Yes	Yes	Yes	Yes
	Right to Information Act	X	Yes	Yes	X
	Minimum Wages act, 1948 (M)	Yes	Yes	Yes	Yes
	Payment of Wages Act 1936 (M)	X	X	Yes	Yes
	The Petroleum Act, 1934 (V)	X	X	X	X
	The Trade Unions Act, 1926 (M)	X	X	Yes	Yes
	The Industrial Dispute Act 1947 (M)	X	X	Yes	X
	The Oil Industry Act, 1974 (V)	X	X	X	Yes
	The Industrial Employment Act 1946	X	X	X	X
	The Workmen's compensation Act 1923	X	Yes	Yes	Yes
	The Oil fields Regulation and Development Act, 1948 (M)	Yes	Yes	Yes	Yes
	The Petroleum Pipeline Act, 1962 (V)	X	X	X	X
<b>Policies /guidelines</b>	The Guidelines for the Management of Oil and Gas Resources (V)	X	X	X	X
	The Guidelines for the Exploration /Exploitation of Shale Gas and Oil (V)	X	Yes	X	X
	The OISD guidelines (V) <sup>36</sup>	Yes	Yes	Yes	Yes
	The CPCB/SPCB (the Central and State Pollution Boards)	Yes	X	Yes	X
	National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (2011)	Yes	Yes	Yes	Yes
	Department of Public enterprises (DPE), Ministry of heavy industries and public enterprises, Guidelines on CSR and sustainability	N/A	N/A	Yes	Yes

**Note:** the source for the domestic government policies/acts/legislation/regulations/guidelines was the Ministry of Petroleum and Natural Gas website ([www.petroleum.nic.in](http://www.petroleum.nic.in))

<sup>35</sup> Mandatory laws are marked as (M) and Voluntary ones as (V)

<sup>36</sup> The OISD guidelines' main activities are: standardisation, external safety audits, shore safety regulations, and safety awards.

Out of the 24 regulations, one of the guidelines was aimed only at PSUs (Public Sector Units). The guidelines on CSR and sustainability issued by the Department of Public Enterprises (DPE) of the Ministry of Heavy Industries and Public Enterprises were listed on the reports of both public companies and were mentioned in other documents: the companies' CSR flyers, CSR manuals and handbooks.

It was noted that the two main company regulators were the Ministry of Corporate Affairs (MCA) and the Ministry of Petroleum and Natural Gas (MoPNG). These two ministries, which were mentioned in all company reports, had designed most of the regulations related to CSR. The safety performance of organisations in the industry is evaluated every year through a safety award scheme instituted by the Ministry of Petroleum and Natural Gas (MoPNG). The evaluation of performance is carried out by the OISD (the Oil Industry Safety Directorate), and involves safety awards in numerous safety related categories. All the companies abided by the P&NG Rules 2002 (V), the Companies Act of 2013 (V), the Petroleum and Natural Gas Regulatory Board Act, 2006 (M), the Minimum Wages Act, 1948 (M), the Oil fields Regulation and Development Act, 1948 (M), the OISD guidelines (V), and the National voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses (2011).

However, compliance with the mandatory and voluntary regulations varied among companies. For example, majority addressed the mandatory ones with few choosing to respond to voluntary regulatory pressures. Essar Oil and Gas addressed more regulatory pressures than the other companies, both voluntary and mandatory. All companies were required to abide by the Petroleum Rules, 1976, and the P&NG Rules, 1959; however, these were not referenced in any of the company reports. To ensure that any additional regulations and/or legislation were not overlooked, Google searches were conducted in relation to each activity addressed by the company in their CSR reports; no additional legislation and regulations were found.

One piece of legislation that was difficult to interpret was the newly formed and launched Companies Act of 2013. Per se, the act is voluntary in nature, as it does not compel engagement in CSR; however, it does require mandatory CSR spending. The Companies Act of 2013, mandates 2% of the companies' profit after tax to be spend



on CSR activities (please refer to chapter 1 and 5 for an indepth discussion on the Companies Act of 2013); Schedule VII, suggesting the CSR activities companies can/should should engage themselves directly or in partnership with domestic NGOs. Larger companies have formed their own foundations (for eg. the Reliance Foundation—part of Reliance group of companies—launched in 2012 as a new CSR cell and Esar Foundation). Although the public sector companies had set up separate CSR divisions, those were not separate entities like the private companies’ CSR foundations. Despite its so-called ‘voluntary nature’, all four companies had listed the Companies Act of 2013 and its Schedule VII activities (presented in table 22 below) in their CSR reports.

### 7.1.2. CSR activities

The companies engaged in a variety of CSR activities, as listed in table 22. Their primary focus areas were: social/community, environment, corporate governance, and economics.

**Table 22 – Key CSR practices and CSR activities**

Company	Key Areas/ Stakeholders	Key business practices	Activities
Reliance Petrol and Gas	Social institution building	Community development programmes	The Swachh Bharat Abhiyan (Clean India drive); disaster response; technology to empower poor people; setting up homes and hostels for women and orphans; setting up old age homes, day care centres and other facilities for senior citizens; women empowerment and issues related to female children; donations and charity to religious organisations and schools.
		Stakeholder engagement	Rural transformation: the Reliance foundation—Bharat India Jodo—to bridge the development gap between rural and urban India by de-risking farming, minimizing external dependencies, encouraging sustainable practices and improving the overall life of small and marginal producers.
		Education and job training programmes	Developing skills through appropriate training; encouraging capacity building to enhance income opportunities; empowering children and adults by bringing quality education to rural India; scholarship projects, school improvement and teacher training programmes, creative methods of education, continuous learning programmes
		Urban renewal, arts, culture, and heritage	Protecting the national heritage, art, and culture, including restoring buildings and sites of historical importance, and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts
		Health and safety	Community health centres, free ambulances, blood donation camps, free medical camps.
		Sports	Training to promote rural, regionally recognised,

		Paralympic, and Olympic sports
	Human rights and anti-discriminatory policies	Equal treatment to everyone.
Environment and sustainability	Disclosure of environment and social performance	Sustainability reporting, environmental impact assessment and qualitative risk analysis, reduction in CO <sub>2</sub> emissions, SA8000 (social accountability)
	Waste management	Environment protection drives, total hazardous waste disposal, controlled hydrocarbon discharge.
	Energy conservation	Drive to save electricity in office compounds.
	Renewable energy	Promotion of environment protection; renewable energy sources.
	Emissions	Monitoring, minimizing, and taking responsibility for releases into the environment
	Effective emergency response	Immediate and effective response to petrol/hydrocarbon spills, CHG emissions, fewer accidents.
	Materials policy of reduction, reuse, and recycling	Preserving nature, protecting wildlife, recycling and reusing water.
	Climate change	Planting trees, clean Ganges project, CO <sub>2</sub> emission reduction, waste management
	Water management	Water conservation through waste water recovery using reverse osmosis technology
	Sustainability	Providing cleaner fuels, innovating products, converting waste to wealth, capturing coal belt methane, availing carbon credits, developing sustainable greenbelts.
Employee	Employee remuneration	Equal pay without discrimination,
	Employee benefits	Employee welfare programmes, employee stock options, equal opportunities, safe workplace environments, awards to encourage employees
	Hours of work, leave, etc.	Labour practices and decent work conditions.
	Occupational health and safety	Awareness programmes on employee psychological and physiological problems such as hypertension, stress, diabetes, high cholesterol, and obesity issues; task-based health risk assessment programme (TBHRA), operating safely responsibly, and reliably.
	Trade unions	Accessible state and national level trade unions for all employees
Economics	Supply chain management	Continuous evaluation programmes, training and self-evaluation processes for suppliers
	Product responsibility	Customer dialogue, open door policy for customer related issues; value for money—price control, importance of pricing; rapid and respectful responses to customers—complaint boxes, immediate actions taken; safe products, full product disclosure—focus on quality control, good and safe products—product stewardship (reduce, recycle and reuse).

	Governance	Codes of conduct	Codes of ethics, prevention of sexual harassment, ethics management, vigilance mechanisms, whistle-blower policies
		Annual general meetings (AGM)	Valuable relationship with all stakeholders; appropriate governance structures with defined roles and responsibilities
		Benchmarking, awards, and recognition	Safety benchmarking; safety awards, leadership excellence, awards for projects, awards for maintaining quality, awards for health safety and management, sustainability awards.
		Corporate governance	Vigilance mechanisms and whistle-blower policies; remuneration policies for directors, key managerial personnel and other employees; policies for the selection of directors and the determination of director independence
		Company mission, vision, and values	Core values of corporate citizenship, customer value, respect, one-team ownership mind-set, integrity, safety and excellence
		ESG metrics	Working towards planet, people, product, processes, and profit
		Business responsibility disclosure	Policies on insider trading, values of commitment, health safety and environment (HSE); policies for the release of annual business reporting framework (BRR)
		Diversity and inclusion	Diversity in employment, gender diversity benchmarking, diversity training programmes.
Essar Oil and Gas	Social institution building	Community development programmes	Swachh Bharat Abhiyan (Cleanliness drive project): technology to empower, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and other facilities for senior citizen.
		Health and safety	Infant health programmes, mobile medical units, school health programmes, skills training and capacity building in rural and backward areas
		Stakeholder engagement	Livelihood and entrepreneurship: helping rural communities to become self-sufficient and sustainable by providing training in self-employment and supporting entrepreneurship; infrastructure—to assist communities to develop and enhance basic amenities, to strengthen basic civic infrastructure through projects involving the provision of sanitation and drainage facilities, common civic infrastructure, safe drinking water, and rural electrification
		Education and job training programmes	Education: empowering children and adults by bringing quality education to rural India. Scholarship projects, school improvement programmes, teacher training programmes, creative methods of education, continuous learning programmes; women's empowerment—development of skills through appropriate training, encouragement of capacity building to enhance income opportunities and to improve reproductive health through awareness building.
		Human rights and anti-discriminatory policies	Equal treatment for everyone.

		Urban renewal, arts, culture, and heritage	Protecting national heritage, art, and culture, including the restoration of buildings and sites of historical importance, and works of art; setting up public libraries; promoting and developing traditional arts and handicrafts
	Environment and sustainability	Disclosure of environment and social performance	Environmental impact assessment and qualitative risk analysis, Reduction in CO <sub>2</sub> emissions.
		Waste management	Environment protection drives, total hazardous waste disposal, controlled hydrocarbon discharge,
		Effective emergency response	Fewer accidents; Immediate and effective response to petrol/hydrocarbon spills, CHG emissions
		Materials of reduction, reuse and recycling	Environment awareness programmes—increasing environmental awareness with projects like no plastic drive, promoting villages as integrated ecosystems, encouraging the use of alternative sources of energy, the conservation of natural resources and the improvement of waste management
		Climate change policies	Planting trees, clean Ganges project, CO <sub>2</sub> emissions reduction, waste management
		Water management	Water conservation through waste water recovery using reverse osmosis technology
		Sustainability	Providing cleaner fuels, innovating products, converting waste to wealth, capturing coal belt methane, availing carbon credits, developing sustainable greenbelts.
		Energy conservation	Energy conservation inside office buildings, LED bulbs, etc.
	Employees	Employee remuneration	Equal pay for equal work
		Employee benefits	Employee welfare programmes, employee stock options, equal opportunities, safe workplace environments, awards to encourage employees
		Hours of work, leave, etc.	Labour practices and decent work conditions
		Occupational health and safety	Awareness programmes on employee psychological and physiological problems such as hypertension, stress, diabetes, high cholesterol, and obesity issues
		Trade Unions	Employee enrolment in various state and central level trade unions
	Economics	Supply chain management	Supplier support system, evaluation, dialogue, training programmes
		Product responsibility	Safe and full disclosure of products
	Governance	Annual General Meetings (AGM)	Valuable relationships with all stakeholders; appropriate governance structures with defined roles and responsibilities
		Benchmarking, awards and recognition	Safety awards, leadership excellence, awards for projects, awards for maintaining quality, awards for health safety and management, sustainability awards.
		Codes of	Codes of ethics, prevention of sexual harassment,

		conduct	ethics management, vigilance mechanisms, whistle-blower policies
		Corporate governance	Remuneration policy for directors, key managerial personnel and other employees; policies for the selection of directors and the determination of director independence
		Company mission, vision, and values	Core values of corporate citizenship, customer value, respect, one-team ownership mind-set, integrity, safety and excellence
		ESG metrics	Working towards planet, people, product, processes, and profit
		Business responsibility disclosure	Policies on insider trading, values of commitment, health safety and environment.
		Diversity and inclusion	Diversity in employment, gender diversity benchmarking, diversity training programmes.
ONGC	Social institution building	Community Development programmes	CSR projects undertaken for schedule castes (SC)/Schedule tribes (ST) and other weaker sections of the society: drinking water facilities; financial assistance for cataract services; construction of toilets; setting up an ONGC Super 30 programme for admissions to national level engineering colleges; livelihood projects for income generation; women's empowerment—female children development; gender sensitive programmes—promoting local sports, promoting sportspersons
		Health and safety	Construction of hospitals in remote areas and villages; mobile Medicare units; ambulances; construction of toilets for girls: cleanliness drive (Swach Bharat Abhiyan)
		Education and job training	Partnering with universities; computer centres providing vocational training to youth.
		Stakeholder engagement	Developing infrastructure—roads, bridges, and dams to link rural and urban cities.
	Environment and sustainability	Disclosure of environment and social performance	Environmental impact assessment and qualitative risk analysis, Reduction in CO <sub>2</sub> emissions.
		Environment protection	Ecological conservation; animal conservation (for example, the deer project)
		Waste management	Green projects like the Mokshda Green Cremation System (MGCS);
		Effective emergency response	Immediate responses to accidents; petrol spills; contamination and other such emergencies.
		Energy conservation	Conserving electricity
		Water management	Water management including ground water recharge.
		Sustainability	Providing cleaner fuels, innovating products, converting waste to wealth, capturing coal belt methane, availing carbon credits, developing sustainable greenbelts.
	Employee	Employee remuneration	Equal pay for equal work
		Employee benefits	Employee welfare programmes, Employee stock options, equal opportunities, safe workplace

			environments, awards to encourage employees	
		Hours of work, leave etc.	Good Labour practices and decent work conditions	
		Occupational health and safety	Awareness programmes on employee psychological and physiological problems like hypertension, stress, diabetes, high cholesterol and obesity issues	
		Trade unions	All trade unions, state and central, are associated with employees at various levels	
	Economics	Supply chain management	Nothing was disclosed in the reports	
		Product responsibility	Safe and full disclosure of products	
	Governance	AGM	Valuable relationship with all stakeholders; appropriate governance structure with defined roles and responsibilities	
		Codes of conduct	Codes of ethics, prevention of sexual harassment, ethics management, vigilance mechanisms, whistle blower policies	
		Benchmarking awards and recognition	Safety awards, leadership excellence, awards for projects, awards for maintaining quality, awards for health safety and management, sustainability awards.	
		ESG metrics	Working towards planet, people, product, processes, and profit	
	IOC (Indian Oil Corporation Limited)	Social Institution building	Community Development programmes	Construction of public toilets; construction of toilets for girls; health awareness camps;
			Healthcare	Providing wheel chairs to physically challenged persons; eye operation camps; health check-up camps; mobile medical units.
Education			Scholarship schemes; building schools in rural areas; distribution of free books	
Gender equality and empowering women			Female children development; gender sensitive programmes; launching programmes for female children; educating female children.	
Arts culture and heritage			Preserving and promoting national heritage in collaboration with the Archaeological Survey of India (ASI) and the Indian government's National Culture Fund.	
Environment and sustainability		Maintaining environmental sustainability	Preserving nature, protecting wildlife, recycling and reusing water.	
		Environment protection	Ecological conservation programmes	
		Effective emergency response	Immediate responses to accidents; petrol spills; contamination and other such emergencies.	
		Water management	Water management, including ground water recharge.	
Employee		Employee remuneration	Equal pay for equal work	
		Employee benefits	Employee welfare programmes, Employee stock options, equal opportunities, safe workplace environment, awards to encourage employees	
		Hours of work, leave	Good labour practices; decent work and decent pay.	

		etc.	
		Occupational health and safety	Awareness programmes on employee psychological and physiological conditions.
		Trade unions	All trade unions, state and central, are associated with employees at various levels
	Economics	Not mentioned	-
	Governance	AGM	Valuable relationships with all stakeholders; appropriate governance structures with defined roles and responsibilities
		Benchmarking awards and recognition	Safety awards, leadership excellence, awards for projects, awards for maintaining quality, awards for health safety and management, sustainability awards.
		Codes of conduct	Codes of ethics, prevention of sexual harassment, ethics management, vigilance mechanisms, whistle-blower policies
		Corporate governance	Remuneration policies for directors, key managerial personnel and other employees; policy for the selection of directors and the determination of director independence

The above list (table 22) of CSR activities and programmes shows that CSR activities were mostly community and stakeholder oriented, focussing on social and institutional building. Although other areas were mentioned in the reports, most of the discussions revolved around the kinds of community related projects in which the companies were involved. Both private companies had launched foundation TVs on their websites to screen their various CSR projects, interviews with stakeholders and analyses of how the projects were geared towards a better India—showing alignment to the Companies Act of 2013. The videos were also used for this research as a source of information to learn more about the companies' CSR. The focus of the videos was geared towards social and institutional building elements of CSR engagement.

Four main areas of CSR activity were discussed in the reports: social institution building, environment and sustainability, employees, economics, and governance. Employees are no longer part of CSR and were not discussed anywhere in the companies' CSR reports; however, employee contributions towards CSR were. This was in line with complying with the requirements of the Companies Act of 2013. Companies were permitted to train their employees and/or the personnel of their implementing agencies to build CSR capabilities. Any expenditure incurred in providing such training, up to a ceiling of 5% in one financial year, was permitted under the CSR budget. Since employees did not feature in either the CSR or

sustainability reports, the researcher looked at the company's annual reports, where employees' benefits were briefly mentioned. Trade union was not mentioned anywhere and there was no CSR budget related to trade unions or any CSR activity showing employees engagement in trade unions. The private companies' responses to CSR activities in their reports were more varied and detailed compared to those of the public companies; they were lengthy and indepth, providing a lot more information than the public companies. Areas of economics and corporate governance did not feature much in the public sector companies' reports, compared to those of the private ones.

### **7.1.3 CSR activities as shaped by regulatory pressures**

Once the understanding about the specific regulations companies were abiding by/following and the CSR activities they were engaging was clear, the research moved to the next step: examining whether the companies were actually addressing the CSR activities shaped by those regulatory pressures. To this end, it was important to cross-reference the legislation/s noted with the types of activities the companies were communicating about in their CSR reports.

**Table 23 – Cross-reference of CSR activities with regulatory pressures**



Legislation	Activity	Key practice area
Companies act of 2013, DPE	Community development programs	Social institution building
Companies Act of 2013, DPE	Stakeholder engagement	
NVG, DPE, Companies Act of 2013	Education and job training programme	
Guidelines for management of oil and gas resources, DPE, NVG	Human rights and anti discrimination policies	
The oil industry Act 1974, Minimum wages Act 1948	Employee benefits	
Minimum wages act 1948, Payment of wages act 1936	Employee remuneration	
The oil industry Act 1974, OISD guidelines	Health and safety	
Petroleum and Natural gas regulatory board act, 2006; payment of wages act 1936	Hours of work, leave etc.	
Companies act of 2013	Urban renewable arts culture and heritage	
The petroleum and Natural gas regulatory Board Act, 2006, DPE, NSG	Renewable energy	Environment
CREP, CPCB/SPCB	Emissions	
CPCB/SPCB	Environmental risks	
CREP	Water related issues	
IOSD, CREP	Climate change policies	
CREP,	Waste and recycling	
NVGs	Sustainability reporting	
IOSD,	Energy security	
CREP	Supply chain management	
CREP, IOSD, Right to information act.	Disaster management /product responsibility	Economic
NVGs	Codes of conduct	Governance
NVG's, DPEP, Companies Act of 2013	Annual General meetings (AGM)	
NVGs, API	Benchmarking, awards and recognition	
Companies act of 2013, DPEP, NVGs	Corporate governance	
Companies Act of 2013, NVGs	Mission vision values of the company	
Companies act of 2012	Board of directors	
NVGs, Companies act of 2013	Business responsibility disclosure	
NVGs, OISD standards	ESG metrics	
NVGs, Companies act of 2013	Diversity and inclusion	
Minimum wages act 1948, Payment of wages act 1936	Employee remuneration Employee benefit Hours of work leave etc. Occupational health and safety Trade union	Employees
Minimum wages act 1948, Payment of wages act 1936 Workmen's compensation act 1923		
Minimum wages act 1948, Payment of wages act 1936		
Minimum wages act 1948, Payment of wages act 1936		
Minimum wages act 1948, Payment of wages act 1936		
Trade unions act		

As highlighted earlier, an important aim of this analysis was to determine whether or not companies explicitly referenced the legislation, and actually addressed the activities shaped by the legislation/regulations/policies/guidelines in their annual reports. Relating legislation to CSR activities led to some interesting insights, which revealed that, while all four companies would communicate about specific CSR activities in their reports, in many cases, they failed to acknowledge that it had been influenced by specific legislation/regulations/policies/guidelines. The only clear references made in this case were of the Companies Act of 2013.

The findings above highlights two important aspects: a) companies discussed their CSR activities in their reports but failed to acknowledge that they had been shaped by legislation and/or regulations; b) just because a company had referenced a piece of legislation or regulation in their reports, did not necessarily mean they followed it. Even if they had addressed all the relevant activities related to it.

A closer look at the individual companies' CSR activities and how they had been affected by the regulations is discussed in the table below (table 24).

**Table 24 - Regulatory pressures and CSR activities**

Company 1	Company 2	Company 3	Company 4	Legislation	Activity	Key practice area
v	v	v	v	Companies act of 2013, DPE	Community development programs	Social institution building
v	v	v	v	Companies Act of 2013, DPE	Stakeholder engagement	
v	v	v	v	NVG, DPE, Companies Act of 2013	Education and job training programme	
v	v	v	x	Guidelines for management of oil and gas resources, DPE, NVG	Human rights and anti discrimination policies	
v	v	x	x	The oil industry Act 1974, Minimum wages Act 1948	Employee benefits	
x	x	v	v	Minimum wages act 1948, Payment of wages act 1936	Employee remuneration	
v	v	v	v	The oil industry Act 1974, OISD guidelines	Health and safety	
x	x	x	v	Petroleum and Natural gas regulatory board act, 2006; payment of wages act 1936	Hours of work, leave etc.	
v	v	x	x	Companies act of 2013	Urban renewable arts culture and heritage	
v	v	x	x	The petroleum and Natural gas regulatory Board Act, 2006, DPE, NSG	Renewable energy	
v	v	v	v	CREP, CPCB/SPCB	Emissions	
v	v	x	x	CPCB/SPCB	Environmental risks	
v	v	v	x	CREP	Water related issues	
v	v	x	x	IOSD, CREP	Climate change policies	
v	v	v	x	CREP,	Waste and recycling	
v	x	v	x	NVGs	Sustainability reporting	
x	v	x	x	IOSD,	Energy security	
v	v	v	x	CREP	Supply chain management	Economic
v	v	v	v	CREP, IOSD, Right to information act.	Disaster management /product responsibility	
v	v	v	v	NVGs	Codes of conduct	Governance
v	v	v	x	NVG's, DPEP, Companies Act of 2013	Annual General meetings (AGM)	
v	v	v	v	NVGs, API	Benchmarking, awards and recognition	
v	v	v	v	Companies act of 2013, DPEP, NVGs	Corporate governance	
v	v	v	x	Companies Act of 2013, NVGs	Mission vision values of the company	
v	v	v	v	Companies act of 2012	Board of directors	
v	v	x	x	NVGs, Companies act of 2013	Business responsibility disclosure	
v	v	x	x	NVGs, OISD standards	ESG metrics	
v	v	x	x	NVGs, Companies act of 2013	Diversity and inclusion	
x	v	v	v	Minimum wages act 1948, Payment of wages act 1936	Employee remuneration	
v	v	v	v	Minimum wages act 1948, Payment of wages act 1936, Workmen's compensation act 1923	Employee benefits	
x	x	v	v	Minimum wages act 1948, Payment of wages act 1936	Hours of work, leave etc.	
v	v	v	x	Minimum wages act 1948, Payment of wages act 1936	Occupational health and safety	
x	x	v	v	Trade unions act 1926	Trade union	

**Note:** In the above table X denotes companies not following/ not abiding to and v denotes following/abiding to.

The data highlighted that the regulations and/ legislation relevant to the companies had an impact on their CSR activities; however, this varied from company to company. A closer inspection of the data revealed that Reliance Petrol and Gas had addressed 16 activities in their reports, despite referencing only 12 regulations. Essar oil and gas addressed 15 activities but referenced only 10 regulations. Reliance oil and gas had referenced the maximum number of CSR activities that fell under the social heading. The CSR activities in which Essar oil and gas was engaged were primarily community and stakeholder oriented; therefore, it was not difficult to understand why the company referenced mostly Indian Regulations and Acts, rather than global ones. Essar oil and gas referenced economics the least and did not mention either supply chain management or disaster management in its reports or the legislations that supported those activities.

The above findings lead to three important points:

- a) Companies may have referenced legislations and/ regulations but this did not necessarily mean that they had addressed the CSR activities shaped by them in their reports: This finding was noted across all four organisations.
- b) Companies may have discussed an activity noted as being shaped by a regulatory pressure, but they often failed to highlight the relevant legislation and regulations underpinning such activity. This finding was consistent across all companies except for one- Essar Oil and Gas discussed activities that had been shaped by regulatory pressures and related less legislation with those activities.
- c) Regulatory pressures have implications for a number of activities in relation to the petroleum and gas industry; however, in the CSR reports, not even a single company either mentioned and explicitly referenced all of the relevant legislation and regulations, or addressed all the activities noted as being shaped by regulatory pressures.

#### **7.1.4 Impact of regulatory pressures on communication of CSR budget**

All four companies explicitly communicated their CSR budget and presenting a breakdown of it. This element was visible across reports in all the four companies and

indicated a direct influence of the pressures of the Companies Act of 2013. Since CSR budget has been regulated by the Act and NOT CSR per se, companies were careful to communicate about the allocation of CSR funds and the areas/projects/activities that the funds were being spend on explicitly to external stakeholders. This was done even during the intreviues (explained further in the next chapter). Reporting about huge sums of CSR budgets (please refer to Appendix A and Table 25) being spend on various social and grassroots level projects indicated that companies were keen to communicate the 2% figure prescribed by the Companies Act of 2013 and the engagement in activities as prescribed in Schedule VII. This indicates a direct connection between regulatory pressures and CSR. All the tables above clearly point to the importance the companies had given to the CSR activities suggested by Schedule VII of the Companies Act of 2013<sup>37</sup>. All CSR activities were only based upon that element of the act, which shows the relevance/importance of regulatory institutional pressures.

The following is a list of the CSR budgets, as indicated in the CSR reports.

**Table 25 - CSR budgets of companies**

<b>Company</b>	<b>Indicated CSR Budget (Financial year 2013-2014)</b>
<b>Reliance Oil and Gas.</b>	INR71, 200 million (amounting to 3.24% of its net profit) CSR spending: 59% on healthcare for the beneficiary population; 23% on rural

<sup>37</sup> i) Eradicating hunger, poverty and malnutrition; promoting healthcare, including preventive health care and sanitation and contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and the availability of safe drinking water. ii) Promoting education, including special education and employment-enhancing vocational skills, especially among children, women, the elderly, and the differently abled; and livelihood enhancement projects. iii) Promoting gender equality; empowering women; setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens; and measures for reducing the inequalities faced by socially and economically backward groups. iv) Ensuring environmental sustainability; ecological balance; protection of flora and fauna; animal welfare; agroforestry; conservation of natural resources; and maintaining quality of oil, air, and water, including contribution to the Clean Ganges Fund set up by the Central Government for the rejuvenation of the river Ganges; v) Protection of national heritage, art, and culture, including restoration of buildings and sites of historical importance, and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts. vi) Measures for the benefit of armed forces veterans, war widows, and their dependents. vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports. viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for the socio-economic development, relief, and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities, and women. ix) Contributions or funds provided to technology incubators located within academic institutions approved by the Central Government. x) Rural development projects. xi) Slum area development.

	development; 11% on education, under which the company sponsors poor children for higher education; and 7% on other activities.
<b>Essar Oil and gas.</b>	INR34, 125million (amounting to 2%) CSR spending: 35% on healthcare for the beneficiary population; 25% on rural development; 25% on education, under which the company sponsors poor children for higher education; and 15% on other activities.
<b>Oil and Natural Gas corporation limited (ONGC)</b>	INR49, 500 million (amounting to a little more than 2%) CSR spending: 30% on healthcare for the beneficiary population; 30% on rural development; 30% on education, under which the company sponsors poor children for higher education; and 10% on other activities.
<b>Indian Oil corporation limited (IOL)</b>	INR12, 872 million (Amounting to 2%). CSR spending: 40% on healthcare for the beneficiary population; 30% on rural development; 20% on education, under which the company sponsors poor children for higher education; and 10% on other activities.

The table indicates that regulatory pressures influenced the CSR budgets of the companies. In accordance with the Companies Act of 2013, large domestic companies with a net worth of over INR50, 000 million (USD50 million), a turnover of over INR100, 000 million, or a net profit of over INR500 million must spend, every financial year, at least 2% of the average profits during the three immediately preceding financial years. In the CSR reports, companies referenced this element of their CSR budgets and clearly stated that these were either more than 2% (for example, Reliance petrol and gas had spent nearly 3.24% and referenced it in its report), or touching the 2% bracket.

Regulative pressures also influenced the breakdown of the CSR budget in various CSR activities/programmes. The three most important areas in which all four companies had invested were: a) healthcare, b) education, and c) rural development (This was in alignment with Schedule VII of the Act, which refers to them as priority areas for India's development). Similarities in CSR activities, CSR budget, and CSR budget breakdown have led to isomorphism. Companies compete to perform the best by investing the most in CSR areas encouraged by the government. In the following section, I have linked this element of regulatory pressures to normative and mimetic pressures and have discussed how normative and mimetic pressures have driven companies towards winning awards and accolades in the industry and how that increases their legitimacy. CSR ranking awards both domestic (awarded by the

government, business associations, media and NGOs) and international—were of prime importance for all four companies. The final pages of the reports of all four companies thoroughly listed all the awards and accolades that their CSR projects had won. During the interviews (discussed in the next chapter) this point was further strengthened.

A crucial observation while going through the reports was the excessive usage of local and/ national language in describing the CSR activities/programmes/projects. CSR activities as depicted in Table 22 (Key CSR practices and activities of companies) indicated that concentration was on ‘*The Swach Bharat Abhiyan*’ (Clean India drive) of Essar Oil and gas; ‘*BIJ (Bharat India Jodo)*’ programme of RIL, ‘*Beti Bachao, beti padao*’ (save the girl child, educate the girl child) programme of ONGC and many more. Essar Oil and gas and Reliance were communicated with a nationalist spree with heavy usage of the national language Hindi. The language and communication style in the CSR reports of other programmes for example disaster response; technology to empower poor people; setting up homes and hostels for women and orphans; setting up old age homes, day care centres and other facilities for senior citizens; women empowerment and issues related to female children; donations and charity to religious organisations and schools also indicated localisation of CSR. The livelihood and entrepreneurship programme of Essar petrol and gas was to cater to local demands; to help rural communities to become self-sufficient and sustainable by providing training in self employment and supporting entrepreneurship- all indicating towards localisation of CSR.

The ‘*BIJ*’ Programme of Reliance Oil and gas, the primary development project under the key practice area of social institution building and activity area of community development programs, was directly influenced by two regulatory pressures; the Companies Act of 2013 and DPE (Refer to table no 23 and 24). Similarly, in the case of Essar the ‘*Swach Bharat Abhiyan*’ (clean India Drive), the primary development project under the key practice area of social institution building and activity area of health and safety, was directly influenced by two regulatory pressures; the Companies Act of 2013 and DPE (Refer to table no 23 and 24).

Another important point to mention here is that all the four companies paid more attention to domestic laws, regulations, policies and guidelines as compared to the international ones (please refer to all the above tables for reference). Domestic laws, regulations, policies and guidelines mattered to the companies more than the international guidelines. For example, for Essar Petrol and gas, their education projects were directly focussed and aligned with the RTE (Right to Education) Act of the Government of India and the joint review mission (JRM) of the *Sarva Siksha Abhiyan* (Government of India's main programme for universalization of elementary education).

### **7.1.5 Regulatory pressures and legitimacy**

In this section, I will discuss the three points mentioned above in greater detail and relate them to the theoretical concepts of legitimacy, as discussed earlier in chapter 2 and 3. With regard to the first point, the analysis suggested that the companies may have referenced the legislation or regulations, but this did not necessarily imply that they had addressed the CSR activities arising from them. This finding leads us to the suggestion that the contrary assumption might be affected by taken-for-grantedness (Suchman, 1995). This suggests **cognitive legitimacy**, as discussed in chapter 3. This point will be related further in the next chapter with the notion of rhetoric and of how the concepts relate to each other.

In terms of the second point, the companies had discussed CSR activities linked to relevant legislative or regulatory pressures, but had not always highlighted the latter; appearing to be subtly indicating their compliance by just communicating about the activities in their reports, thus implying **pragmatic legitimacy**. Therefore, the companies had relied upon the self-interest of the larger constituents, in which the latter scrutinized the actions and behaviours of the organisations in order to determine their effects (Suchman, 1995). In this case, the regulators were the larger constituents' interests; yet, at the same time, they often failed to acknowledge that the activities were required by law and thus were not of a voluntary nature. An example of this was

the water related issues; these were shaped by CREP<sup>38</sup>, but this was not mentioned by any of the companies.

The final point addresses the fact that, although the companies were expected to comply with regulatory pressures, none of them mentioned all the relevant legislation or regulations, or addressed all the activities in their reports, choosing to discuss their social and community activities; which raises the question of ‘why’. The above suggests that, although companies are expected to ceremoniously show compliance with all the relevant regulatory pressures, they strategically choose which sources to address and the manner in which they do. This point is important in highlighting and understanding why companies, albeit operating in the same industry and addressing relevant activities, variously choose to emphasise certain regulatory pressures rather than others.

#### **7.1.6 Key emerging themes and discussions**

In conclusion to this section, I would like to highlight the findings pertaining to the regulatory institutional pressures. First and foremost, all the four companies reported about their CSR activities and were explicit in referencing them in their reports. Company reports displayed extensive description of the CSR activities in which they engaged in; the areas in which their projects were developing; project delivery mechanisms; key stakeholders involved; and how each particular activity targeted a specific social issue. The companies referenced a legislation, regulation, policy, guideline, or act, which indicated cognitive legitimacy, but they did not necessarily address the relevant linked CSR activities. Companies discussed their activities, inferring pragmatic legitimacy, but did not highlight the legislation relevant to each specific activity. All four companies strategically chose which CSR activities and which regulatory pressures to reference.

#### **7.2 Normative pressures**

As discussed in chapter three, Scott’s (1995) normative pillars emphasise mandates, rule of thumb, standard operating procedures, occupational standards, certifications,

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<sup>38</sup> Corporate responsibility for environmental protection (CREP) introduced by the Indian government in the year 2003, as a guideline for 17 polluting industrial sectors. There was however, no real pressure for implementing or internationalisation.



and accreditation (Scott, 1995). In other words, these are the guidelines, set by a professional body, that indicate whether an organisation meets a standard of legitimacy. There are two aspects to this. The first, the educational aspect—the more intangible one—which deals with the impact that education, and educational qualifications and curriculum have on the type of CSR activities in which companies engage; the other aspect, the tangible one, involves certifications and occupational standards and how these affect CSR activities. I will address both intangible and tangible aspects in this chapter.

In particular, the next section on normative pressures will focus on the tangible aspects relevant to the regulatory pressures that result in the engagement and communication of CSR. As discussed in chapter 4, this analysis put forward the findings of the CSR reports to identify the professional guidelines explicitly referenced by the organisations. Table 26 discusses this in detail. This enabled the determination of which of the activities discussed within the CSR reports were shaped by regulatory pressures. This, in turn, highlighted any inferences in relation to legitimacy. The section will end with a summary and conclusion of the findings.

#### **A) The Intangible aspects of normative pressures**

The intangible aspects of normative pressures, which stems primarily from the professionalisation of certain disciplines through such things as standardised education (specialist degrees) and professional trade, change in the way in which individuals perceive the role played by businesses in society. While studying the reports, the researcher focussed on clues/elements that would help in determining and examining the intangible aspects of normative pressures for example, whether past experiences/educational backgrounds of particular professionals or individuals within companies/sectors/organisational fields had impacted companies decision to engage in CSR; how other companies in the same sector were engaging in CSR reporting; does other companies CSR reporting create any kind of competition among them – sectoral pressures; did companies work together on any CSR projects or hire any NGO's help for the projects; did companies meet for conferences/seminars to discuss and share best practices; was there any kind of association among managers of the foundations of other companies etc. These questions form a part of the questionnaire of this study and were later on asked/questioned/discusse with the respondents. The

reports did not provide much information, however the interviews strengthened this data set more (discussed in the next chapter).

The data in the reports however did reveal that society affected individual perceptions of how the ‘right’ role for businesses creates/reflects changes in the normative sphere; with the creation of a whole range of self-regulatory initiatives—such as codes, standards, guidelines, and policies—being created by businesses and other organizations to realign their objectives with those of society. Companies faced competition and pressures from other foundations to deliver well and so managers from different companies and foundations were working together to deliver what the society/stakeholders demanded. The data also pointed towards how education, training and professional networks play an important role as professional pressures leading to normative isomorphisms.

### **B) Education and training**

The reports indicated that the education and training of the key decision makers had tremendously impacted companies’ decisions to engage in CSR and report about them, thereby communicating to the external stakeholders. Harvard University’s, South Asian Institute (SAI) conducted capacity building sessions in CSR in which executives from the public and private sector came together. The World Bank, the Department of Public Enterprises (DPE)—a government body—and Harvard University all worked together to assist the government companies in the sector by facilitating access to institutional frameworks with transparent guidelines and effective monitoring mechanisms.

Three online learning events on CSR, business ethics, and human development were done in collaboration with the University of Pennsylvania’s Wharton School of Business, Japanese companies, and the Japan International Cooperation Agency (JICA) NGO. Another big transfer of knowledge had occurred in November 2012, when two workshops were organized with FSG—an NGO jointly headed by Michael Porter and Mark Kramer, aimed at training Indian corporations in both the private and public sectors on the concept of creating shared value—innovative management thinking concerning the relationship between business and society. All the CSR staff of the four companies had attended these sessions at the same time. Those

qualifications and training programmes had influenced the behaviour of the CSR team members and exerted relevant influence on the level of their engagement in CSR.

### **C) Professional networks**

Most participants were involved in professional networks associated with their paid employment, event management, CSR-specific professional networks, or professional development activities. The normative pressures exercised through other possible means—such as conferences, hiring practices, professional accreditation, and professional and trade magazines were evident in the companies' decisions to engage in CSR. The use of the same pool of event-specific consultants was identified as having provided the companies with the foundation of expert knowledge that had impacted their engagements in and decisions towards performing certain CSR activities, or even allocating funding to certain CSR activities rather than others.

Recently, all the four companies had hired many people from both the development sector and NGOs. Due to their similar educational backgrounds and earlier training programmes, the new hires had brought with them similarities in project implementation to the organisations. For example, Essar Foundation's entire team had come from the same NGO. Reliance had hired 90% of its foundation employees from the development sector; most of them had known each other for many years and had interacted at various levels in professional networking meetings, conferences, seminars, etc.

The tangible aspects of normative pressures, more important for this study are discussed in the following subsections and the companies' responses to those pressures are also examined.

#### **7.2.1 Identifying normative pressures**

While identifying the tangible aspects of normative pressures, it was noted that the companies had explicitly referred to 23 normative elements in the form of: a) reporting guidelines, b) industry guidelines, and c) frameworks. The secondary data analysis (of the media and of professional body reports) revealed two additional normative elements—which, however, were not acknowledged in the reports—and helped during the process of triangulation, as discussed in the earlier section. In total,

25 normative guidelines were noted. These are listed, together with the companies' adherence to them, in table 26.

**Table 26 – Normative guidelines and company adherence**

Practice area	Guideline	Company1	Company 2	Company 3	Company 4
Reporting and disclosure guidelines	SEBI's – BRR (2012)	v	v	v	v
	Global Reporting initiative (GRI)	v	v	x	x
	AA1000	x	v	x	x
	APS2008	v	v	x	x
Industry guidelines	World steel sustainability indicators	v	x	x	x
	IPIECA	x	v	v	x
	API	x	v	x	x
	FICCI gudileines	v	v	x	x
	ASSOCHAM Guidelines	v	x	x	x
	OGP	v	v	x	x
	Oil and gas industry guidance on voluntary sustainable reporting	v	x	x	x
	OISD	v	v	v	v
	Global compact principles	v	v	x	x
Frameworks	ISO 9001	v	v	v	v
	ISO 10002	x	x	x	x
	ISO 14001	v	v	x	x
	ISO 14021	x	v	x	x
	ISO 31000	x	x	x	x
	OHSAS 18001	v	v	x	x
	Carbon disclosure project (CDP)	v	v	x	x
	United nations global compact	v	v	v	v
	ILO declaration on fundamental principles and rights at work (ILO)	v	v	x	x
	The American Petroleum industry environmental conservation association API/IPIECA	v	x	x	x
	Dow Jones Sustainability Index	v	v	x	x
	Carbon disclosure project	v	v	x	x

**Note:** In the above table X denotes companies not following/ not abiding to and v denotes following/abiding to.

Nationally and internationally recognised industrial standards—e.g., standards like API, ISO and OISD, and codes and conventions like OGP were noted in the list of industry normative guidelines from the industry. In many areas, the reports evidenced that the companies were subject to professional pressures emanating from various bodies across the sector. For example, The Confederation of Indian Industries (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), the Bureau of Indian Standards, the Association of Chambers of Commerce and Industry of India (ASSOCHAM), TERI, the Petroleum Federation of India, and the World Energy

Council were some of the bodies of which the companies were members<sup>39</sup>. OISD Standardisation and OISD safety awards represented a strong normative pressure for all companies. The Petroleum and Natural Gas (Safety in Offshore Operation Rules) 2008, encourages companies to follow nationally and internationally recognised industrial standards (e.g., API, ISO, and OISD), codes, and conventions (e.g., MARPOL, SOLAS, ISM, and MODU).

Reliance's corporate governance report complied with Clause 49 of the listing agreement with the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Securities and Exchange Board of India's Business Responsibility Report (SEBI-BRR) was also reflected in the company's reports. Reliance referenced the maximum number of professional guidelines in their reports; this shows how the industry guidelines, domestic and international frameworks, and reporting and disclosure guidelines influenced the company's CSR. It is interesting to note here how the influence of the pressures was identified differently by the four companies, with one of the public ones (IOC) identifying only four of the professional guidelines, compared to the 19 referenced by Reliance Petrol and Gas. In the next chapter, the companies' justifications for this will be presented in a discussion that looks at how they use rhetoric to justify the selection of particular professional guidelines. Both the international and domestic professional guidelines are voluntary in nature and the companies were provided with more flexibility to choose whether to comply with them, compared to the few regulatory ones, which exerted pressures that were mandatory or so called mandatory.

### **7.2.2 Normative professional pressures and the shaping of the CSR activities of companies**

In this section, I will explain how research was conducted into each guideline and framework to determine what activities discussed in the companies CSR reports were shaped by their normative pressures. The table below (table 27) cross-referenced the CSR activities addressed by the companies within their reports with the normative

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<sup>39</sup>The areas of advocacy of most of these bodies are inclusive social and community development, energy security, and economics (taxation and pricing policies for the sector, subsidies in petrol and gas products).

guidelines noted above in table 26. The data reveal that the normative pressures referenced by the four companies had implications for all the activities discussed across their CSR reports.

**Table 27 – CSR activities influenced by normative pressures**

Key practice area	Activity	Reporting / disclosure guidelines	Industry	frameworks
Social Institution building	Community Development programs	SEBI -BRR	FICCI, ASSOCHAM	UN Global Compact
	Stakeholder engagement	SEBI-BRR	FICCI, ASSOCHAM	UN Global Compact
	Education and job training	SEBI-BRR	FICCI, ASSOCHAM	
	Urban renewal, arts culture and heritage		FICCI, ASSOCHAM	
	Human rights/anti discrimination policies		Global compact	UN Global Compact
	Health and safety	SEBI -BRR	OISD	UN Global Compact
	sports	SEBI -BRR	OISD	
Environment and sustainability	Education and job training programme	SEBI -BRR	FICCI, ASSOCHAM	UN Global Compact
	Disclosure of environment and social	GRI	World steel sustainability indicators,	Carbon disclosure project
	Waste mangement	GRI	API, IPIECA, OISD	ISO 9001
	Energy conservation	GRI	OISD	ISO 10002
	renewable energy	GRI	OISD	Carbon disclosure project
	Emissions	GRI	OISD	The American Petroleum industry environmental conservation association API/IPIECA, Carbon disclosure project
	Effective energy response	GRI	OISD	ISO 14001
	Materials, policy of reduction , reuse and recycling	GRI	OISD	The American Petroleum industry environmental conservation association API/IPIECA
	Climate change policies	GRI	Oil and gas industry guidance on voluntary sustainable reporting	Carbon disclosure project
	Water management	GRI, APS 2008	OISD	OHSAS 18001
	Sustainability	GRI, AA1000	IPIECA, World steel sustainability indicators , Oil and gas industry Guidance on voluntary sustainable reporting	The American Petroleum industry environmental conservation association API/IPIECA, Dow Jones Sustainability Index
	Effective emergency response	GRI, AA1000, APS 2008	OISD	OHSAS 18001
Economic	Environmental awareness programs	GRI, APS 2008	OISD	The American Petroleum industry environmental conservation association API/IPIECA
	Supply chain management	AA1000, APS 2008		OHSAS 18001, ISO 31000
Governance	product responsibilty	APS 2008	OISD	OHSAS 18001, ISO 31000
	Codes of conduct	AA1000 GRI	OISD	
	Annual General meetings (AGM)		ASSOCHAM, FICCI	
	Benchmarking, awards and recognition	GRI	ASSOCHAM, FICCI	OHSAS 18001, ISO 31000
	Corporate governance	GRI	ASSOCHAM, FICCI	
	Mission vision values of the company	GRI	ASSOCHAM, FICCI	
	Board of directors		ASSOCHAM, FICCI	
	Business responsibility disclosure	GRI	ASSOCHAM, FICCI	OHSAS 18001, ISO 31000
	ESG metrices	GRI APS 2008	Global compact principles	OHSAS 18001, ISO 31000
Employee	Diversity and inclusion			
	Employee remuneration	SEBI-BRR	OISD	ILO declaration on fundamental principles and rights at work (ILO)
	Employee benefits	SEBI-BRR	OISD	ILO declaration on fundamental principles and rights at work (ILO)
	Hours of work , leave etc.	SEBI-BRR	OISD	ILO declaration on fundamental principles and rights at work (ILO)
	Occupational health and safety	SEBI -BRR	OISD	ILO declaration on fundamental principles and rights at work (ILO)
	Trade union			

The identification of the CSR activities was important to determine whether the Companies actually addressed those that were shaped by normative pressures in the

form of the guidelines, frameworks, and industry rules referenced in their CSR reports. Table 27 enabled the verification of whether the normative guidelines explicitly referenced by the companies within their reports were congruent with the activities they addressed. The data in the table highlights that the normative guidelines being referenced and the CSR activities corresponding to them or being discussed were not necessarily aligned. Within their reports, the private sector companies explicitly referenced the 25 normative guidelines, which is more than their public sector counterparts. The findings reveal that the professional guidelines had implications for all 40 CSR activities relevant to the four sample companies; however, the companies chose some and not others while following the normative guidelines.

### **7.2.3 Regulatory and normative pressures interlinked**

As was briefly discussed in the previous section, in the CSR reports, all four companies displayed their CSR engagement and spending 2% of the profits in CSR and how that had won them accolades and awards in the industry; particularly by business organisations like the FICCI and the CII, which work closely with the government on CSR issues, and also by media companies, like the ‘Economic Times CSR Ranking Award’ (for best practices and highest funding), and NGOs, like the ‘Nexgen Award for Best CSR Practices’.

This is a direct result of regulatory and normative pressures clubbed together. Since, all four companies were ASSOCHAM, FICCI, and CII members- the three important Ibusiness associations working closely with the Ministry of Current Affairs (MCA) and the Ministry of Petroleum and Natural Gas towards involving companies in CSR (MoPNG). Regulatory pressures—in the form of CSR spending and specific areas of CSR investment enforced by the government—have brought about isomorphisms in the organisational field of the industry, with companies mimicking each other to survive and gain legitimacy. This point is further argued and strengthened on the section on cultural-cognitive pressures, which discusses how the media reports, and industry analysis points at the possibilities of companies mimicking each other.

### **7.2.4 Linking normative pressures to legitimacy**

The findings presented above highlight that normative pressures shape the CSR activities of companies, as communicated in the CSR reports. The actual act of



communicating about an activity suggests that the companies sought to align themselves with a constituent's wider interests (Suchman, 1995), whereby they let themselves be subjected to the normative pressures by adopting the relevant standards, frameworks, and guidelines as their own and demonstrating how they were satisfying their requirements. This would therefore lead to the inference that, by reporting about activities influenced by professional pressures, companies indicate pragmatic legitimacy.

The data revealed that all CSR activities were shaped by one or more of the normative pressures to which the companies had earlier stated they had aligned themselves to. However, it was found that this did not necessarily mean that the companies addressed all CSR activities in their reports. For example, as was noted earlier in table 26 Reliance showed its alignment to CSR activities shaped by normative guidelines. The table did not however go on to show that the company had addressed all CSR activities (the complete list) in its annual report; it had, in fact, addressed only 20 of them. Similarly, Essar Oil and Gas had addressed only 18 CSR activities in its reports, ONGC had addressed 14, and Indian Oil and gas had addressed 12. Based on these findings, it can be argued that the differences in which normative guidelines the companies had aligned themselves with did not actually explain the differences noted in regard to the types of activities reported by them.

While the companies were influenced by and had applied in their CSR reports a diverse range of normative guidelines, this did not explain the differences in the types of CSR activities they were reporting about. To elaborate this further, the researcher looked for patterns in relation to any reason why one company had reported about an activity and the others had not. This, as it was understood, could have been explained by considering the differences in the normative guidelines with which the companies had aligned themselves: however, no patterns were found. For example, the researcher considered the social institution building activity, which was shaped by a number of normative guidelines—e.g., SEBI-BRR, FICCI, ASSOCHAM, GRI, and UN Global Compact, as illustrated in Table 26; all four-sample companies had aligned themselves with a certain number (one, two or more) of these normative guidelines.

As argued previously, it could be assumed that the actual act of reporting about CSR activities would infer the desire to achieve pragmatic legitimacy; however, had this been the companies only motivation, they could have been expected to signal how they had complied with this framework. The data, however, revealed that, while one company had reported about its activities, the other three had not.

This finding implies that the companies were not really reporting their alignment with normative sources (larger constituent interests) in a bid to achieve pragmatic legitimacy (Suchman, 1995), although this is likely to have been an underlying reason; instead, it could be argued that they were more likely to be using normative pressures strategically as a legitimizing tool.

This is evident from the earlier discussion, where it was highlighted that although Company 1 had referenced the highest number of normative guidelines in order to create the perception that it had aligned itself with reputable frameworks, it had, at the same time, been removed from one of the leading sustainability frameworks. It can be argued here that the reason Reliance petrol and gas had referenced so many various guidelines had been to seek cognitive legitimacy, which is achieved when a company pursues goals that society deems to be proper and desirable.

Constituency support for a company is not due to self-interest but, rather, to its taken-for-grantedness. The results show that, when a company reaches this taken-for-granted status, it is beyond dissent. This status comes with no form of evaluation—as that attached to moral and pragmatic legitimacy—instead, society accepts the company's ways as being necessary or inevitable (Suchman, 1995)

Thus, to conclude this section, it can be said that, while the companies may have reported about a particular CSR activity in their report due to normative pressures, this does not necessarily mean that they had highlighted the relevant guidelines attached to or underpinning it.

### **7.2.5 Key emerging themes and discussions**

Summing up the intangible aspects of normative pressures, the creation of normative isomorphism is identified by theorists as deriving from formal educational institutions

and professional networks (DiMaggio & Powell, 1983). It is these two sources that enable the transfer of institutionalised norms and behaviours to individuals within a particular profession. As indicated within this research, the increasing prevalence of companies engaging in CSR is a relatively new phenomenon in India (with the exception of philanthropy and charity models). As a result, the presence of professional networks—in addition to related CSR events, specific formal training, and education—is very high. The reports helped in identifying that those CSR managers and key decision makers who had undergone similar training and achieved similar tertiary qualifications had brought in much awareness and technical expertise, which had helped their teams engage in CSR at much higher levels (discussed further in the next chapter). The association with professional networks was subsequently identified as an influencing factor on company decisions to engage in CSR activities, budgets, and policies.

The knowledge and experience brought by consultants from associations, universities, and research centres had influenced CSR managers and key decision makers within the companies as much as their educational qualifications and association with professional networks or other professional development activities. Washington & Patterson (2011) ascertained that normative pressures could be exhibited when organisations draw upon similar pools of professionals, such as external consultants. All four-sample companies identified their reliance on the same external consultant, which proves that professionals, when they move among organisations, take with them and spread norms and beliefs (Galaskiewicz & Wasserman, 1989). Once again, it can be argued that the simultaneous use, by all four companies, of limited numbers of consultants from associations, educational institutes, and NGOs in their decisions to engage in CSR activities, created the opportunity for the transfer of isomorphism through normative pressures. The findings show that the responses and advice of these consultants had influenced CSR managers in their decisions to engage in CSR activities, budgets, and policies.

#### **7.2.6 Key themes arising from the tangible aspects of professional pressures**

The findings in this section are similar to those noted in the earlier one pertaining to regulatory pressures, revealing that: 1) the fact that referencing a certain professional guideline did not necessarily mean that companies had addressed all relevant CSR

activities within their reports; 2) although the companies may have discussed particular CSR activities stemming from professional pressures, they often failed to highlight the relevant professional/normative guideline justifying them; and 3) although the act of reporting about an activity may infer pragmatic legitimacy, the act of referencing professional guidelines may indicate cognitive legitimacy.

### **7.3 Cultural-cognitive pressures**

As discussed in chapter three, cultural-cognitive pressures emphasise the central position of socially constructed assumptions that are generally taken for granted. This is mainly based on beliefs (cognitive pressures) as opposed to sanctions (regulatory pressures) or correctness (normative pressures). The cultural-cognitive pillar emphasises the unawareness linked to conforming to rules known for being taken for granted (Scott, 1995).

In order to understand whether cultural-cognitive pressures were at work, an overview of all four companies was conducted along with a media analysis. As discussed in chapter 4, the method used to analyse this section revolved around reviewing and conducting a media analysis of the CSR reports of all four companies. Triangulating the data analysis process with both the media analysis and the company's CSR reports enabled the consideration of the cultural-cognitive pressures that shaped the adoption and subsequent communication of CSR activities.

By conducting this part of the analysis, it can be determined which activities discussed in the CSR reports of companies were shaped by cultural-cognitive pressures and, in turn, whether the companies discussed the relevant activities in their reports. The findings are outlined in sections 7.3.1 and 7.3.2. Section 7.3.3 presents an overall discussion of the findings in relation to cultural-cognitive pressures and notes how they are related to the broader concepts of legitimacy. The last section, 7.3.5, is the conclusion, summarising the findings of this chapter.

#### **7.3.1 Identifying cultural-cognitive pressures**

For the findings related to cultural-cognitive pressures, a two-step approach was adopted that consisted of a) an overview of the petroleum and gas sector and b) a media analysis. Based on the concept that public expectations can be negotiated and

debated through the media, media reports were added to this study for their potential to enable the exploration of public pressures (Schultz & Wehmeir, 2010). Media reports helped in identifying those issues specific to the petroleum and gas sector. Data was collected from India's leading newspapers (The Times of India, The Hindustan Times, and The Economic Times) covering the period between July 2011 and July 2016. The media reports sampling strategy was discussed in the chapter on research methodologies (chapter 6).

The three most important areas of focus in all media reports were: a) social CSR activities b) CSR spending, and c) environmental and sustainability policies. These were also the three areas highlighted in the companies' reports, as discussed earlier. To understand how the companies' considered public pressures, the media data were cross-referenced with their CSR reports. This section explains the focus areas mentioned above to show how the four sample companies responded to cultural-cognitive pressures and to what kind of legitimacy that led to.

**Sectorial overviews/analysis:** in the first instance, I conducted sectorial overviews outlining the implications these had for the CSR activities being discussed in the company reports; these, which will be presented in the next section, involved comparing and contrasting the reports of the four companies, comparing and contrasting them with government journals and gazettes, and comparing them with business association journal reports on CSR in the petroleum and gas industry. A large number of activities discussed in company reports were identified as being shaped by the petroleum and gas industry itself, thus showing the role-played by sectoral pressures. Overall, the sample companies addressed the petroleum and gas sector's overviews. An important aspect of performing this analysis was to compare the activities identified through the sectoral overview with those explicitly addressed by each company in its report.

This overview was conducted by cross checking the CSR reports of all four companies and then looking for any similarities and differences in them. Then the reports of the Ministry of Petroleum and Natural Gas (MoPNG) were studied. Finally, the researcher looked at the business associations' reports on the petrol and gas sector and its CSR. The great homogeneity in the companies' CSR reports indicated that the

petroleum and gas industry was applying a certain amount of pressure on companies to report about their CSR. The company reports were influenced by the report and gazette publications of the Ministry of Petroleum and Natural Gas (MoPNG). The language aspect will be discussed in the next chapter; here, I would like to draw attention to how the CSR activities in which the companies were spending were similar to those being promoted by the government and business associations.

In its CSR annual gazette, the Ministry of Petroleum and Natural Gas (MoPNG) had mentioned that, with the launch of the Companies Act of 2013, all companies were encouraged to invest in the CSR Activities related to Schedule VII. All the companies, business associations and other government bodies ceremoniously adopted this as it echoed in the annual report of the Ministry of Corporate Affairs (MCA) and those of FICCI and ASSOCHAM (the two biggest Indian business associations). It was found that the CSR activities discussed at great length in the reports of all four companies were similar to the ones promoted in Schedule VII of the Companies' Act of 2013.

The nature of the issues identified through the sectoral/industry overview (government journals and reports, and business association reports) presented four primary areas: a) corporate governance, which included the board of directors/executive team and addressed competition; b) social, which included community projects, women's empowerment, child education, and sanitation projects; c) economics, including supply chain management and energy demand/supply; and d) environmental, involving climate change, emissions, waste and recycling, water, environmental risks, and management.

As discussed in previous sections, all four companies referenced these activities. This is testimony to the pressures exercised by the petroleum and gas sector, by the other companies in the sector, by the government and by the various business associations that belong to the organisational field of the four companies. There is a link between the CSR activities and the coverage of CSR in reports of other stakeholders, like the government and business associations.

**Media overview/analysis:** In the second instance, similarly to the first, the media coverage of the petroleum and gas sector at large and of the individual companies was considered. The researcher noted the implications this had for the CSR activities and the way those activities were communicated to external stakeholders through the CSR reports. Given that public expectations can be negotiated and debated through the media (as outlined in chapter 5), the latter proved to be a powerful source of secondary data enabling the exploration of public pressures, (Schultz & Wehmeier, 2010). Along that line of thought, this section provides a media report analysis of stories/articles/blogs (both print and online) published in Indian daily newspapers from January 1st 2014 to January 1st 2015 (the same period for which the company CSR reports had been looked at). Data triangulation helped to cross-reference it with the information gathered from the CSR reports (explained in chapter 6).

The media analysis revealed a number of issues impacting the petroleum and gas sector. The three issues that had received the largest degree of media attention were environment, sustainability, and social issues. The four companies had addressed these issues explicitly in all their reports as was discussed earlier. The media had taken up a case of severe environmental bashing of the petroleum and gas industry—especially with regard to companies like ONGC, which had been responsible for two big petrol spills in the country. It was evident from the reports that news pertaining to such issues was critical for the companies since they were implicit in mentioning in all reports how much they valued the environment and how critical social issues were. The companies handled media pressure indirectly by implicitly referring to environmental and water safety issues, and providing examples of stakeholder programmes catering for a safer environment.

More specifically, issues identified from the media coverage were: a) governance, including anticorruption issues, benchmarking/awards/recognition, board of directors/executive teams, code of conduct, contributions to the development of policies, corporate governance, risk management, and ESG framework; b) social, including community related issues, stakeholder engagement, freedom of association/union, training and career development, and social/national causes; c) environmental, including emissions, renewable energy, climate change, energy efficiency/consumption; and d) economics, including supply chains, financial

performance, and CSR budgets. Crosschecking these issues with the CSR reports revealed that all companies had addressed most of these activities in their CSR reports, except for employee related activities. The companies had referenced the social areas of activity more than any others and their texts displayed attention to the awards and recognition that they had achieved.

#### **7.4 Regulatory, normative, and cultural-cognitive pressures linked**

As was discussed in the last two sections, in their reports, all four companies presented: 1) their CSR engagement and 2) spending 2% of their profits in CSR activities. The findings of the last two sections indicate that regulatory pressures from the government and normative pressures led to isomorphisms in companies. This also occurred due to cultural-cognitive pressures. The media analysis and sectorial overview discusses how all four companies engaged in similar CSR activities and also invested alike on projects relating to the three grey areas of education, healthcare, and rural development. The pressures linked to winning awards and those direct ones exercised by normative agents such as business associations also led to similar CSR engagements among the four companies, which mimicked each other by joining similar business associations (for example, all four were ASSOCHAM, FICCI and CII members). Mimicking also occurred due to similarities in training programmes and educational backgrounds. Thus, both tangible and intangible aspects were responsible for the mimicking.

##### **7.4.1 Relating legitimacy to cultural-cognitive pressures**

In relation to the sectorial analysis, the very fact that the companies had addressed CSR activities and that there appeared to be subject to good coverage suggested that the actual act of reporting about CSR activities was the result of cognitive legitimacy. It would seem that the companies had pursued those goals that society deemed to be proper and desirable. Constituency support for the companies was not due to self-interest, but rather to its taken-for-grantedness (Suchman, 1995). In this case, the companies had adopted activities that had been well known in the industry for some time and therefore were expected to address and communicate about in their reports.

The media findings highlighted that the issues were similar across the sector; thus, a certain amount of isomorphism can be related to this phenomenon. Climate change,



which was intricately linked to CO<sub>2</sub> emissions, renewable energy, and energy prices, was one of the issues for the industry as it was for all the four companies.

The media findings highlighted the specific activities, discussed by the companies in their reports that were shaped by cultural-cognitive pressures. However, not all the companies had necessarily addressed each of these activities in their reports. The media findings highlighted renewable energy as an issue for all companies in the sector; however, IOC had not mentioned it in its reports. This was particularly interesting, given that renewable energy had been addressed as a key issue by both media and the other three companies.

It was interesting to note that, in some cases, the CSR issues identified through the media analysis did not correlate with those the companies themselves had identified through their stakeholder engagement.

Public opinion is to be negotiated and debated through media (Schultz & Wehmeier, 2007). However, in this research, this was not always the case. The companies often choose either not to address or to strategically respond to issues that had been identified through the media analysis. The case of a strategic response was noted when ONGC actively addressed the criticism it had attracted in the media in 2013 due to petrol spills in Uran, Maharashtra, India. Even in its CSR reports, the company stressed the adequate measures being taken for safety and environmental protection; its CSR activities seemed to be channelled in the direction of operational safety and security, and the media analysis directly reflected this aspect. By communicating about this activity in its reports, ONGC indicated pragmatic legitimacy. The act of reporting about this activity signalled that it had aligned itself with its constituents' interests (Suchman, 1995).

More specifically, influence legitimacy (a type of pragmatic legitimacy) was at play here not due to constituent belief in the benefits they would receive, but rather due to the belief that the company would be responsive to their larger interests. Companies strategically used the issue to highlight the code of conduct review panel it had put in place and how it was abiding by all regulations on petrol spills and environmental matters to the highest standards. Essar oil and Gas for example, referenced both a

professional and a regulatory guideline to give the impression that its activities were legitimate. This shows how the actual act of referencing a guideline was used as a means of cognitive legitimacy, whereby the company sought to create a taken-for-granted perception (Suchman, 1995) and to seem to be acting in line with legitimate norms.

Another case in which a company had chosen not to address the issues that were identified through the media analysis was highlighted by the media analysis data in relation to Reliance oil and gas, having failed to address in its reports issues that had attracted criticism. Reliance had spent more than 70% of its CSR budget on rebuilding an old family hospital, with two floors dedicated to providing free healthcare to the poor sections of society and the rest charging very high medical fees to the richer segment of the population. This attracted undue attention, backlash, and criticism from the media. However the company chose to keep quiet about the matter, including no reflection of the issue in either its reports or direct communication with the researcher. In this case, the company's failure to address its CSR activity may infer that it did not demonstrate its responsiveness to its constituent's wider interests (Suchman, 1995) and had therefore failed to indicate pragmatic legitimacy.

#### **7.4.2 Key emerging themes and discussion**

The analysis above shows that the act of reporting CSR activities influenced by cultural-cognitive pressures may lead to cognitive legitimacy and/pragmatic legitimacy. The companies chose and made their own decisions in terms of whether to address an issue strategically or not to address it at all. The findings highlight that the companies appeared to be quite strategic in regard to the issues they addressed within their reports, often neglecting to mention issues, emerging from the media coverage analysis, that could impact their image as moral business entities.

#### **The general findings of this chapter highlight the following:**

- a) The companies chose to be strategic in regard to the issues they had addressed within their CSR reports. Some chose to neglect to mention issues that:
  - i. Did not add much value to the organisation. For example, engaging more in employee related projects was not of any great importance for all four sample companies compared to community related CSR activities, which

added more value, as Schedule VII of the Companies Act of 2013 emphasises community related activities and does not mention employee ones.

- ii. Could impact their image of being moral organisations. This was particularly true in relation to some issues identified through the analysis of the media coverage. The notion that companies can be quite strategic in addressing issues within their reports is also supported by the fact that not one of the four companies explicitly referenced all of the relevant legislation and regulations, nor did any of them address all the activities stemming from regulatory pressures.
- b) The findings also revealed that companies engage in CSR activities that represent direct responses to regulatory, normative, cultural-cognitive, or mimetic pressures. However, in many cases, companies failed to associate CSR activity to the correct legislation, guideline, or regulation that had motivated them to do so. In relation to legitimacy, this point shows that there is a gap in the actual act of reporting about a CSR activity and the ways in which those activities are reported about. The actual act of reporting about CSR activities could infer pragmatic legitimacy in relation to regulatory pressures.
- c) The findings indicate heavy usage of local and national language usage in CSR programmes and activities, for example Swach Bharat Abhiyaan (Clean India drive), Bharat India Jodo (Join India), and Beti Bachao, Beti Pado (Save the girl child, teach the girl child).

Reporting about CSR activities is dependent on institutional pressures. Communication and reporting styles differs from company to company; for example, the private sector is keener to communicate than the public one<sup>40</sup>. CSR reporting depends on the company's profile; companies like Reliance oil and Gas are more under pressure to report about their CSR, as they have always believed in charity and

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<sup>40</sup> Public sector companies are bureaucratic than the private sector companies in India and it was observed how public sector managers were more secretive about sharing data and pushed to end the interview soon. Private sector managers and employees entertained long conversations and gave permission to quote them. On the contrary public sector managers requested their anonymity. They were worried they "would loose their jobs" as one of them shared with me, if they were not politically correct.

philanthropy. Conversely, a public sector company like ONGC view CSR more in terms of strategy. CSR reporting also depends on where companies conduct their operations. In some sensitive areas, CSR needs to be reported more clearly.

## **7.5 Chapter Summary**

The idea that companies can be quite strategic in addressing issues within their reports is also supported by the fact that not one of the companies had explicitly referenced all of the relevant legislation and regulations. In earlier sections, it was also discussed how, although the companies had discussed activities stemming from regulatory and professional pressures, they often failed to highlight the relevant legislation or regulation, or even the professional guidelines underpinning those specific activities.

Merging the data pertaining to the three institutional pressures, the findings indicate that there is a difference between the actual act of reporting about an activity and the way in which such an activity is communicated about. Let's consider the case of regulatory pressures. In this section, it was found that the actual act of reporting about CSR points towards pragmatic legitimacy, whereas the actual act of referencing the pressures implied more cognitive legitimacy. Similarly, it was observed that, even in the case of normative pressures--indicating cognitive legitimacy and cultural-cognitive/mimetic pressures—the actual act of reporting about an activity shaped by sectorial pressures and the media could indicate pragmatic legitimacy.

The findings illustrate that the companies had not completely indicated their alignment with institutional pressures (regulatory, professional, and cultural-cognitive/mimetic). In regulatory pressures, it was noted that, although the companies had referenced or included a piece of legislation or regulation in their CSR reports, they had not actually addressed the relevant activities stemming from that particular legislation and regulation. Reliance had referenced the Global Compact and IPIECA, but had given no indication of following them in its activities. Its CSR claims therefore were not aligned with regulatory pressures. Similarly, in the case of professional pressures, it was noted that the companies had referenced them but had often not followed the activities prescribed by the professional bodies.

The reports and articles from the media analysis, which acted as an important source of understanding of the cultural-cognitive/mimetic pressures shaping CSR reporting, clearly showed that, in many cases, companies had failed to report about activities that had been identified as being shaped by cultural-cognitive pressures.

## **7.6 Conclusion**

The chapter applied descriptive data and conducted a thematic content analysis of CSR reports to examine RQ1 through the theoretical lens of institutional theory by highlighting Scott's three pillars of regulatory, professional and cultural-cognitive pressures that shape CSR activities. This further relates to the notion of how legitimacy is achieved by companies by complying with institutional pressures. It was noted that there might be differences between the types of legitimacy inferred as a result of reporting about a CSR activity shaped by an institutional pressure. Also there may be differences in the types of legitimacy resulting from a particular type of pressure. While this chapter focussed on linking institutional pressures with legitimacy, the next one focuses on the rhetoric used by companies in relation to institutional pressures and to the activities arising out of them. Inferences made to legitimacy, alongside themes and categories, will be discussed in the following chapter.

## Chapter Eight: Findings and Analysis

### *Examining rhetoric in CSR reporting: The context of talk*

#### 8.0 Introduction

This chapter discusses the second research sub-question (*RQ2*) ‘*How do institutional pressures influence the nature of CSR reporting (talk) adopted by the Indian petroleum and gas companies in order to gain legitimacy?*’ In doing so, this chapter extends the findings of the last chapter in order to examine not only **what** and **why** companies report about their CSR to their external stakeholders, but also to understand **how** they do so. In the previous chapter, CSR reports of the four companies acted as the primary source of data, and this data is further strengthened in this chapter by adding the interviews of 40 respondents (employees of the companies, think tanks, media, business associations and academics), examining and analysing the notions of rhetoric and the three rhetorical devices used in the literature—logos, ethos, and pathos—thereby linking the theoretical concepts of rhetoric to institutional pressures and legitimacy.

To examine the issue, this chapter is structured as follows. Firstly, the interview excerpts will be analysed as sources of justification that the companies gave for **how** they engaged in CSR activities and communicated about them to their stakeholders. The interview excerpts will then be related to the findings of the last chapter to further clarify **why** and **how** companies communicate about specific CSR activities. This, in turn, will identify the specific instances in which the companies had made appeals to the various institutional pressures (regulatory, normative, and cultural-cognitive). This analysis will enable the examination of the rhetorical devices used in relation to specific institutional pressures. Secondly, the chapter will discuss the findings pertaining to the rhetorical devices used when companies had addressed a CSR activity and related it to an institutional pressure. Finally, the implications of rhetoric in relation to legitimacy are noted in lieu of the literature discussed in the theory chapter—how actors shape the legitimacy of practices by making persuasive arguments that justify and rationalise them (Green, 2004; Suddaby & Greenwood, 2005; Green et al., 2009; Marais, 2012).

Section 8.1 will first discuss rhetoric, institutional pressures, and legitimacy followed by examining the rhetorics of regulative pressures in section 8.2. In section 8.3 a rhetorical analysis of normative pressures is presented. Thereafter, in section 8.4 a rhetorical analysis of cultural-cognitive pressures is presented. Section 8.5 discusses a summary of the chapter and finally a conclusion is provided in section 8.6.

### **8.1 Rhetoric, institutional pressures, and legitimacy**

As discussed in chapter four, this study draws on Mills (1939, 1940), Meyer & Rowan (1977), and Richards (1936) in defining the term ‘institutional vocabularies’; i.e., the structure of words, expressions, and meanings used to articulate the means by which to interpret reality (Ford & Ford, 1994). Institutional vocabularies are primary means by which companies seek legitimacy through articulation and manipulation. The four companies of this study primarily used verbal, visual, and written forms to report and communicate about their CSR to their stakeholders. The analysis of the companies’ CSR reports (websites -visual and written reports) was discussed in the previous chapter; their verbal communication (interview excerpts) will be further discussed in this one. Rhetorical analysis is applied to understand the institutional vocabularies of company CSR and how those are used in verbal, visual, and written communications.

The rhetorical analysis conducted in this chapter is aimed at gaining an understanding of the rhetorical devices used by the companies, in response to institutional pressures, to try to create the perception that they were acting legitimately. It is important to understand **how** and **why** the sample companies had emphasised the fact that they were engaging in CSR and communicating about it, bearing in mind that the previous chapter had highlighted that the companies were facing various kinds of pressures in relation to their CSR activities. It is also important to identify specific instances in which the companies had pointed at institutional pressures as underpinning a specific CSR activity.

The analysis revealed that, when seeking to rationalise and justify their CSR activities, the companies had drawn on multiple strategies (themes) in relation to the rhetorical device. However, such strategies differed from company to company. The tables in Appendices E, G, H, I, J present these themes and the rhetoric used by the

companies. In the previous chapter, the CSR activities were discussed under four headings—governance, social, environmental, and economics—under which the companies’ justifications for their strategies were coded. The main strategies were borrowed from Castello & Lozano’s (2011) work, as discussed in chapter four; the researcher added a few more to the list.

The main rhetorical strategies discussed by Castello & Lozano (2011) are:

- Strategic: the main themes of which include operationalization (O), innovation (I), reputation (Re), strategic link (SL), governance (G), shared value (SV), and leadership (L);
- Institutional: the main themes of which are CSR (*CSR*), sustainability (S), philanthropy (P), stakeholder dialogue (SD), and sustainable growth (SG);
- Dialectical: the main themes of which include global standard (GS), citizenship(C), accountability (A), partnership (P), global agenda (GA), inclusivity (I), focus on the issue (F), and social contribution (SC);
- Political: the main themes of which include development (D), access (A) and political engagement (PA).

To these, by closely observing the company’s reports and communication policies, the researcher added legislation (L), Regulation (R), company agenda (A), customers (C), employees (E), professional guidelines (PG), and organisational policies (OP). Considering that legislation and regulations become a very important discussion for companies in lieu of regulatory pressures.

The most common strategy/themes used by the sample companies in justifying their CSR engagement were legislation and regulations. In Appendix H, these two elements are noted the most. The key social areas (table 28) of community development programmes, stakeholder engagement, education and job training programmes, human rights, anti-discrimination policies, and urban renewable arts, culture, and heritage were heavily influenced by legislation and regulations. Human rights and anti-discrimination policies, however, were influenced more by professional guidelines and company agendas. The companies related to these aspects more as



global issues rather than national ones. ONGC and Indian Petrol in regard to human rights and anti-discrimination policies provided no justifications (table 28).

**Table 28 - Rhetorical justifications (social)**

Key CSR area	Activity	Reliance Petrol and gas	Essar Oil and gas	ONGC	Indian Oil and gas
Social	Community development programmes	PG, L, R, P,	L, R, SC, L	D, L, R, SC	PG, L, R
	Stakeholder engagement	CSR, SD, L, R, CSR	SD, L, R	SD, CSR, L, R	CSR, SD, L, R
	Education and job training programmes	L, R, D, CSR	L, R, D, CSR	CSR, L, R	R, L, CA, CSR
	Human rights and anti-discrimination policies	PG, CA, GA	CA	-	-
	Urban renewable arts, culture, and heritage	L, R,	L, R	L, R	L, R

The key CSR area of the environment (table 29) was overall influenced more by global policies and guidelines than by domestic legislation and regulations. All four companies responded in similar ways, pointing at global standards and global agendas in regard to all the activities related to environment. Indian Oil and Gas could not provide any justifications for a number of activities; e.g., water related issues, climate change policies, waste and recycling, sustainability reporting, and energy security. Similarly, ONGC could not give any justifications for water related issues, waste and recycling, sustainability reporting, and energy security. Public sector companies were more focused on domestic issues, regulations, legislation, and policies and there was hardly any focus on environmental issues. During the interviews both the public sector companies could hardly provide justifications for the environment related CSR activities. They were clearly not involved in environment related projects as much as the two private sector companies were.

**Table 29 - Rhetorical justifications (Environment)**

Key CSR area	Activity	Reliance Petrol and gas	Essar Oil and gas	ONGC	Indian Oil and gas
Environment	Renewable energy	GS, GACA, SG, S	GS, GA, CA, SG, S	GA	GA
	Emissions	GA, GS, S	GA, GS	GA, GS	GA

	Environmental risks	GA, GS, S	GA, GS, S	GA	GA
	Water related issues	GA, SV	GA, SV	-	-
	Climate change policies	GA, GS, SG, S	GA, GS, SG, S	GA	-
	Waste and recycling	I, SG, S, CA	CA, SG,	-	-
	Sustainability reporting	GA, GS, S	GA, GS	-	-
	Energy security	GA, GS, S	GA	-	-

In the case of economics (table 30) companies used the company agenda (CA) and organisational policy (OP) strategies for supply chain management and disaster management/product responsibility activities. Indian Oil and gas could not justify any of its activities in this section. This could be due to the lack of domestic legislations and regulations on areas of supply chain management and disaster management. The company did not consider these activities priority areas to be addressed.

**Table 30 - Rhetorical justifications (Economics)**

Key CSR area	Activity	Reliance Petrol and gas	Essar Oil and gas	ONGC	Indian Oil and gas
Economics	Supply chain management	CA, OP	CA	-	-
	Disaster management /product responsibility	CA, OP	CA	CA	-

In the case of governance (table 31) companies applied a range of themes to justify their actions. For example, the most common ones used for codes of conduct were operationalisation (O), professional guidelines (PG), global agenda (GA) and company agenda (CA). In benchmarking, awards, and recognition, the theme was primarily reputation (Re). All four companies considered awards and recognition from the industry, the government of India, and global agencies to be very important. Corporate governance was important for governance (G) and was also considered as part of organisational policy (OP). Reliance Petrol and Gas, Essar oil and Gas and ONGC did not have any justification for company mission vision, and diversity and inclusion. The area of diversity and inclusion was a considerably new one in CSR for

the four companies; only Essar Oil and Gas added it as company agenda and global agenda. Domestic regulations and laws also did not deal with the issue of diversity and inclusion. It can be probably said that this could be a good reason for companies failing to justify this activity. Justifying it as global agenda, Essar Oil and gas suggested that the issue is viewed more from an international/global perspective than from a national one.

**Table 31 - Rhetorical justifications (Governance)**

Key CSR area	Activity	Reliance Petrol and gas	Essar Oil and gas	ONGC	Indian Oil and gas
Governance	Codes of conduct	O, PG, CA, GA,	O, PG, CA, GA,	O, PG, CA, GA,	O, PG, CA, GA,
	Annual General meetings (AGM)	G, OP	G	G	G
	Benchmarking, awards and recognition	Re	Re	Re	Re
	Corporate governance	G, OP,	G, OP,	G	G
	Mission vision values of the company	G, OP, SL	G, OP, SL	-	-
	Board of directors	G	G, OP	G	G
	Business responsibility disclosure	G, OP, CA, O	G, OP, CA, O	G	-
	ESG metrics	G, O, S	G, S,	-	-
	Diversity and inclusion	-	CA, GA	-	-

In the case of employees (table 32) all the four companies indicated employees related activities, including employee remuneration; employee benefits; hours of work, leave, etc.; occupational health and safety; and trade unions were influenced by the themes of employees, legislation, and regulations. Indian oil and gas could not justify employee benefits; hours of work, leave, occupational health and safety; and trade unions. The company was still developing its CSR and in a very nascent stage; that could be a reason for its low degree of justification.

**Table 32 - Rhetorical justifications (Employee)**

Key CSR area	Activity	Reliance Petrol and gas	Essar Oil and gas	ONGC	Indian Oil and gas
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		gas			
<b>Employee</b>	Employee remuneration	E, R, L	E, R, L	E, R, L	E, R, L
	Employee benefits	E, L, R,	E, R., L	E, R, L	-
	Hours of work, leave etc.	E, R, L	E, R, L	-	-
	Occupational health and safety	E, R, L	-	E, R, L	-
	Trade unions	E	-	-	-

All four companies failed to give clear justifications in many instances (appendix H and G). It is important to note here that failure to address specific legislation or regulations has implications for legitimacy since if a specific regulatory pressure is unknown, it is hard to evaluate whether a company is actually complying with it and therefore acting legitimately.

This section has discussed how the companies justified their CSR activities in the reports. The justification data was collected during the verbal interviews with the respondents. In the process, differences were noted in how company strategies differed among the four companies. The overarching purpose of this analysis was to identify instances that could be used to consider the rhetorical devices used in relation to institutional pressures, which are highlighted in the following sections by drawing upon these findings.

## 8.2 Regulative pressures

In the previous chapter, the text perspective indicated that company engagement in CSR arises from requirements to comply with chains of regulations (both mandatory and voluntary). In the process, companies reference these regulations, guidelines, policies, and/or acts in their various reports (CSR, annual, and sustainability reports). The findings, however, indicated that the sample companies were often unable to relate their CSR activities to the correct regulations. Alternatively, the companies were not always sure about which kinds of activities were the direct result of a guideline, act, legislation, or policy. Thus, there was some degree of confusion among the companies regarding how regulatory pressures shaped an activity and, vice versa, how regulatory pressures shaped the activities.

These findings of the previous chapter draw attention not only to the fact that companies engage in CSR due to regulatory pressures, but also to the fact that their CSR activities are not aligned to the guidelines, policies, and/or acts. This is due to various reasons, which will be discussed in the next chapter. In this section, the discussion revolves around how, by means of the various rhetorical codes, the companies tried to communicate that, in actual practice, they did abide by the law and that their CSR activities were a product of the relevant legislation and guidelines. The language companies use in their CSR reports and website is a clear indication of regulative pressures.

### **8.2.1 Rhetorical devices used to gain legitimacy in relation to regulatory pressures**

The above discussion highlighted the coding of strategies used by the four companies to justify their engagement in CSR activities in relation to institutional pressures. The companies used rhetorical devices to cover up discrepancies in relation to the three institutional pressures, as will be discussed in the following sections. For ethos, the mechanisms used were: consistency, deference, expertise, inclination to succeed, ingratiation, self-promotion, self-criticism, and, finally, similitude. For logos, they were: argumentation, third party citations, claims, data, evidence or examples, logic, and, finally, warrants and justifications. Pathos was: emotive appeals, and figurative and narrative speech.

The data indicates that the companies had typically drawn on a combination of rhetorical appeals—e.g., ethos and pathos—to justify their talk about CSR activities. Companies in presenting their idea about CSR used a variety of rhetoric for example:

Reliance Petrol and gas articulated their CSR reporting as:

*“A critical component in enhancing and retaining stakeholders trust”*

Essar Oil and gas stated CSR reporting as:

*“Fundamental to our long term success”*

ONGC stated that CSR was:

*“An investment in society and its own future”*

Indian Oil and gas stated that CSR was a:

*“Responsibility towards the country’s development and a way to take all stakeholder interests into consideration, rejecting the dichotomy in the understanding of CSR in terms of having either a philanthropic- or stakeholder-centric focus”*

The above indicates heavy usage of ethos pathos and logos by companies in their CSR reporting. Similarly, the following rhetorical coding of Reliance Petrol and gas in table 33 displays a combination of rhetoric that indicates claims, evidences and examples. By giving examples of how the company invests in farmer’s rights, the company indicated its abiding nature to the law, since the government has pushed companies towards farmers well being due to a surprising high rate of suicides of farmers in the past decade due to various economic and social reasons. This shows how the company is embedding CSR in its business systems, processes and structure, including the development of new capabilities.

**Table 33 – Examples of the rhetorical coding excerpts of Reliance Petrol and gas**

<b>Original text excerpts</b>	We have always invested in farmer’s rights and their problems. Although they are not direct stakeholders to the company, there is a national issue with the numbers of farmer suicides, which are on the rise. We have chosen this subject to invest our CSR budget and help the government in achieving its development goals. Following the CSR activities from Schedule VII of the Companies Act of 2013 is a must for all companies. That gives us the confidence to be not only recognised by stakeholders but it also to operate.
<b>Activity</b>	Mandatory regulations and issues of farmers rights
<b>Language code</b>	Claims, evidence, and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Strategic CSR – Operationalisation
<b>Description and example</b>	Mention of how the company is embedding CSR in its business systems, processes and structure, including the development of new capabilities. Example – business processes aimed at creating socially responsible activities.

The findings were used to consider the rhetorical devices used by companies in response to their interpretation of the activities stemming from regulatory pressures. Appendix H, J and I highlights the rhetorical devices used by the four companies. Logos was the most utilised rhetorical device in relation to regulatory pressures. It was followed by ethos. Pathos was not used at all by any of the companies to justify their CSR activities arising from regulatory pressures. Overall, the companies tended to be vocal in their display of referencing legislation/regulations or other kinds of regulatory pressures. As highlighted in Appendix G, all four companies referenced the CSR activities that were directly related to the Companies Act of 2013. None of the four companies failed to highlight the legally compulsory nature of these activities. They discussed the regulations and legislation that they were legally required to comply with under the heading, 'Acts and Codes of reporting'.

Essar Oil and gas and Reliance petrol and gas were generally more open about the legally binding nature of those activities that were enforced by regulatory pressures. Reliance emphasised the legally required nature of those activities arising from regulatory pressures by using phrases such as, 'compliance with', 'mandatory nature' and 'required'. Essar petrol and gas was more forthcoming in outlining its compliance and addressed it in its reports with carefully chosen words; e.g., 'mandatory CSR spending', 'comply', and 'mandatory requirements', in referencing regulatory legislations and regulations. In many cases, the companies acknowledged the importance of regulatory pressures and how these shaped a particular CSR activity, but they often failed to specify the correct legislation/regulation that shaped that particular activity. ONGC pointed out that it 'complied' with the regulations and legislation, but failed to point out any specific one. Indian petrol and gas stated that its corporate governance framework met the relevant legislation required in India but could not mention a specific piece of legislation or regulation.

### **8.2.2 Regulative pressures and inferences to legitimacy**

1) Mostly companies used **logos where pragmatic legitimacy** was the primary type sought by companies in their justifications of CSR activities in relation to regulatory pressures. Essar oil and gas drew primarily on logos (specifically the appeals of claims and warrants/justification) and used no ethos to demonstrate how they were pragmatically aligning themselves with regulatory requirements. In doing so, the

companies used the abbreviated name of the legislation, which indicates the use of a jargon that would mean little to anyone unfamiliar with the Act.

For example, an employee of Reliance Petrol and gas stated:

*Prior to the Companies Act of 2013, social activities were more on education and rural development programmes. But, since the launch of the Act, we have invested most of our CSR budget in healthcare operations. For example, we have rebuilt our family hospital spending nearly 70% of our CSR budget. This is more than the 2% required by the law.*

The company here strategically highlighted that it had met that specific guideline's requirements, thereby suggesting that it sought pragmatic legitimacy. It then argued that there had been inaccuracies in what had been reported in the media

*The hospital caters to other people as well but, out of 12 floors three floors are exclusively dedicated to the poor sector of society.*

Reliance Petrol and Gas provided evidence of a discrepancy, highlighting data that contributed to differences in the understanding and interpretation of a regulatory act and in delivering the required outcomes. To defend its move, the company drew heavily on jargon and technical language, which could be confusing to anyone who did not have a clear understanding of the Companies Act of 2013. Thus, it can be said that the company tried to pragmatically indicate how it had met the criteria of this Act and provided warrants and arguments to justify the discrepancy noted in the data so that the regulating body would not question its legitimacy.

Similarly, Indian oil and gas also used its reports as a means to strategically communicate how data regarding its social engagement had been reported based on regulatory pressures. This company drew on claims, warrants, and justifications to state that:

*Our CSR engagement is absolutely in line with the Companies Act of 2013. Following the social elements of the Act, we have provided shelters and jobs*



*to the victims who had been affected by the petrol spill at Uran. We have taken care of the affected people and the area.*

By outlining the relevant data, Indian oil and gas was pragmatically demonstrating how it had met the requirements of the guidelines. The company's interpretation of the Act once again was different, just like that of Reliance petrol and gas. The company strategically sought to avoid any possible ramifications from the regulatory body should its data have been reported incorrectly.

ONGC was also quite specific about outlining the methodology for referencing its social activities. It drew heavily on logos (data evidence, warrants, and justifications) to highlight any deviations from the Act.

Indian oil and gas also drew on logos (claims and warrants and justification) when it signalled its adherence to regulations in relation to its discussion on corporate governance:

Companies CSR was embedded in the idea of de-globalisation. The domestic and local aspects of contributing to society were much more prominent and ingrained than the global CSR agenda.

*“We at Essar oil and Gas take the Companies Act of 2013 very seriously compared to any other global CSR guidelines. Of course we do follow them but, since they are more global in nature, they do not really cater to the local Indian needs. In that sense, the Act is a better solution for companies struggling to understand CSR, which has hampered CSR in India for a long time”.*

Reliance Petrol and Gas criticised the global CSR agenda and labelled it as ‘serving the vested interests of the west’. The Companies Act of 2013 was seen as a ‘welcome change’ in this direction for the company. This again indicates the use of logos in relation to pragmatic legitimacy.

2) It was observed that **regulatory pressures** were often strategically referenced in ways that indicated the **seeking of cognitive legitimacy**. When referring to their engagement in CSR activities due to a regulation or piece of legislation, the sample companies drew on phrases like ‘in line with’, ‘in response to’, ‘alignment’, ‘consistent with’ to create the perception of their activities being legitimate (Suchman, 1995). However, the companies did not provide the relevant details about how they were acting legitimately. As discussed earlier, the companies often failed to link a certain activity to being shaped by regulatory pressures, but referenced the latter in ways that sought to add credibility to their claims. Reliance claimed that:

*“Regular consumer product safety protocols are followed that are in line with the Ministry of Petroleum and Gas’s requirements”.*

In this case, Reliance petrol and gas used logos to indicate that it followed all of the domestic and international guidelines. However, it failed to indicate that it was actually legally required to obey the domestic ones, which are of a mandatory nature. Here, it applied ethos (appeal of expertise) to suggest that, as all of its CSR activities were in line with regulatory pressures, they must have been legitimate.

### **8.2.3 Summarising the regulative pressures, rhetoric and legitimacy**

The companies were not very vocal, rather subtle in referencing and talking about the legislations and regulations. They were not even very forthcoming towards discussions about how every CSR activities had referenced the legal elements/legislations/regulations etc. The companies in relation to regulative pressures predominantly used logos and data indicate that companies sought pragmatic moral and/cognitive legitimacy. Companies drew on a combination of rhetoric to justify their engagement in CSR activities. All four companies used only logos when inferring to pragmatic legitimacy. Some of the companies also used ethos in conjunction with logos appeals when companies inferred to moral and/cognitive legitimacy.

### **8.3 Rhetorical analysis of normative pressures**

The intangible aspects of normative pressures were noted during the fieldwork. A majority of the respondents were involved in professional networks associated with

their paid employment, and involved in event management or CSR specific professional networks or professional development activities. Normative pressures transferred through other possible means such as attending conferences, hiring practices, professional accreditation and professional and trade magazines were seen as evident in company's decision to engage in CSR.

The use of same pool of event specific consultants was identified as providing the companies with a foundation of expert knowledge that impacted their engagement and decision for doing certain CSR activities or even spending in certain CSR activities over others. A lot of hiring in companies has been done of lately of people from the development sector and non-governmental organisations. They have brought similarities in project implementation in organisation's, due to their similar educational background and earlier training programmes. The entire team of Essar foundation has moved from one NGO to Essar. Reliance have hired 90 per cent of its foundation people from the development sector and most of them have known each other for many long years and have interacted at various levels on professional networking meetings, conferences, seminars etc.

The executives of ONGC engaged with other executives in dialogues on what they thought about their respective organisations CSR activities, how impactful those activities were and how the CSR activities related to the business activities of their enterprises (ONGC)

ASSOCHAM (business association) interview excerpt strengthens the element of normative pressures on CSR communications of companies:

*“ We have focused on the involvement of our members on a broad range of issues, including occupational health, quality management, human resource development, technical and vocational training programmes, rural development, family planning, HIV/AIDS prevention, education, community development and environmental issues. All Petrol and gas companies are members of ASSOCHAM and has worked closely with the organisation on social and community issues”.*

The tangible part of the influence of normative pressures on rhetoric and legitimacy will be discussed in the following sections.

The data from the previous chapter indicated that the sample companies were forthcoming in referencing the guidelines linked to various normative pressures; e.g., business associations and other organisations; however, they also indicated that they had tended not to use those guidelines to rationalise and justify their discussion of particular CSR activities. This denotes that, although the companies followed the guidelines, they either did not or could not highlight the issues related to those guidelines, which highlights a discrepancy in their communication strategy.

The sample companies used rhetorical devices to cover up such discrepancies; when they justified any of their CSR activities as stemming from normative pressures, logos was the rhetorical device they utilised the most, followed by ethos. In logos, the mechanisms used were: argumentation, third party citations, claims, data, evidence or examples, logic, and, finally, warrants and justifications.

### **8.3.1 Legitimacy and normative pressures in relation to rhetorical appeals**

Normative pressures were linked to a high use of logos and ethos; while the actual act of communicating about CSR activities stemming from normative pressures suggested pragmatic legitimacy, the language used in relation to such activities suggested cognitive, moral, and pragmatic legitimacy.

Companies in general indicated that they abided by professional and industry guidelines in an attempt to pursue **cognitive legitimacy**. There were very few instances in which **pragmatic and/moral legitimacy** was also noted. The following example illustrates how companies strategically sought legitimacy. For achieving cognitive legitimacy, companies used the following rhetorical appeals and strategy:

Essar oil and gas referenced a number of professional guidelines as was discussed in the last chapter to create the perception that its sustainability standards were legitimate. The company drew on logos and ethos appeals and stated that,

*“Internationally acceptable sustainability standards are what the company follows and we have more than 5 of such standards that the company follows. Following such standards is mandatory in today’s world for survival. Everyone does it ”.*

The company referenced these normative guidelines to increase the taken for grantedness perception (Suchman, 1995). This was to create the perception that following such guidelines would increase their legitimacy for survival and in a bid for cognitive legitimacy they abide by such guidelines.

Reliance petrol and gas referred to its health, safety and environmental system that indicates how the company drew on logos and ethos to state that its CSR activities were heavily influenced and based on domestic standards. However, in the reports the company failed to indicate this and there was no mention of it.

Companies inferred **pragmatic legitimacy** by drawing primarily on logos and strategically displaying their adherence to normative pressures. For example, companies pointed out to the fact that they were abiding by the national versions of “GRI” adopted by the business associations and MCA and how that was an effective means for the companies reporting. National level reporting guidelines are new and being developed by many professional associations and companies are increasingly being a part of that.

**Moral legitimacy** was being indicated through the use of pathos and logos and ethos. For example, ONGC stated how it

*“Consulted stakeholders to determine whether or not to align with a certain domestic/international guideline”*

This consultation with the stakeholders was done to position itself as acting morally and in the best interests of the stakeholders.

Essar Oil and Gas in this case drew on ethos and well as logos in discussing about its approach to CSR and sustainability.

*“ The company is committed to ensuring that our policies and practices meet the highest levels of disclosure and compliance. By using GRI reporting framework we can use to measure and report economic, environmental and social performance. This also gives us an edge with reporting very soon being mandated by the government of India”.*

These examples highlight that companies applied ethos and logos as rhetorical appeals to illustrate that the company was a moral organisation and at the same time it was also meeting the criteria of the normative guidelines.

By drawing on ethos the company wanted to indicate that it always listened to its stakeholders and CSR activities were in the best interests of the stakeholders. This suggested moral legitimacy (Suchman, 1995).

The logos appeals made in the form of claims and evidences by Essar Oil and gas indicate pragmatic legitimacy. By using the strategies “ they have won awards” and that their reports have been scrutinised by non-partial “ external parties” companies were signalling that they were abiding by the normative guidelines.

#### **8.4 Rhetorical analysis of cultural-cognitive pressures**

For understanding the cultural cognitive/mimetic pressures the coding strategies applied were: customers, employees, community, and stakeholders. This was applied after the initial fieldwork that was discussed in the last chapter involving the media analysis and the CSR reports of companies. Companies typically referenced multiple stakeholders in implying the cultural cognitive pressures and there were no definite answers here.

Companies mostly used logos appeals when they were referring to the cultural cognitive pressures. For example,

*“Everyone wants to create a name and want to do the best and win awards for their innovative approaches. The CSR areas are all same, since we all follow the activities suggested in the guidelines. But we try and introduce innovative*

*approaches in implementation that would be more beneficial to our stakeholders”. (Essar Oil and gas).*

The following excerpts highlights strategic decision making of key decision makers within the company as opposed to personal decision making that plays a role in the company’s CSR engagement.

*“I think, part of choosing the CSR activities is I suppose the ambition of the team to perform well in CSR and get higher ratings and win awards and accolades from the industry and business associations. That boosts our credibility and increases our respect in the industry”. (ONGC)*

From the media reports issues were identified through the analysis of media reports and industry overviews. However they did not align with the key issues identified through the media. Competition and environmental risks were the key issues in media reports, which contradicted with those of the companies’ reports. The companies within its reports discussed community investment and women empowerment issues and ESG framework, risk /management training and environmental issues were given less attention in the reports.

This raises an important question, whether engaging with stakeholders for companies was more of a symbolic gesture, since the institutional pressures and media reports indicate that there is an increasing expectation that companies will consult their stakeholders in social issues and there is no mention about the same in other issues, in the Companies Act of 2013.

Reliance petrol and gas created the perception that it engaged with its stakeholders numerous times in the report and even during the interviews. It suggested that it was

*“Responsive to the issues affecting the social structure of the country that overall affected the entire corporate sector and the petrol gas industry as well. Achieving these targets was developed in consultation with more than 200 people including staff, customers, community groups, government and regulators”.*

This infers moral legitimacy, since Reliance petrol and gas was actively responding to issues that were of concern to its stakeholders. The company then proceeded to outline its priorities for the next 5 years under headings- Bharat India Jodo (Bridge India programme), urban and rural development, education and employment opportunities and thriving communities. In doing so, the companies indicated cognitive legitimacy indicating, *“These were the most important issues”*. This created a perception to people assuming that this was the case without actually questioning whether these are in fact the key issues or whether the stakeholder engagement process was conducted legitimately.

**To summarize and conclude this section,** it can be said that logos was the predominantly used rhetoric by companies in relation to normative pressures followed by some ethos. Companies tended to stress on the voluntary nature of the regulative /professional guidelines and here took the opportunity to indicate that they still follow them since they are a moral company. Companies sought three kinds of legitimacy cognitive (ethos appeals were used) moral (logos and pathos appeals were used the most) and pragmatic (using more logos appeals)

#### **8.4.1 Relating legitimacy to the rhetorical analysis of cultural cognitive pressure**

All the four companies predominantly used communications to seek moral legitimacy in relation to cultural cognitive pressures. Data and interview excerpts highlights that companies often strategically avoided controversial or sensitive issues and instead sought to position themselves as acting in the best interests of the stakeholders. The findings of this chapter and the previous indicate moral legitimacy was sought for cultural cognitive pressures but there were instances of cognitive legitimacy seeking approaches too.

The companies indicated **moral legitimacy** in many instances. Reliance petrol and gas for example strategically avoided controversial issues or even used language to position themselves as acting in the best interests of their stakeholders. CSR budget was a particular issue in relation to the petrol and gas sector with a high level of media attention around this issue about how companies were spending their CSR and how much were they spending. It was also a key challenging issue for all companies



in the petrol and gas sector since they were expected by the government to spend more than 2 percent (21<sup>st</sup> of October, 2016, Times of India article discussed this point. This data has been taken from the media analysis).

Considering the high level of attention given to this issue, Reliance petrol and gas only mentioned it and in fact had the lowest coverage in comparison to all the three companies in relation to CSR spending. Interestingly the company spend the maximum amount of CSR budget on healthcare which created an uproar in the media, industry, business associations and government. In the year 2014-2015, Reliance spent 3.35% of its profit after tax on CSR, which is more than the 2% required by the Companies Act of 2013<sup>41</sup>. Nearly 72% of Reliance’s contribution (INR 52,500 million) was made to a single beneficiary: the Sir H. N. Reliance Foundation Hospital and Research Centre in Mumbai (please refer to the table below).

This investment was part of the ‘Health for all’ initiative, which had been launched by Reliance in 2012 as an outreach programme aimed at providing primary and preventive healthcare to the poor and the vulnerable using state of the art technology for service delivery. The hospital was revamped into a 19-floor, 800,000sq.ft world-class tertiary health care facility with state of the art facilities. While the promotion of preventative healthcare is a permissible CSR activity under Schedule VII, the hospital’s website does not mention inclusive growth in its mission statement. Chief of Ministry of Corporate affairs (MCA) Dr B. Chatterjee pointed out in his interview *“Such activities will create confusion in the understanding of CSR. This is where there are chances of gaps being created in institutional laws and the CSR practices of companies”*.

**Table 34 – CSR budget of Reliance**

Amounts spent in millions of INR per FY	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
<b>Rural transformation</b>	12,633	16,572	7,310	2,169	2,835
<b>Healthcare</b>	60,825	41,669	14,072	9,103	4,699
<b>Education</b>	2,180	8,076	6,671	7,506	9,101

<sup>41</sup> Section 135 of the Companies Act of 2013 mandates companies with more than a specified net worth or turnover or net profit to mandatorily spend 2% of their net profit on CSR activities. As per data released by the government (MCA), a total of 633,800 million INR were spending on CSR activities by 460 different companies in 2014-2015.

<b>Environment</b>	42	52	120	215	76
<b>Others</b>	378	4,803	6,927	6,134	3,423
<b>Total</b>	76,058	71,172	35,100	25,127	20,134

**Source:** Annual report, 2014-15, Report on CSR, Reliance Industries limited

When responding to external institutional pressures that are multiple or contradictory (DiMaggio & Powell, 1983, 1991; Friedland & Alford, 1991), companies get entangled in a complex web of symbolic, interpretive, and adaptive processes; the case of Reliance Petrol and Gas is very supportive of this theory. Reliance petrol and gas drew on logos to argue that the

*“Bringing better medical facilities and building hospital is a part of helping the poor and disabled and it also helps the company to invest in the future health of India which is a very important part, since all companies want to contribute towards the Companies Act of 2013”.*

The company failed to discuss, or rather chose not to discuss the breakdown of the healthcare CSR budget and did not provide more information about the hospital. Interview excerpts from external pressures like the NGO Nexgen indicated that the company strategically choose to spend the budget on the hospital and there was no alignment between what the company was doing and the demands of the regulative pressures here:

*“Of course, CSR funds, even of big companies, cannot match the government when it comes to spending on areas like education, health etc. So, instead of replicating what the government is doing, some companies find it more beneficial to invest in areas that can help get maximum value out of their CSR capital”. (Nexgen, NGO).*

There were some evidences of **cognitive legitimacy** too and a combination of moral and cognitive legitimacy in some cases. Companies drew heavily on ethos as well as pathos and logos in this case. An example, where companies sought both moral and cognitive legitimacy in relation to cultural cognitive pressures were as follows:

*“We focuses on national issue areas and follows the act, not only to be in the government’s good books, but also because it helps the company to get better media coverage and awards in the field of CSR. There is some amount of reputational competition in this case. Companies do not want to risk it; otherwise, they could easily get into negative media coverage”(ONGC).*

Another example is from Indian petrol and gas. In relation to its environmental management practices, the company drew heavily on ethos, logos and pathos in the following manner:

*“Our shareholders, customers and NGOs are increasingly interested in our approach to managing social and environmental issues. We have clear policies in place to guide our involvement in sensitive areas such as environments and we consult regularly with interested parties in order to better understand their concerns. For example, many stakeholders near our Uran steel plants on regular basis meet us regarding their concerns about the environment with the establishment of our new plant last year. The potential to adversely impact local people communities and the environment are the concerned areas of discussions on regular basis. We ensure them that it is all done by properly managing from a social and environmental perspective”.*  
*(Indian Oil and gas)*

The company ran into major problems in 2013 with Uran petrol spills (as discussed in the introductory chapter) claiming many lives and livelihoods and damaging marine life. The reports in the media acted as culturally cognitive pressures to ONGC who for the sake of gaining cognitive legitimacy referred to the rhetorical devices of ethos, pathos and logos. By reporting about this example and highlighting that it addressed the concerns of the stakeholders and that they are in turn satisfied with the process Indian Oil attempted to strengthen its credibility and indicate that it was responsive to the concerns of its stakeholders thereby indicating moral legitimacy. Aristotle (translated, 2007) also supported this notion that suggested that an invitation to dialogue might be seen as an expression of goodwill for the audience – a classical rhetorical strategy to strengthen credibility.

Companies drew on many different strategies to create the perception that it was acting legitimately. Using words like ‘clear policies in place’, ‘taking care of all our stakeholders’, creates the perception of Companies acting legitimately. They often addressed how external third party was being used to review internally their business operations and financial outcomes”. This was done by external consulting firms, which helped them to have “*a neutral view*” (ONGC). Such examples indicate how companies were inferring to cognitive legitimacy.

There was somewhat a taken for grantedness in cases that highlights that the actual act of engaging with stakeholders is done in order to pragmatically meets the professional guidelines. For example ONGC stated that:

*“The application of AA1000 principles and AA1000 standard 2008 have helped us identify issues that will matter to our stakeholder in the long term. These guidelines are also in line with our company’s vision and focus area of the company’s sustainability strategy”.*

This pragmatic nature of engaging with stakeholders and in the process responding to cultural cognitive pressures was observed in all the companies. The fact that there is a taken for granted expectation that companies must engage with stakeholders as evidenced through the data, indicated the actual act of responding to cultural cognitive legitimacy. The actual act of responding to cultural cognitive pressures might be in order to achieve pragmatic and/cognitive legitimacy.

#### **8.4.2 Summarising the findings of cultural cognitive pressures and legitimacy in relation to institutional pressures**

The data indicated that companies used logos, ethos and pathos in justifying CSR activities arising out of cultural cognitive pressures. Companies predominantly sought moral legitimacy in relation to cultural cognitive pressures. Cognitive legitimacy was also sought in many cases. Companies drew on a combination of rhetorical appeals in order to justify their activities. They strategically avoided controversial issues arising out of cultural cognitive pressures and rather sought to position themselves as acting morally. The primary ways companies applied to infer cognitive legitimacy was by indicating that they listened to and engaged with stakeholders or that they had their

own CSR policies in place in relation to the issue arising from cultural cognitive pressures. The actual act of communicating about activities shaped by this pressure indicates pragmatic and/cognitive legitimacy.

### **8.5 Chapter Summary**

This chapter analysed the second research question *RQ2*. By focussing on the rhetoric companies use in response to institutional pressures (regulative, normative and cultural cognitive) and thereby enabling inferences made in relation to legitimacy. The analysis was done so that responses to companies' interpretation of the institutional pressures could be coded to determine the rhetoric being used in relation to each institutional pressure. Companies used a variety of strategies to create the perception that they were socially responsible. It was highlighted in this chapter that the strategies the companies used to justify were often incongruent with the institutional pressures that was underpinning that particular CSR activity.

Companies tended to use more cultural cognitive strategies as compared to regulative or normative. Linking this with rhetoric, the findings indicated that the use of rhetoric was used often when companies justified CSR activities being shaped by cultural cognitive/mimetic pressures. In this case companies drew on a wider array of rhetorical appeals in an attempt to strengthen their arguments and in turn rationalise and justify that their engagement and CSR was legitimate. Logos and ethos were used frequently when they talked about regulative and normative pressures. In the case of regulative pressures, all the companies took help of logos to justify and some amount of ethos as well. In the case of cultural cognitive/mimetic pressures, the companies along with logos used some amount of pathos and ethos.

Logos appeals were used where pragmatic legitimacy was the primary type of legitimacy sought by the company. No other appeals were used to demonstrate how companies justified their CSR activities stemming from legislations, regulations and other professional pressures. Ethos was typically used in conjunction with logos appeals when companies sought to pursue moral and/cognitive legitimacy in relation to regulative pressures. Ethos and pathos appeals were used in conjunction with logos appeals to seek moral legitimacy in relation to cultural cognitive pressures. Logos and ethos were used in relation to this pressure generally to allude to cognitive legitimacy.

Pathos was only used to assist in seeking moral legitimacy in relation to cultural cognitive pressures.

Ethos was never used without logos in relation to all the three pressures and pathos was never used without ethos in relation to cultural cognitive pressures.

The companies have used their reports to a) strategically report with stakeholders (moral legitimacy); address their law abiding nature to legislations, regulations and professional guidelines (pragmatic legitimacy); indicate their responsiveness towards their stakeholder by listening to them/having the right policies in place for stakeholders/in congruence with guidelines/ industry, domestic and international awards for best practices (cognitive legitimacy).

This chapter indicated a number of communication strategies that companies use to seek legitimacy. The data and findings reveal that companies use their reports to signal very clearly how they were meeting the requirements of the government/business associations/professional guidelines, basically the regulative and normative pressures. In doing so, companies used rhetoric to seek pragmatic legitimacy. In relation to regulative pressures companies tended to be quite subtle in the way they referenced the government regulations and legislations. But it was observed here that in many cases the public companies (ONGC and Indian Petrol) often failed to highlight the legally required nature of activities arising from regulative pressures. This could be possibly from the idea of presenting the company more as promoting social welfare as presented in some of the interview excerpts.

The companies drew on various strategies to infer to cognitive legitimacy for example: Referencing professional guidelines to create the perception that the companies own policies or the way in which they performed their CSR activities were legitimate or companies referenced professional guidelines to highlight that their reports had been checked by a reputable third party. Companies reported to create the perception that they engaged with stakeholders and listened to them. Companies also kept hinting at the point that they had won awards from international and domestic business associations and other bodies.

So by exploring the rhetorical devices and appeals used by the four companies in response to institutional pressures, it can be said that companies use a variety of rhetorical appeals in relation to the different kinds of institutional pressures. This when related to legitimacy highlighted the types of legitimacy that companies sought in relation to each of the institutional pressures.

Companies are incentivized to engage in socially responsible programs not only because of the potential benefits to business (for example, brand enhancement, market differentiation, and employee satisfaction) but also due to legitimacy that can be achieved by obeying the domestic laws of CSR and showing their sense of national social responsibility.

The main factors that have influenced the companies CSR and how that has influenced the stakeholder's perceptions and interpretation is: message, content, information source, perceived motivations of the company, an understanding of what the stakeholders want and report about the same. Companies often failed to effectively report their CSR activities to target audiences, which can hinder the company's realisation of legitimacy. The negative media reports were indicator and also crosschecking them during the interviews with the companies also strengthened this point.

## **8.6 Conclusion**

This chapter discussed the various rhetorical appeals that companies used in response to institutional pressures to achieve various kinds of legitimacy. The findings indicate that only logos appeals were used where pragmatic legitimacy was the primary type of legitimacy applied by the companies in trying to justify their CSR activities in relation to regulative and /normative pressures.

Ethos was mostly used in conjunction with logos appeals when companies were trying to pursue moral and/cognitive legitimacy. Ethos and pathos appeals were used in conjunction with logos appeals to seek moral legitimacy in indicating cultural cognitive/mimetic pressures, but logos and ethos were generally used in relation to cultural cognitive pressures in relation to cognitive legitimacy. Ethos was not used

without logos in relation to all the three pressures and pathos was never used without ethos in relation to cultural cognitive pressures.

In support of the last chapter's findings this chapter also indicated that a) the actual act of reporting about CSR activities shaped by normative pressures indicate cognitive legitimacy and) the actual act of reporting about CSR activities by cultural cognitive pressures indicate pragmatic and/cognitive legitimacy.

By considering the language used in the reports and interviews, it can be indicated that cognitive legitimacy was predominantly sought in relation to regulative and normative pressures and in a small amount of case pragmatic and moral legitimacy was also inferred. Moral legitimacy was sought in relation to cultural cognitive pressures and few examples of cognitive legitimacy were also noted.



## Chapter Nine: Findings & Analysis

### *Misalignment in the talk and text context*

#### 9.0. Introduction

This chapter discusses the final research sub-question RQ3: How do institutional pressures influence the level of congruency/alignment between why and how companies report about their CSR? The chapter reflects on the proposed model outlined in chapter four (figure 4.2) which linked institutional pressures, legitimacy and rhetoric and then discusses the gaps in the model based on the findings of the previous two chapters (chapters seven and eight). This builds the research model of the thesis pertaining to how companies use rhetoric to seek legitimacy in relation to institutional pressures within the context of CSR reporting. Five kinds of rhetoric—strategic, institutional, dialectic (Castello & Lozano, 2011), political and nationalistic/national agenda (identified during the fieldwork) was referred to previously that was signalling to different forms of legitimacy. The relationship between them is discussed in this chapter, which is established by signalling a new understanding of the role played by institutional pressures in establishing legitimacy.

Highlighting the focus area of this thesis, which is to understand if companies written (textual) and spoken (words) language is aligned, this chapter sets out to understand if companies are actually reporting it ‘all’ to the stakeholders. The text findings of chapter 7 (reports) and the talk findings of chapter 8 (interviews) are compared and it indicates that text and talk are not necessarily always aligned. Companies often do not say it ‘all’ in their reports; rather are selective about what they actually want to report (through text) to their external stakeholders.

The chapter starts with a discussion about the misalignment in talk and text in section 9.1. Section 9.2 highlights the original model of the study and changes to the original model. The initial model of the study, which was developed after reviewing the literature and drawing the theoretical framework for this thesis and highlights how the

model changed due to gaps noticed in the model. The chapter closes with a chapter summary and conclusion in section 9.4.

### 9.1 Misalignment in talk and text

By comparing the findings of Chapter 7 and Chapter 8, it can be argued that CSR reporting is complicated and entails many different theoretical aspects and models for explaining the phenomena, which are overlapping and not always aligning to existing models in the literature. Explaining this further, by exploring the propositions from the model, it was revealed that, while the actual act of reporting about an activity may entail one type of institutional legitimacy, the ways in which it is then reported and communicated about may imply a different type (referred to as strategic legitimacy in the thesis). There often was misalignment between **why** and **what** companies were reporting about their CSR activities and **how** they were doing; which was primarily aimed at appearing legitimate in dealing with regulatory, normative, and cultural-cognitive institutional pressures.

In chapter eight it was discussed how logos and ethos was used in relation to regulatory pressures; while the actual act of reporting about the activities emerging from these pressures suggested pragmatic legitimacy, the language used in relation to such activities suggested cognitive, pragmatic, and moral legitimacy (please refer to appendix J). Let me provide few examples to make this point clear. In chapter seven while studying the reports (text) it was noted that companies reports clearly showed their alignments to various government regulations, policies, laws, guidelines etc. However it was also noted that their activities were not aligned to the regulative pressures. During interviews (as discussed in chapter eight) one of the companies (Reliance petrol and Gas) answer to this observation was, “ *reporting is all fuzzy at this moment of time. There is lack of clarity. Yes a lot of time such intricate attention is not paid. But we know as managers, the acts and regulations that we want to address through our activities. At this moment of time, we are most concerned about the Companies Act and all our stakeholders are just interested in knowing what we are doing on that front. For example, from schedule VII what activities do we choose and why? Last year, our CSR budget was highest for healthcare projects and we have refurbished our old family hospital. It will now cater to the poor and needy. Two floors are dedicated to the poor out of 12 floors. The rest of the hospital is for general*

*public. This is what we want to report, thereby showing our commitment to India and Indian people”.*

When asked about the rest of the floors of the hospital and the charges involved for patients the answer was, “ *The rest of the hospital is for general public. Due to the fantastic five star facilities that the hospital provides, it is definitely one of the most expensive hospitals in terms of medical bills. The service level is extraordinary*”. This indicates that companies are not reporting about everything in their annual CSR reports, and sharing limited amount of information with the stakeholders. The reports (text) did not provide any information about the entire hospital, rather focussed only on how the “ *hospital would cater to the poor and needy*” (CSR annual reports 2017 of Reliance Petrol and Gas). The author was able to find this information only during interviews with government officials (data triangulation process as discussed in chapter six) and then going back to the company asking further questions regarding the healthcare CSR spending. The government officials calling this venture, “*an absolute fad*” paved way for the author to think about the misalignment between the text and talk of CSR reporting. Companies were reporting only what they thought they ‘should’ be reporting to their stakeholders, not providing the full picture.

Another example is how Essar Petrol and Gas used logos and ethos in relation to regulatory pressures. Even in this case while the actual act of reporting about the activities emerging from these pressures suggested pragmatic legitimacy (as indicated in Chapter seven) the language used in relation to such activities suggested cognitive, pragmatic, and moral legitimacy (as indicated in chapter eight). In the reports (text), discussed in chapter seven, the company asserted their alignment to the regulations, policies and guidelines very clearly. But during interviews (talk) the verbal/spoken language indicated a complex form of reporting indicating a variety of rhetor used for gaining legitimacy. The reasons for reporting were fuzzy as portrayed in this excerpt: “*We have always invested in farmer’s rights and their problems. Even if they are not direct stakeholders to the company, this is a national issue; the amount of farmer’s suicide, which is on the rise, is alarming. We have chosen this subject to invest our CSR budget in and help the government in achieving the development goals. Choosing farmers issues as an activity from Schedule VII of the Companies Act of 2013 gives us the confidence to be not only recognised by government but also other*

*stakeholders. It is important for operating smoothly*". This indicates complicated Rhetor, aiming to seek a variety of legitimacy (please refer to appendix J). It sounds confusing, but the very essence of how the language used in relation to CSR activities suggest cognitive, pragmatic, and moral legitimacy must be noted. This indicates the complicated rhetorical strategies (mix of logos and ethos) companies use to comply with institutional pressures for gaining legitimacy.

These findings also indicate that there is incongruency/misalignment in and within the framework (discussed in chapter 4). Institutional pressures and rhetoric are not necessarily always aligned. The actual act of reporting about CSR activities shaped by institutional pressures can imply different types of legitimacy in the ways in which the language is used. Institutional legitimacy and strategic legitimacy may not always be the same. Although companies' reports show that institutional pressures influence their CSR activities, rhetoric indicates that they were seeking strategic legitimacy in the above example.

To explain this further, the findings indicate that, faced by regulatory pressures, the act of reporting about CSR activities and of responding to institutional pressures indicate seeking pragmatic legitimacy. However institutional approaches are not necessarily congruent to strategic ones. The strategic approach was evident in the language used and also in the act of referencing institutional pressure. The strategic approaches of the sample companies rather pointed at seeking cognitive, pragmatic, and moral legitimacy.

In the case of normative pressure, there was a higher use of logos and ethos. While the actual act of reporting about the activities stemming from normative pressures suggested pragmatic legitimacy, the language used in relation to these activities suggested cognitive, moral, and pragmatic legitimacy. It was discussed in chapter three how normative pressures can be either pragmatic or moral in nature (Deepphouse & Suchman, 2008); more likely be linked to pragmatic legitimacy (if and when a company should adopt a constituent's standard of performance as its own). The findings support the same notion of Deepphouse & Suchman (2008), in relation to written reports (text) but also add that there could be cognitive and moral legitimacy depicted through verbal/spoken part of communication and reporting.

Chapter seven discussed how the reporting (text) about a CSR activity indicated that a company was seeking pragmatic legitimacy; however in chapter eight it was discussed how the talk element indicated that cognitive, moral, or pragmatic legitimacy could also be sought. In the reports (text) as discussed in chapter seven, indication of normative pressures were limited to companies alignment to the business associations and other organisations; industry policies, guidelines etc. indicating companies trying to seek pragmatic legitimacy. The interview (talk) however, provided support and a better understanding of how those industry guidelines and pressures influenced companies towards seeking more than pragmatic legitimacy.

In appendix J (table 5) the effects of normative pressure is indicated through the interview excerpts of the company Indian Petrol and Gas. According to the company, *“The Companies Act of 2013 is a novel proposition, but the problem is in comprehending and understanding the Act. We are always juggling in interpreting what the government wants us to do, in terms of reporting- what should we report and how much should we report? Meeting managers of other companies during conferences and joint workshops conducted by Harvard Business School helps us in discussing and sharing, which is very beneficial”*. This excerpt indicates the influence of normative pressures since meeting with managers of other companies, participating in seminars; workshops and conferences have a direct influence on their CSR reporting. This excerpt further indicates how companies used logos and ethos, aiming for moral and cognitive legitimacy as well.

The company further stated that, *“There are often informal discussions with our friends who work in the area of CSR in other petrol and gas company about best ways for reporting; at the end of the day reporting style matters a lot since it mirrors the company’s CSR vision and mission statement. We want to tell our stakeholders about the pride we take in solving national problems”*. The heavy usage of ethos and pathos, which is directly influenced by institutional pressures, indicates the importance of national agenda. Similar findings like these in other companies led to discussions about de-globalisation of CSR in section 9.2 and 9.3.

Normative pressures emerging from similar educational background, working in the

same company in the past (which is important in this case, since most of the employees of the four companies knew each other from their previous jobs in development sectors) were not mentioned anywhere in the reports (text). These were found out during verbal communication (talk). It was observed during the interviews that often-same NGO's were hired on contractual basis to draft CSR proposals and same consultants guided the managers of all the four companies to frame their CSR reports (for e.g. Gen Next NGO). Companies were enforcing how, "*they were trying to meet industry and other international guidelines*" (Essar petrol and gas) which points towards companies trying to achieve pragmatic legitimacy. However, the voluntary nature of those guidelines was more indicative of seeking moral legitimacy. Cognitive legitimacy was indicated when company reports pointed at referencing guidelines that emerged from various industry/sectoral pressures.

Finally the findings highlighted that, in relation to cultural-cognitive pressures, logos, ethos, and pathos may all have been used. While the actual act of reporting (text) in chapter seven about the activities stemming from these pressures suggested pragmatic and cognitive legitimacy; the language (talk) used suggested moral and cognitive legitimacy in chapter eight. Cultural-cognitive pressures were not as high as regulative and/or normative pressures in the case of this research. The reason could be probably because as put forward by Indian petrol and gas- "*all the companies are struggling to understand the Act, the new regulations, the reporting techniques and reporting styles. There is hardly anything to copy at this point of time. It is still too early to say which company is doing the best*".

The findings pertaining to cultural-cognitive pressures indicated moral legitimacy in the literature as discussed in chapter three. But in the case of this thesis, it was observed in chapter seven that CSR reports (text) can indicate pragmatic and cognitive legitimacy; in contrast in chapter eight, talk (language) indicated that companies were seeking moral and cognitive legitimacy, which points towards a strategic, rather than institutional, approach and also indicates inconsistencies/misalignment. The text reports pointed to the fact that companies were constantly seeking moral legitimacy by trying to discuss best practices and presenting themselves as "*acting in the best interests of their stakeholders*" (Reliance Petrol and Gas). Companies indicated during interview talks that they were seeking cognitive

legitimacy when they pointed out how they “*always tailored their programmes according to stakeholder needs*” (Essar Oil and gas).

## 9.2 The original model of the study and changes to the original model

The findings of the last two chapters indicated two important connections between institutional pressures, rhetoric, and legitimacy- a) The connection between institutional pressures and legitimacy (institutional approach to legitimacy) is a theoretically assumed link, which was based on the types of institutional pressures to which companies were seen to respond. b) The connection between rhetoric and the strategic approach to legitimacy, which is also, a theoretically assumed link based on the types of rhetoric used by companies to which once again companies were seen to respond. Linking the elements together shows how the various theoretical influences play out against each other.

It was proposed in chapter three that, in response to regulatory pressures, companies use logos and pathos, indicating pragmatic legitimacy as depicted in table 35.

**Table 35 - Model of the study**

<b>Institutional pressure faced</b>	<b>Themes and categories</b>	<b>Rhetoric used</b>	<b>Legitimacy sought</b>
<b>Regulatory</b>	Strategic	Logos or pathos	Pragmatic
<b>Normative</b>	Dialectic and strategic	Logos ethos and pathos	Pragmatic /Moral
<b>Cultural-cognitive</b>	Political	Ethos or pathos	Moral

According to Table 35 the model proposed indicated regulative pressure applying more of logos and ethos to seek pragmatic legitimacy; however during the findings it was observed how logos and ethos were used for all the three kinds of legitimacy. Similarly, in the case of normative pressures, companies to seek pragmatic and moral legitimacy used logos, ethos, and pathos; however, the findings indicated logos and ethos being used to seek cognitive, moral, and pragmatic legitimacy. In the literature, cultural-cognitive pressures elicited responses involving ethos or pathos to seek moral legitimacy; however, in this case, the use of logos, ethos, and pathos was recorded in seeking moral and cognitive legitimacy.

**Table 36 – Change in the model of the study**

<b>Institutional pressures faced</b>	<b>Themes and categories</b>	<b>Rhetoric devices used</b>	<b>Legitimacy sought</b>
<b>Regulatory</b>	Strategic	Logos and ethos	Cognitive, pragmatic, and moral
<b>Normative</b>	Dialectic and strategic	Logos and ethos	Cognitive, moral and, pragmatic
<b>Cultural-cognitive</b>	Political	Logos ethos and pathos	Moral and cognitive

The findings indicate (table 36) that companies applied logos and ethos when responding to regulatory pressures. Pathos was never used in any case. Logos and ethos were also used in response to normative pressures. This contradicts the proposed model. Suchman’s (1995) view that *“pragmatic, moral and cognitive legitimacy can co-exist in the real world”* does not necessarily hold true for the findings of this study, which, on the contrary, indicate that, in fact, multiple types of legitimacy can co-exist in a situation in relation to institutional and strategic approaches to legitimacy.

The findings are aligned to research that discuss how the three rhetorical devices are largely interdependent when used in practice (Robinson, 2006; Waeraas & Ihlen, 2009; Nichols, 1987). The chapter on the rhetoric findings indicated that ethos was generally never used without logos, and that pathos was never used without ethos. Rhetoric was used strategically by all the companies to seek different types of legitimacy, as revealed in the previous chapter. The gap in the rhetoric was noticed since ethos, logos, and pathos were used in conjunction with each other to help strengthen the arguments of the company; a point that previous research has not discussed.

The findings indicate that logos were mostly used in relation to pragmatic legitimacy. This supports the arguments made by both Green (2004) and Marais (2012), although it contradicts Green’s (2004) suggestion that pathos can also be linked to pragmatic legitimacy. In relation to moral legitimacy, this study’s findings indicated that logos, ethos and pathos were used, although pathos was only noted being used to seek moral legitimacy in relation to cultural-cognitive pressures; this supports the findings of Marais (2012), who only linked moral legitimacy to pathos, and Green (2014), who



linked it to ethos. In her study, Marais (2012) claimed that ethos could be used to shape cognitive legitimacy, while Green (2014) claimed that a combination of the three rhetorical devices could be used to the same end. This study aligns to Marais's claims, as it found that pathos was generally not used to produce cognitive legitimacy.

The findings also indicate that there are often gaps between the legitimacy inferred through text and that inferred through talk. In this sense, the use of organizational language creates a perception of companies acting legitimately, which is a strategic approach to legitimacy rather than the institutional approach. Johansen & Nielsen (2012) in their institutional approach to legitimacy argued that, "*legitimacy can be viewed as both a state and a process, in that organisations strive to both be perceived as legitimate by the societies in which they operate and also indicate that they are legitimate*". This holds true for this study. On the other hand, the strategic approach goes on to argue that organisations seek legitimacy and so attempt to manage, manipulate, foster, or negotiate it. The findings of this research move from the institutional to the more strategic approaches that companies display through their rhetoric, although more institutional approaches are displayed in their CSR reports.

Finally, wrapping up this section, the author would like to reiterate that comparing the data of the reports of the companies and the interview data was very confusing. They often did not match. Comparing the findings of the last two chapters revealed the strategic nature of CSR reporting. The reports (text) were indicating institutional approaches to legitimacy whereas the talks (verbal) were indicating strategic approaches to legitimacy. The following points were noticed in relation to the gaps in the strategic (talk) and institutional (text) contexts:

- a) Differences were often found between the institutional and strategic approaches to legitimacy
- b) Companies drew on strategically designed methods to make stakeholders believe that they were acting legitimately
- c) The manner in which the sample companies reported indicated how they were trying to assuage their stakeholders. Since the latter were many and had divergent interests, companies had to adopt various approaches to convince them about the level of their engagement in social responsibility.

- d) Companies often failed to reveal the intrinsic motivations behind their engagement in CSR.

I now move on to expand in further detail on these points and more in the next sections and also present a critical analysis of the observations and findings in terms of theorising CSR in the developing countries context. The following sections highlight the main points from the findings of the last two chapters, compares them and builds on the author's interpretation of these findings, aiming to contribute to the existing literature on CSR in developing countries context.

### **9.3 Complexities of CSR reporting in an institutionalised environment**

As was discussed earlier, all the four companies used verbal and written communication techniques as the primary way of reporting their CSR. Verbal (talk) and written (text) techniques shaped the nature and meaning of CSR, which, in turn, shaped the CSR reporting of companies. The complexities of CSR reporting due to the misalignment in reports (text) and talk were stark and raised questions regarding CSR reporting in institutionalised environments. Companies engaged with civil society due to the institutional pressures related to environmental and social concerns, in cases where governments had difficulties to do so (Matten and Crane, 2005; Scherer et al., 2006; Scherer & Palazzo, 2007). "*Government failing in development roles*" (Frynas, 2005) forcing companies to spend on CSR and report about how they are contributing to India's socio-economic development is a complicated case; on one hand companies are juggling to understand the new act and speedily changing their old CSR ways (mostly charity) and on the other they try and advertise as much as they can about their alignment to the new Act and the CSR activities suggested by the government in their reports.

Following the institutional theory perspective, it can be argued that, given the power wielded by the stakeholder— in this case, the government (through the Companies Act of 2013)— companies had to report on their related activities and budgets all under the CSR banner, which legitimized the view that they could be considered socially responsible activities. In effect, therefore, those activities had become institutionalised as being of a socially responsible nature, despite being fairly standard business practices. CSR is the moral and ethical thing to do (O'Connor &

Groneworld, 2013) and companies did invest in education and healthcare previous to the enforcement of the act. So is this all just ‘aspirational talks’ in CSR reporting, or ‘just an old idea repackaged in the form of the Companies act of 2013’.

Companies used a variety of justification strategies (chapter eight) that were more linked to cultural-cognitive pressures (i.e., that CSR, being moral or ethical, was the right thing to do etc.), than the benefits CSR would bring to them. This was at odds with the data (chapter seven), since they suggested that the companies reported about their CSR in compliance with professional guidelines; in this sense, CSR was something they *had* to do. Given this, it can be indicated that there is misalignment between how the companies represented their CSR undertakings within their reports and the reality of why they communicated and engaged in CSR; in other words, a disconnect between talk and text.

The complexities of the institutionalised environment on text (reports) were also indicated in the findings in chapter seven. Companies often could not relate their CSR activities to the institutional pressures and could not identify the legislation, guidelines, or policies that were linked to a certain CSR activity in which they were engaged. Often, companies would not reference legislations/ guidelines/ policies/ regulations/acts in their report as well. There were also indications that companies were not able to identify the CSR activities with the relevant (correct) guideline/ legislation/policy/guideline and vice versa. However the companies could identify the CSR activity that was a result of direct referencing of the Companies Act of 2013. The reports of the companies stated how each and every CSR activity was a direct response to the Companies Act of 2013 and also referenced Schedule VII of the Act in their reports drawing similarities to how their CSR activities were aligned to the suggested activities of Schedule VII.

Companies in chapter seven and eight echoed the pressures of learning how to ‘communicate in the best possible way to stakeholders under the umbrella of the new regulation’. Some of the excerpts from the interviews that further point towards the complexities in CSR reporting due to the institutionalised environment are as follows:

*“The act is not very clear to us. The language is not very clear. Initially we panicked since we had never engaged in CSR reporting, and then we hired teams from foreign universities who were working with the government as well, to teach us how to report and what to report. We learnt slowly what not to report as well. How much we say and what we say builds or sppetrols our reputation” (ONGC).*

*“The act is very novel but the problem is in the implementation. We are always juggling in interpreting what the government wants us to do. We try our level best to communicate to our stakeholders by giving a clear picture of what we do and not what we are expected to do. CSR is the backbone of this company. Be the companies Act of 2013 or not we would have continued with our CSR programs. However, we are more structured now, earlier we did not know what areas we should look at and how to report? The act has given some element of clarity on those fronts, but there are lots of confusion as well, mostly related to what the government wants and how should we deliver them” (Indian Petrol and gas).*

Such interview excerpts provided interesting insights in terms of understanding the level of influence of the institutionalised environments on CSR reporting. The change in the CSR reporting scenario brought about by the Act creates a very complex nature of CSR and CSR reporting. The findings of the last two chapters revealed that the institutional environment in which large domestic petrol and gas companies are embedded is composed of interconnected, competing, ambiguous, and practically impossible to delineate institutional pressures, which may be the reason why the CSR reporting of these companies is manipulatively and ceremonially enacted.

Under this ‘umbrella of patriotism and nationalism’ companies are constantly seeking for ways to make profits out of the CSR spending (please refer to the hospital case of Reliance petrol and gas). The mandatory nature of CSR spending has forced companies to engage in CSR, however the data indicate that the CSR activities they followed were more like fairly standard business practices that benefited them but were framed as socially responsible activities, creating a case of ‘hollow’ CSR.

#### **9.4 Companies failed to reveal the intrinsic motives behind their engagement in CSR reporting**

Companies reporting discussed only what the companies wanted the stakeholders to know. In other words there was lack of transparency and fuzziness in the reports. Companies' reports (chapter seven) displayed pages after pages of the CSR activities they were engaged in, the on-going projects, the key stakeholders involved in these activities and how the particular activity targets a particular social issue. The companies appeared to be quite strategic in regards to the issues they addressed within their reports and often neglected to mention issues that could impact the perception of them being a socially responsible company. This was particularly found through the analysis of media coverage and sectorial analysis.

ONGC was extremely secretive about the petrol spill cases and were trying to avoid all questions related to the petrol spills during the interview. They were rather trying to divert the questions to the development projects and the huge CSR spending of the company as evident from this excerpt:

*“CSR has been an essential ingredient for giving back to the society for our company. The company's act is immaterial. We have always done CSR and will always do it. We spend most of our CSR budget last year in Swach Bharat Abhiyan since it is an important issue contributing nearly 40 per cent of the budget. In deciding the distribution of these funds, the Board gives preference to activities as prescribed by the Companies Act of 2013” (ONGC)*

The reports were not very explicit; rather implicit about the legislations/guidelines/policies/ regulations/ acts (mandatory and voluntary). The companies were not very transparent in discussing the CSR budgets in the reports. The reports mentioned how the CSR budget *“meets the requirements of the Companies Act of 2013”* (Reliance petrol and gas) and *“spends or exceed the 2% profit margin”* (Essar petrol and gas). However, the figures of the reports did not match during the interview with the head of finance, CSR cell of the companies. I was told, *“ these are bit of controversial topics, and so we can move on to next question”* (ONGC). The idea of companies being strategic in their CSR reports is exemplified since the companies were unable to

clearly justify the reasons for engaging in their CSR activities and how these were related to various guidelines and acts. This shows that companies are dually motivated when composing their texts- a) to establish a distinct identity, and b) to display their responsiveness to their audiences.

The actual act of reporting about engaging in CSR activities is not aligned with the language that the companies used to convey the perception of acting legitimately to their stakeholders. This point links to the next one; that, due to this gap, companies had failed to reveal the real and intrinsic motives behind their engagement in CSR reporting and had strategically used language aimed at conveying the perception that they were complying with institutional pressures—and thus acting legitimately—to their stakeholders.

### **9.5 Significance and importance of macro institutional pressures**

Macro institutional pressures were significant in leading domestic companies to initially engage in CSR. Every company engaged in some degree of tracking their CSR competitors. In support of the macro-institutional literature on CSR discussed earlier in chapter two and three, the data indicates that companies were influenced by all three of the macro level isomorphic pressures- regulative/coercive and normative and mimetic. Companies were primarily influenced to engage in CSR due to regulative/coercive stakeholder pressure, with signals from core stakeholders indicating the importance and inevitability of responding to CSR. Three stakeholders group were particularly influential: government, business associations and customers. Most of them focused on their competitors CSR reports and policies to identify changes in CSR activity so as to improve their own practices. Mimicking or translating as a way to reduce the uncertainty surrounding content of the report was a way to minimize the learning curve that was necessary to get the report out in the minimum amount of time (Czarniawska & Joerges, 1996; Zilber, 2006). ONGC for example, *“constantly checked the reports of other companies since it helped them to create their own report”*.

Also, these findings points towards how sanctioning operated in two ways (Scott, 2014):

- a) **Informal mechanism:** Sanctioning has operated through diffused informal mechanisms in the form of naming and shaming. The director of IICA (Indian Institute of corporate affairs), in his interview commented that, “ *Fear of name and shame, will push companies to comply with CSR. The Act is not mandatory; you don’t have to do it. But you will need to provide an explanation of why you have not done it. You can give whatever explanation you want to, but it has to be in the public domain. Your board members, shareholders, customers are going to see what is the excuse you are giving for not making your 2 per cent spend. It is more like a name and shame thing. Presuming that in the first year you have some kind of explanation, in the subsequent years the board is not going to allow you to go on explaining why you have not met your 2 per cent spend, especially in the public domain. Companies will also be driven by a sense of competition*”.
- b) **Formal sanctions:** Sanctions has also operated through diffused highly formalized and assigned specialized actors such as police and courts (Scott, 2014). In the case of domestic laws in relation to the Companies Act of 2013, there are penalties attached to not following the Act. For example, penalty for non-compliance of CSR provisions under Companies Act 2013 is under two different provisions. 1) Section 134(3) (0) –to disclose all the relevant information about its CSR policy and its implementation on an annual basis and 2) Section 134(8)- Penalties for not discharging the duty as mentioned above are: fine, not less than 50,000INR, may extend to 25 Lakhs INR and every officer of the company in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than 50,000INR but which may extend to 5 lakh INR or with both.

Disclosure of the reason for not spending the said amount is a compliance of the provision. Non –disclosure or absence of the details about the CSR policy and its implementation in the board’s report would attract penalties as above. Section 450 discusses the general penalties for flouting the rules and repeat offences in monetary terms and section 451 states that the defaulter is punished either with fine or with imprisonment and where the same offence is committed for the second or subsequent occasions within a period of three

years, then that company and every officer thereof who is in default shall be punishable with twice the amount of fine for such offence in addition to any imprisonment provided for that offence.

## **9.6 Institutionalisation of CSR giving rise to rhetoric resulting in de-globalisation of CSR**

The findings of the last two chapters indicate the importance of text and talk; in other words it indicates that language matters in CSR reporting. The language used in talk (spoken) and text (written) in CSR reporting is crucial as it helped the four companies align their CSR with the companies core values and also abiding with the government regulations/ institutional pressures. The language used in CSR reporting guided companies CSR philosophies and decisions.

Words such as ‘community’, ‘mission’ or ‘vision’ was utilised to highlight acts of sustainability, corporate philanthropy, employee volunteerism and other corporate citizenship efforts. The field of communication in business research discusses how CSR is affected by language; this thesis aligns with this thought of research and argues how through rhetoric companies tackle regulatory pressures, for seeking legitimacy. In the case of India, this has taken a very interesting turn. Companies have completely “*surrendered to the Companies Act of 2013*” (Gen Next NGO) and only report about their CSR budgets and the CSR activities that they engage in aligning to Schedule VII of the Companies Act of 2013 and in doing so companies have come up with interesting themes and programmes that projects the patriotic side of companies. Using the rhetorical language of ethos, pathos and logos, companies have powerfully projected themselves as the “corporate saviors of India”.

The interview excerpts indicate how companies a) use rhetoric in their reporting to indicate their alignment to India’s development and b) CSR for companies is only about India’s development and not global issues. This forms a case to argue that de-globalisation in CSR reporting has paved way due to the institutionalisation of CSR.

The following are few excerpts from the interviews indicating the inward looking policies of companies pointing towards the de-globalisation of CSR.



*“ Bharat (rural India) that is lagging behind needs to be brought to the same pace as modern urban India. We need to go and work wherever in the country the poorest reside where no other organisation is attending. BIJ programme is all about transformation of India. From poor India-to a rich India is our logo. We need to first look at our home before looking at what the world is doing. We need to first fix India and the problems of Indians ” (Reliance Petrol and gas).*

For the company, all their projects were operating under the slogan, “ *what is good for India is good for Reliance*”. The company’s website was full of Hindi (national language of India) slogans indicating that India matters most. During the interviews they were very clear they did not want to follow global norms and guidelines if this Act takes off well in the future and can help them to take care of social and environmental issues. Other companies (please see below) also had similar thoughts that they projected through their reports and during the interview conversations.

In fact, I was told, “ *Globalisation does not work, it has completely failed then why should we go global, rather we should go local and solve our own problems*” (Government official 2).

*“We initially followed the Global CSR reporting norms, but then we had to change it to suit the Indian standards. At the end of the day we are a public sector company and we are Indian, so in a way the ACT of 2013 have helped us in framing the reports suiting to national requirements and needs. The global norms and reporting styles were always very confusing to us earlier, and we did not understand many elements of global reporting norms ” (ONGC).*

*“We used to invest in CSR right from the inception for example, we build school for blind people, build hospital for poor people and also build old age homes. That was localized and in small scale. As the nation grows, so does the need of the people. Now we have changed more to more dynamic Indian projects suggested by the government like Swach Bharat Abhiyan, Beti Padao, Bharat Jodo etc.” (Reliance petrol and gas)*

*“We are India and we should be more Indians. We have different issues to deal with; we have problems that probably the western world would not even understand. In that*

*way the Act of 2013 has been a wonderful means to serve the community. We should be more focused now on India related CSR activities”* (Government official -1).

The above rhetoric shows usage of logos and pathos; patriotic and India centric CSR and CSR reporting being the company’s agenda, indicating dialectical and strategic rhetoric.

### **9.7 The social nature of CSR reporting for gaining legitimacy**

Companies mostly embraced a socio constructionist perspective of CSR in reporting (Gond and Matten, 2007). In drafting CSR reports for example, managers implied that they often developed their own CSR definitions for their companies that they then embedded the same in their reports and corporate discourses. For example, Reliance Petrol and Gas developed their definition and understanding of CSR as, *“Giving back to the society. What is good for India is good for Reliance”*.

It was observed that companies and other organisations were changing from the functionalist perspective of CSR, to the socio constructionist perspective. For example, at the start of this thesis business associations (for e.g. ASSOCHAM and FICCI) promoted CSR and detailed the benefits of CSR on their websites. They used CSR products and services to help societies and companies reach their goals. These reflect how business identifies ‘win-win’ situations where both society and companies meet their goals (Gond and Matten, 2007).

However, these changed as the thesis developed over time. The archives of various business bodies like FICCI and ASSOCHAM and also NGO’s like Next Gen showed how social constructionist perspective processes defined CSR. In several reports of these organisations, CSR had been successively defined and redefined, because of regulative pressures from government and companies. Business organisations for e.g. FICCI defined CSR as, *“Inclusive growth for social inclusion, sustainable development and equitable distribution of wealth and prosperity”*. Five years earlier FICCI defined CSR as, *“good business for good companies”* These changes in definitions of CSR are consistent with the constructionist perspective, since the compromise emerged from a real socio- cognitive construction (Gond and Matten, 2007).

During the six year time span of this research it was observed that an increasing number of companies (all the four companies in this case) and organisations (NGO's and think tanks in the case of this research) who develop and produce CSR reports were motivated by an implied social contract between the organisation and their stakeholders in order to legitimise the various activities of their organisations (Adams, 2004; Deegan, 2002). The new role of moving away from charity to 'national level CSR' has put immense pressure in CSR reporting. The motivations for CSR reporting for companies are often to comply with legal requirements; manage stakeholders group and keep up with the community expectation (Deegan, 2002). These motivations are consistent with Gray and Bebbington (2001) who explains, "*to legitimise current activity and to forestall criticism, organisations will disclose some aspects of their CSR performance in the report.... it is rare to find consistent systematic reporting of much that could be construed as other than public relations puff*" (Gray and Bebbington, 2001. pp-239).

Well, of course the 'puff' in this case is more about proving 'alignment to the Act and indicating patriotism' than mere public relations, which is much complicated to analyse. The data indicated that the sole purpose of CSR reporting, and advertising the social roles played by companies was for seeking legitimacy. The companies drew on various strategically designed methods to convey the perspective that they were acting legitimately. In order to seek pragmatic legitimacy, all sample companies used their reports to show that they were following both domestic government rules and legislation, and international guidelines. However, their inability to link these to their CSR activities led to indications that they were seeking moral legitimacy; i.e., attempting to convey the perception that they were acting morally.

Companies' constant use of the language for example, '*promoting social welfare*', '*India comes first*', '*whatever we can do for India and the government*' pointed to the moral element of legitimacy. The companies' showcasing of the awards (chapter seven and eight) that they had received from various stakeholders was an act of cognitive legitimacy, which was also indicated by the companies constantly stressing how '*[they] had policies in place to guide the CSR agenda*', '*stakeholders were gods*' and '*winning industry and government awards for best practices*'.

## **9.8 Complex reporting created due to multiple pressures**

CSR reports should be viewed as a part of the company's communication system aimed to reduce the information asymmetry between company and stakeholders (Schadewitz & Niskala, 2010); however in the case of this thesis, it is not so. Companies are not very clear in their reporting and try and design it in ways that it looks attractive to stakeholders especially the regulators. This is because multiple pressures shape company's CSR activities. The findings indicate that the multiplicity of pressures may have pushed companies to draw on various rhetorical styles to justify their activities. This indication of the thesis aligns with previous research of Christensen & Cheney (2011), who argued organisations have to communicate in manners that address the expectations of disparate audiences with divergent expectations. As a result of this, organisational CSR communication serves multiple functions in order to appeal to multiple audiences.

No clear answer was found to why a certain CSR activity was being undertaken; each was shaped by a number of institutional pressures, which made CSR reporting complex and led to the strategic approach of companies reporting about their CSR to appease their various stakeholders in order to gain legitimacy.

This idea is illustrated, for example, in ONGC's analysis of greenhouse emissions, climate, and energy. The company, displayed highest enthusiasm in this subject, and was keen to highlight to their stakeholders how it was a member of the IPIECA (indeed, the first Indian company to have done so) and the global petrol and gas industry association for environmental and social issues that acts as a catalyst to bring experts together to work on issues such as GHG emissions, energy efficiency, and reducing the impact of fuel emissions. The company stressed the fact that this had helped it manage its environmental impact and address climate risks while working to meet the increasing demand for energy.

The company reported its pride in being a part of the climate change solution by being involved in a series of good practices pertaining to energy efficiency and greenhouse gas management and by exploring key climate related issues. In doing so, the company signalled a framework to gain credibility (which it badly needed due to the

negative media coverage of two major petrol spills in the last ten years); yet, it also pragmatically indicated that it was complying with the guidelines. The data also highlighted that the organisation used ethos to signal its expertise and consistency in relation to this issue, and sought to achieve moral legitimacy by stating that it had been an early adopter and had already been addressing the issue for a number of years.

The company drew on the pathos and ethos rhetorical appeals when it highlighted that it had developed a new organisational policy in relation to petrol spills and human rights issues, merging the two together. In a bid to increase the legitimacy of this policy, ONGC highlighted that the standards had been developed keeping its stakeholders in mind (including shareholders, government, and community members) and consulting them in order to provide evidence of its commitment level.

Furthermore, the company stated that, in addition to domestic ones, it supported international human rights standards, including the UN Global Compact, reiterating *“the company believes strongly in our responsibility to respect the global agenda of saving planet earth”*. These rhetorical devices were instances that further increased the legitimacy of the company’s organisational policies while, at the same time, leading to signalling pragmatic legitimacy. This example shows how the company had indicated that it was addressing stakeholder concerns and was thus responding to cultural-cognitive pressures.

The company also indicated that it was yielding to professional pressures by following professional guidelines. The company was complying with laws, acts and guidelines and drew on ethos, pathos, and logos to strategically communicate in a way that indicated and sought all three types of legitimacy, regardless of whether it followed an institutional or strategic approach to legitimacy. This indicates complex reporting being created by companies trying to respond to pressures from multi stakeholders.

## **9.9 Chapter summary and conclusion**

This chapter discussed the model of this study and also discussed how the model developed earlier (in chapter four) changed in light of subsequent findings.

Incongruency/misalignment in reports (text) and interviews (talk) lead to indicate methods of persuasion and manipulation in CSR reports. These findings point towards discussions about how “*institutions are built upon language*” (Berger & Luckmann, 1966:64) and highlights the rhetorical underpinnings of legitimating institutional change. It also raises a key question about the relationship between the text and talk perspectives of CSR rhetoric. As I argue written words and spoken words might not always be the same and they must be distinguished and studied separately; they could derive interesting results. This is a core contribution of this thesis.

By exploring the propositions from the model, it was revealed that, while the actual act of reporting about an activity may entail one type of institutional legitimacy, the ways in which it is then reported about may imply a different type; for example, strategic legitimacy. There often was misalignment between why and what the organisations were reporting in relation to their CSR activities and how they were doing so, which was primarily done to appear legitimate in dealing with regulatory, normative, and cultural-cognitive institutional pressures.

CSR reports might not always be clear depiction of company’s social responsibility. What they want stakeholders to know is what companies write in their reports. This strategic way of reporting was observed during the interviews. While talking for very long hours, it was understood by the author that CSR reports are not complete depictions of what companies say. They are limited. In the media reports companies CSR spending were questioned. And during the interviews when the author raised the issue (bear in mind this was not presented in the reports anywhere), it was clear that companies were not ready to share with their stakeholders that there were underlying fudging of CSR spending going on.

The CSR reports should be, “transparent and represent a genuine attempt go provide an account which covers negative as well as positive aspects of all material impacts” (Adams, 2004). Companies should rather effectively communicate their CSR initiatives by enhancing stakeholder’s awareness towards the company’s social commitment (Du et al., 2010). Transparent CSR reporting improves credibility of a company and also reduces its reputational risks (Forehand and Grier, 2003). In the following and last chapter, I expand more on and critically examine the issue of CSR

reporting in the developing countries context. The next chapter will conclude the thesis by highlighting the main aspects, the potentials, and the limitations of this study, my own observations and final remarks.

## **Chapter Ten: Discussion and Conclusion**

### **10.0 Chapter overview**

In the previous chapter (Chapter Nine), I attempted to draw together coherent inferences from the empirical findings by reflecting back to the literature, and presenting the derived model of this study. Following up on those findings and discussions, this chapter provides a conclusion to this thesis by presenting a summary of the complete research process in section 10.1; gaps and contributions (theoretical practical and methodological contributions) in section 10.2; evaluating its limitations in section 10.3 and outlining opportunities for future research in section 10.4. The chapter concludes with the author's concluding remarks and thoughts in section 10.5. This section presents the authors personal opinions and ideas with regard to the many intentional actions and decisions that were taken all through the research process. This chapter thus synthesises the findings presented in the previous chapters to respond to the research questions and also discusses the model that was a direct outcome of the study.

### **10.1 Summary**

The aim of this research, as introduced in the very first chapter, was to examine domestic/national petrol and gas companies' CSR reporting in the developing countries context. I presented a selection of the academic literature that supports the importance of CSR reporting in general and in the petroleum and gas industry more specifically; I also related how increased attention has been given to communication of CSR reporting both in academic scholarship (Golob et al., 2013) and in practice (Schmeltz, 2012) due to the role it plays in driving organisational and social change (Christensen, Morsing & Thyssen, 2013; Haack, Schoeneborn & Wickert, 2012); in informing, responding to, and involving stakeholder groups in the construction and execution of CSR strategies (Morsing & Schultz, 2006); and finally examining the issue from the macro perspective, which has received limited attention (Lammers, 2006) in the literature, especially in the context of developing countries.



Developing country context forms an important part of this research; recognising that research on CSR reporting in developing countries is critical not only due to their rapid socio-economic growth, but also because, besides such growth, corporate scandals are also on the rise and recently many developing countries have been mandating/regulating CSR reporting. In the wake of recent socio-economic developments in India and mandatory CSR spending brought about by the Companies Act of 2013, a discussion of India's CSR landscape is very timely and requires much attention. Large domestic petrol and gas companies in India play a substantial role in terms of responsible social giving. In the last five years, there has been a remarkable growth in CSR spending, corporate codes of conduct, CSR legislation, and social reporting. With the introduction of the Companies Act of 2013, organisations have been invited to participate in the government's ambitious plans to combat poverty and inequality. The changing Indian CSR landscape was worthy of attention since hardly any academic research had been done on this topic from the CSR reporting perspective.

All the sample companies had official websites outlining their views on CSR and the communication (text and talk) was indicative of whether they saw CSR from a philanthropic or a stakeholder orientation. Reliance, for example, thought about CSR more from the philanthropic point of view, whereas the other three companies were more stakeholders oriented. All four companies viewed CSR as stemming from an obligation to contribute to the development of the country by virtue of being corporate citizens. CSR was not viewed only as a philanthropic venture, but rather as an extension of the companies' obligations towards all their stakeholders. Building reputation and gaining legitimacy through CSR was important for all four companies. Getting involved in the CSR activities listed in Section 135, Schedule VII of the Companies Act of 2013 gave them that opportunity to prove their involvement in national issues and, in turn, greatly increased their reputations and their survival/legitimacy. Being a responsible corporate citizen was viewed as serving the community or society. The overt purpose of CSR was to complement the role of the government. Thus, the stated intent of the law seems to have framed the response of its intended audience: companies have willingly co-opted into performing public functions. All four companies articulated their CSR visions in recognition of the

interests of different stakeholders and understood it as being part of their business interests.

More specifically, the research set out to analyse the importance of **what**, **why** and **how** companies report by drawing on institutional theory, legitimacy, and rhetoric. In doing so, it aimed at empirically exploring the model proposed in the current literature and address the gaps noted in relation to this model therein. The gaps were noted in relation to the macro-phenomena of how companies report their CSR to their external stakeholders, and, in turn, provided insights into how they use rhetoric in relation to institutional pressures to seek legitimacy. The methodology followed, with a primary research question and three sub-questions.

The primary research question of this thesis was **(RQ) *what role do institutional pressures play in the rhetorical strategies of CSR reporting (talk and text) adopted by the Indian petroleum and gas companies in order to gain legitimacy?***

This primary research question was addressed to analyse the CSR reporting (verbal and written) of domestic companies in the petroleum and gas industry in developing countries. The talk and text perspective of CSR reporting was charted with the following three sub-questions:

***RQ1—How do institutional pressures influence the nature of CSR reporting (text) adopted by Indian petroleum and gas companies in order to gain legitimacy?***

The answer to this question analysed **what** and **why** companies report about their CSR, and used descriptive data from the content analysis of the CSR reports of the four companies. In order to understand the institutional environment aspect and how it relate to CSR reporting, answering this question required the application of institutional theory and, particularly, institutional pressures (regulative, normative, and cultural-cognitive), which further related to the notion of how legitimacy is achieved by responding to institutional pressures.

This research question was addressed by analysing the types of CSR activities about which companies were reporting and the institutional pressures that were

underpinning these activities. As this research highlighted (chapter seven), a plethora of CSR activities were discussed in the reports, all of which were underpinned by one or more institutional pressures. This highlighted the highly complex nature of CSR reporting, since it indicated that companies could face divergent stakeholder pressures in relation to each of their activities (Christensen & Cheney, 2011). It also reflected the fact that companies strategically chose to whom they would respond and how they would communicate about their CSR activities within their CSR reports to seek legitimacy.

Chapter three discussed the institutional approach to legitimacy. On applying the same theory to the findings, it was indicated that the act of engaging in CSR activities did arise from regulative, normative, and mimetic pressures that indicated pragmatic legitimacy. The findings also inferred that the companies would communicate about certain activities within their reports in order to indicate how their actions were aligned with those expected by key constituents (Suchman, 1995). The results further indicated that the companies often responded to cultural cognitive pressure to seek cognitive legitimacy. Companies responded to this pressure due to a taken-for-granted expectation for them to do so; in other words a taken-for-grantedness of the stakeholder response attributes, which are part of CSR (Suchman, 1995).

An interesting observation at this point was that companies addressed only some of the issues identified as stemming from direct stakeholder expectation within their reports. The influence wielded by the government, professional bodies, professional guidelines, and the media was much relevant. This could allude to the highly symbolic nature of engaging with stakeholders in relation to CSR, and underscore the fact that this is often a pragmatic exercise for organisations, in that responding to stakeholders is a central criterion.

***RQ2—How do institutional pressures influence the nature of CSR reporting (talk) adopted by Indian petroleum and gas companies in order to gain legitimacy?***

How institutional pressures and rhetoric can be explained in theoretical terms was examined in RQ2. An extension of RQ1, this question went a step further to understand not only **what** and **why** companies report about their CSR to their

stakeholders but also **how** they do so. Drawing on rhetoric and the three rhetorical devices used in the literature—logos, ethos, and pathos—this question linked rhetoric to institutional pressure and legitimacy.

In order to answer the second sub-question, first, how companies were justifying their engagement in the CSR activities was analysed. Chapter three and chapter seven had indicated that multiple institutional pressures impacted CSR activity/activities. Here, it was found that the justifications the sample companies gave for engaging in a particular activity and reporting about it did not always align with the institutional pressures previously noted as shaping it. Often, companies did not provide any good reason for engaging in a particular activity; thus the level of justification was low.

The findings further indicated that companies linked their justification strategy to cultural cognitive pressures; it was interesting to note here that, although the sample companies often could not justify the claims they made, those instances in which they did involved relatively unverifiable claims like ‘listening to stakeholders’, ‘for the stakeholders’, ‘for the benefit of the stakeholders’, and so forth. The rhetorical devices indicated the predominant use of logos in the discussion of regulative pressures.

Logos was generally used more in relation to all three institutional pressures. This overwhelming use of logos, by which the sample companies portrayed logical arguments to show their engagement in CSR activities, was quite contradictory to the nature and definition of CSR itself. Since, by its very nature, CSR would suggest a greater use of ethos- and pathos-based arguments. In essence, therefore, the language used both in the CSR reports and in those reports published on websites suggested that CSR appeals were largely symbolic, whereby companies intermittently drew on institutional guidelines and on their own persuasive messages to present logical arguments for why they were socially responsible.

Logos and ethos were primarily used in relation to all three institutional pressures. It was also found that pathos was only used to seek legitimacy in response to cultural-cognitive pressures. Companies typically drew on a larger range of rhetorical appeals when justifying their engagement in CSR activities shaped by cultural-cognitive

pressures. This may indicate that companies wanted to strengthen their arguments around their unverifiable claims discussed earlier by engaging in a greater range of rhetorical appeals. This would help rationalise and justify that their CSR was legitimate, and strengthen the legitimacy issue around which companies constantly strive for their existence.

Thus, the understanding of how the four companies reported about their CSR activities indicated how they were drawing on a number of strategies—e.g., social, institutional, strategic, political, and economic—and how they were using the rhetorical devices in relation to these strategies to create the perception that they were acting legitimately.

Companies indicated how they were obeying the domestic laws (the Companies Act of 2013), regulations, and professional guidelines to indicate pragmatic legitimacy. They acted in a strategic manner to show moral legitimacy, and indicated cognitive legitimacy by drawing on a variety of strategies—for example, institutional legitimacy.

This was evident from the interview excerpts of ONGC:

*“We cater to our stakeholders, they are of primary importance to us”*

*“Our company has won many awards since it follows the Companies Act of 2013 and wants to contribute to the Indian government’s development dream”.*

Thus the findings led to indicate how the sample companies took strategic approaches to gain legitimacy. It was found that rhetoric was being used by them to justify their cognitive moral and pragmatic legitimacy when faced with regulative pressures, cognitive, moral and pragmatic legitimacy when faced with normative pressures, and moral and cognitive legitimacy when faced with cultural-cognitive pressures. More inferences to cognitive legitimacy were made than to moral and pragmatic legitimacy. All four companies repeatedly drew on institutional guidelines and their own persuasive messages to make believe that they were acting legitimately.

***RQ3—How do institutional pressures influence the level of congruency/alignment between why and how companies communicate about their CSR?***

RQ3 examined the influence wielded by institutional pressure on the text and talk of CSR reporting and, in doing so, looked at the gaps between- **what** and **why** companies report and - **how** they report. The findings indicated that there was often differences in a) the texts (written reports) and b) talk (verbal and spoken) The discussion centred upon the fact that the actual act of engaging in CSR activities and reporting about them could indicate different types of legitimacy. The findings also indicated that the actual act of engaging in CSR activities and thereafter reporting about them may not be congruent in the ways in which companies use rhetoric to create the perception that they were acting legitimately. In this sense, companies failed to reveal the real intrinsic motivations behind their engagement and reporting about CSR activities. Their engagement in a CSR activity was often not congruent with the institutional pressures that shaped that activity. Thus, as indicated by the results, companies used rhetoric strategically to create the perception, to multiple stakeholders, that they were acting legitimately, although this may not have been the case.

These findings support Christensen & Cheney's (2011) research, which suggest that companies could, on the one hand, indicate their institutional abiding nature and, on the other, use rhetoric to create the perception that they were acting legitimately in the eyes of multiple stakeholders with multiple divergent interests. In this sense, legitimacy, as Suchman (1995) argued, can be both a process and a state, in that organisations can simultaneously indicate institutional and strategic legitimacy. This enables them to cater to multiple stakeholders with divergent interests.

Thus, these findings acknowledge both the institutional theory and the rhetorical perspectives of legitimacy, in which scholars argue that CSR reporting can serve as both a competitive advantage (strategic approach) and/ regulative pressures (institutional approach) by showing elements of institutionalisation (e.g. O'Connor & Groneworld, 2013). These findings were outlined in the model of this study, which highlighted that logos and ethos can be used when companies report about CSR activities arising from regulative pressures. However, although the real engagement in

CSR reporting may arise from regulative pressures—suggesting pragmatic legitimacy—the rhetoric used by companies in relation to those CSR activities suggest cognitive, pragmatic, and moral legitimacy. Logos and ethos can be used when companies report about CSR arising from normative pressures, indicating pragmatic legitimacy, but the usage of rhetoric indicates cognitive, moral and pragmatic legitimacy. Logos, ethos, and pathos can be used in response to cultural-cognitive pressures, indicating pragmatic and cognitive legitimacy; however the rhetoric used indicates moral and cognitive legitimacy.

## **10.2 Gaps and contributions**

In view of the research gaps, this study addressed two interrelated gaps in the context of developing countries. The first stems from a lack of macro level understanding of the reasons for which domestic petroleum and gas companies in developing countries engage in CSR reporting; in other words what are the companies reporting and why are they reporting? And the second is related to the limited knowledge of how companies report their CSR to their stakeholders. This following subsection addresses the identified gaps by discussing the main theoretical, practical and methodological gaps and the contributions made by this thesis in addressing the research gaps.

### **10.2.1 Theoretical gaps and contributions**

The primary areas of theoretical gap as identified by this study are the following:

a) As discussed earlier (Chapter 1, 2, and 3) the first gap is the lack of research on macro level approaches in organisational communication studies. There is a tendency towards the analysis of communication patterns, practices and interpersonal communication within the boundaries of organisation without taking into account the broader level of the organisation (Jones et al., 2004). Scholars need to develop research thinking organisation as located in the environment rather than being in isolation from the environment (Jones, et al., 2004).

b) The second gap identified is the lack of CSR reporting research in organisational communications in the field of business management and interdisciplinary research/study. As Eisenberg and Goodall (1993) suggests that scholars must no longer work independently to achieve their goals but should coordinate with

organisational theorists and behaviorist to meet the needs of administrators, managers and policy makers. It is important to recognise the contributions of scholars that are outside the field of communications. The contribution of scholars that are outside the field of communications in no way discredit the work of those within the communication and can instead provide new insights and richer data. Interdisciplinary research like this study can bring value, since it contributes not only to the existing literature on CSR reporting in general—but more specifically, to CSR reporting in developing countries. The existing literature tends to take a normative or prescriptive stance on CSR reporting by expressing an optimistic view either of how CSR reporting and its communication can be used by corporations to foster their reputations and legitimacy (e.g., Sen, Bhattacharya & Korschun, 2006; Ferrell, Gonzalez-Padron, Hult & Maignan, 2010), or of how it can be a powerful tool and play an important and formative role, for instance, in constituting networked relationships between business companies and society at large (Castello, Morsing & Schultz, 2013). The findings of this research encourage us to consider that we may need to think outside the box and move beyond the concepts of ‘green-washing’ and ‘window-dressing’ [as discussed by Roberts (2003) and Banerjee (2008)]. This research puts forward the viewpoint that companies can also ‘ceremoniously’ adopt CSR reporting as a formal and polite way to display compliance with external institutional forces and pressures.

In lieu of the above-mentioned gaps, the primary theoretical contribution of this thesis resides in linking the issue of exploring the macro-phenomena impacting CSR (Jones et al., 2004, Lammers & Barbour, 2006) to the developing country context; communication research literature has been criticised for failing to do. At the same time, the concept of bringing together the three important theoretical concepts of institutional theory, legitimacy, and rhetoric to study the macro issues of CSR reporting is a new lens of exploring reporting in the context of developing countries. These three theoretical concepts have not been previously used in the literature to explore the macro level questions of **why**, **what** and **how** companies in developing countries report their CSR.

Thus, the study contributes to the small but growing body of literature that blends the strategic and institutional approaches to CSR (O’ Connor & Groneworld, 2013).



Macro phenomena can also be useful in understanding societal aspects (Bartlett et al., 2007). Institutional theory considers the relationship between organisations and environments from a social constructivist perspective. Institutions created through a social construction of reality are based on shared rational myths of legitimacy that drive organisational and social action; organisations need to demonstrate compliance with them through organisational ceremonies or practices (Bartlett et al., 2007). These two central contributions to legitimacy—rational myths and ceremonies—provide the framework guiding this study, in a novel way.

To analyse the macro-phenomenon (Jones, et al., 2004; Lammers & Barbour, 2006) of CSR reporting, the lens of institutional theory—particularly focussing on institutional pressures—is applied to this research. As explained in the previous section the basic premise of this research linking rhetoric to legitimacy is based on institutional theory. Recent studies have begun to draw on institutional theory as the theoretical framework by which to consider the macro-phenomena impacting CSR reporting and communication (Campbell, 2007; O'Connor & Shumate, 2010; Schultz & Wehmeier, 2010). The institutional perspective provides many insights and possibilities to expand our understanding of organisationally situated communicated behaviours (Lammers & Barbour, 2006).

Rhetoric is another growing body of literature in CSR communication (e.g., Green et al., 2009) and reporting. However, it has never been applied to study CSR reporting in developing countries. Past studies had either applied rhetoric in isolation (e.g., Marais, 2012), linked ethos alone (Ihlen, 2012) or examined the concept in the developed country context (Devin, 2014). This is where the contributions of this thesis would be useful, especially for developing countries researchers.

Explaining a bit further the following are the **core theoretical contribution** of this thesis as explained in chapter 1 (please refer to chapter 1 for avoiding repeats here).

- i) Bridging institutional theory, rhetoric and legitimacy in a novel way to examine CSR reporting in developing countries
- ii) Talk and Text
- iii) Contribution to the sectoral study of petrol and gas

- iv) Contributing to the macro organisational behaviour research area
- v) Contributing to developing countries CSR research

Finally to sum up, this study combines and links three important theoretical foundations: institutional theory, legitimacy, and rhetoric. Such a concept is new to both the developing countries and the petrol and gas industry perspectives. This kind of modelling can be useful in looking at the macro perspective of understanding CSR communication by providing insights into how companies respond to macro level pressures/phenomena while reporting their CSR. This model also helps in understanding how companies do so to create the perception that they are acting legitimately.

### **10.2.2 Practical gaps and contributions**

This research attempts to bridge the persistent gap between the academic world and professional world. This idea is popular at many disciplines, but the consequentiality of reporting and communication suggests that communication scholarship can be and need to be part of the practice and produce meaningful outcomes by addressing the concerns of both managers and followers (Ruben, 2000). The role of reporting and its communication in business, profit and accomplishments of mission as part of scholarly interests must be reconsidered (Eisenberg & Goodall, 1993). Providing knowledge for the field and also providing recommendations and suggestions for organisational management and employees needed to be addressed.

The practical proposed contribution of this thesis is to provide insights to both policy makers and practitioner audiences through advocating that organisations need to understand and address the complexities associated with CSR reporting. Company's CSR reporting is often scrutinized by the media, regulators, and various other external stakeholders as the findings of this study shows; thus, managers should understand the crucial role played by language (talk and text) in CSR reporting in seeking legitimacy for the company. The model of this study can provide a base for practitioners to understand the role played by talk and text in CSR reporting and how it can be used to rationalise and justify their CSR. CSR reporting is increasingly important as it enables companies to effectively and purposely put forward their CSR goals, purposes, and aims, and is also a medium through which they can share the CSR work in which they

are involved. Verbal (talk) and written (text) communication is used by companies not only for purposes of transferring information, but also as a stage upon which to display or propagate the length and breadth of their social responsibility. In a regulated CSR environment, communicating CSR reports effectively to external stakeholders is a key towards gaining legitimacy.

This study can help understand companies the importance of improving their CSR reporting effectively towards their stakeholders thereby reducing stakeholder scrutiny of their performance. It was often evident during the fieldwork how the language used was not adequately researched or, at times, had not been very apt to explain the real motives behind reporting and engagement in social responsibility. The intrinsic motives were fuzzy, moving from strategic to institutional to charity to a stakeholder model of CSR engagement in the reports. It wasn't clear. In order to increase effectiveness in reporting, effectiveness in communication is key- with clarity of messages and open communication proposed as a practical solution (Dawson, 2004), for effective institutional responses and companies are made aware of this fact with the results of this study.

During the fieldwork, it was observed how companies were careless about referencing in the right manner the institutional pressures to which they were subjected. Such carelessness could damage a company's reputation. Companies must engage and adopt a more transparent, effective and clear talk and text mechanism in their reports while communicating to external stakeholders.

Rhetoric can be applied to rationalise CSR activities based on what companies are currently doing; however, with caution since companies can face stakeholder criticisms if they fail to reveal the true intentions and motivations behind their engagement in CSR activities.

### **10.2.3 Methodological contributions**

The methodological contribution relates to the original way in which a case study analysis is applied to CSR reporting that are conceptualised as enabling the researcher to deal with the subtleties and intricacies of a complex social situation (Martyn & Denscombe 2010). The utilization of CSR annual reports (including press releases,

reports and websites) are well established in CSR research (for e.g. Livesey, 2002; Campbell, 2000; Castelló & Lozano, 2011); the combination of rhetorical analysis in case study to investigate CSR reporting is somewhat more novel in the developing countries context and in the petrol and gas sector.

Furthermore, the ways in which CSR reports of companies are distilled down into CSR dialogues through thematic analysis (Spiggle, 1994) presents a way in which large data can be qualitatively interpreted. Whilst reflexivity around this contribution is discussed in Chapter six, the thesis contends that deep and rich insights can be provided through such an approach. This might help frame discussions/debates around how qualitative case research study applying rhetorical analysis can be undertaken further in CSR reporting and management studies broadly.

The thesis ambitiously has introduced the concept of justification strategies that is very important for an in-depth understanding of why and how companies communicate. This was introduced to extend Ihlen's five rhetorical strategies. Ihlen (2010) analysed in his research, 'what companies say' while examining the CSR reports of world's largest 20 companies and identified five rhetoric strategies: a) we improve the world b) we clean up in our own house c) others like us d) we are part of society e) we like you. The model is interesting but limited in its approach. It does not provide answers to why companies say what they say. Therefore, I have tried building on the justification strategies/ethical commitments entailed by what companies say in this thesis. Appendix G, H, J presents the justifications that companies provide for what they say in their CSR reports. This provides a more holistic approach to apply the institutional elements in understanding the question of 'why' and what/how they say, further best discussed from the lens of rhetoric.

### **10.3 An evaluation of limitations and directions for future research**

It is always an exaggeration to label any research in any discipline as 'ideal'; this study is no exception, affected as it is by both conceptual and methodological limitations. The first and foremost limitation of this research resides in its use of CSR reports and interviews only. Other forms of communication with stakeholders also exist; for example, blogs, newsletters, and social media. Therefore, limiting its research to parts of the communication spectrum is a limitation of this study, despite

the fact that CSR reports are seminal documents through which an organisation makes public statements about its sustainable development (Unerman, Bebbington & O'Dwyer, 2007). The interviews however, provided a more solid grounding to this research, thus not limiting this thesis only to studying of CSR reports.

The decision to focus on CSR reports was made looking at the potential volume of the data during the fieldtrip and also considering the limited time available; however, this does have implications for the generalization of the study's findings to other settings. This aspect, which is associated with limitations of generalizability and is a consequence of time and budgetary limitations, also includes access to companies, to individuals within them, and to the sensitive information held by the latter.

This set of issue also generated a number of pertinent problems related to the research design, the most important of which was concerned with the extent to which the study's findings could be generalised and applied to other geographical contexts and sectors. This study concentrates on a specific sector in the Indian context. Hence, the representativeness of the data—collected as they were from a concentrated group of participants—of a broader developing countries study context can be challenged. The Indian petroleum and gas sector is also not representative of domestic companies across India, and India is not representative of all developing countries. Similarly, the interviewed participants should not be deemed to be representative of other similar populations.

However, the aim of this research was to achieve an analytical rather than statistical generalization; thus, the quality of the theoretical inferences drawn out of the qualitative data is more crucial (Bryman & Bell, 2007). Nevertheless, future similar research could expand and/or challenge this research's findings by examining a different sector and/or geographical context, which, at this point, fall beyond the scope of this study. Similarly, the generalisation of the findings across different elements of CSR reporting could also be challenged since contextual cues differ for different issues (Dutton et al., 2002). The institutional environment may therefore change for different aspects of CSR reporting. Accordingly, the talk and text contexts may also vary based on variations in the issue-specific institutional environment. It is also not necessarily true that gaps in CSR reporting exist in every context. Results can

always vary. Therefore, future research can also dig deeper to examine this aspect associated with the CSR reporting of domestic companies.

The second limitation is associated with the interpretation and presentation of the empirical findings. The list and company interpretation of institutional influences, and the continuum of their responses and associated approaches to those influences are not as definite as is suggested in the study. While the empirical findings are based on respondent interpretations and subjective meanings, I was also a part of what was being observed, and my own subjective frames of reference may have influenced the data interpretation. This leaves scope for future research to expand and/or challenge the interpretations, responses, and approaches presented in the study.

The third limitation of this research is that not all the aspects of the institutional environment were considered at length due to limitations in time. The institutional environment is highly complex and consists of both tangible and intangible aspects. The former are represented by legislation, regulations, professional guidelines, etc.; the latter consist of education and professional networks.

Thus to conclude, I would like to acknowledge that the generalisation of the findings of this research is limited due to the sample being situated within a single national context. The inferences drawn from such a sample in India may not be applicable to other countries with different national institutional contexts. In addition, the small size of the sample may limit the generalisability of the findings. I also did not specifically consider the quality of the CSR reports in the study. Finally, the research may be affected by the inherent weaknesses associated with case study research, including the inherent bias of the individuals responding to the interview.

#### **10.4 Beyond minimizing the limitations: more future research directions**

The above section presented the limitations of this research and in this section the opportunities provided by this study for future research will be presented. The findings and conclusion of this research make a contribution to CSR reporting by building a model suited to consider how legitimacy provides a *raison d'être* for CSR and CSR reporting. As such, the model developed in this research can provide a theoretical framework in understanding how CSR reporting can contribute to

organisational legitimacy at the institutional level. Future studies could mirror this research either in other industries—or a mix of different industries—or in a different geographical location or setting, or by performing a comparative analysis of companies /countries. Some other suggestions for further studies are as follows:

Applying other methodologies: This research is based upon a qualitative case study. Future research could consider the longitudinal time frame of CSR reports. Also, the analysis performed did not include various other forms of communication, like company social media platforms, newsletters, gazettes, etc. Thus, future research could take a more holistic view of CSR reporting and include other forms of communication. Another opportunity for future research could involve the use of the concepts of rhetoric, institutional pressures, and legitimacy for other concepts of CSR communication besides CSR reports.

Developing the cultural cognitive aspects of institutional theory: Theoretically there are many further avenues that can be developed from this research and one of them would be to go deeper in to the cultural-cognitive aspects as sources for “ *shaping and interpreting individual and organisational activities*” (Thornton and Ocasio, 2008). I have not given much attention to this aspect due to lack of time, but I think this could be a potential for future research. For the purpose of examination the “ *meaning, appropriateness and legitimacy. ...Shaped by the rules of the prevailing institutional logics*” (Thornton and Ocasio, 1999) can be studied.

Research could also be developed related to issues that are relevant in terms of CSR reporting and that shape the cognition of social actors and organisations. The assumptions, beliefs and rules that comprise institutional logics determine what answers and solutions are available and appropriate (Thornton & Ocasio, 1999) for CSR reporting practices.

Developing research on isomorphism in CSR reporting: Due to lack of time, the analysis of the process of institutional isomorphism could not be done. The notion of isomorphism and its underpinning processes is limited in the research on CSR reporting in the developing countries and therefore there is potential in studying isomorphism in CSR reporting in the Indian context. The data collected during the

fieldwork does demonstrate the similarity in the reports; reports are written in a very similar language, focus areas of CSR activities are similar and the ways in which CSR reports are communicated is also quite similar. Herein, lies potential for future research.

Public and private sector comparison: Comparing CSR reporting in the public and private sector is an area of research that needs attention in developing countries and there is a considerable amount of potential to develop the case study methods and /applythe institutional theory lens in comparing the two sectors. Majority of studies look at such comparisons from a public management perspective (e.g. Guthrie, 1998; Barton, 2005; Ball & Grubnic, 2007) in domestic companies, however by applying the theoretical lens of institutional theory, rhetoric and legitimacy there can be potentially interesting results exhibiting differences in the public and private sector reporting styles and structures.

Applying other models to the theoretical framework of this study: Another avenue for further research would be to include other communication models to examine reporting. For example the constitutive perspective to this rather broad conceptual spectrum of CSR reporting, thereby considering attention could be given to the idea of CSR reporting and communication being able to inspire action (Cornelissen et al., 2015). Such studies have never been conducted either in the Indian petrol and gas sector or any other developing countries context. It will be interesting to see other models in place of rhetoric being applied to the institutional theory and legitimacy lens to examine CSR reporting in developing countries.

### **10.5 Final thoughts and conclusion**

This study's key findings indicate that CSR reporting in the Indian petroleum and gas industry is enacted 'ceremoniously' in response to perceived pressures and expectations. The latter, arising from various institutional pressures, have led to corporate commitment for CSR reporting, which can be understood as a new form of ceremonial myth (Meyer & Rowan, 1977); i.e., little more than a symbolic action meant to attest to a company's good faith and to its adhesion to shared beliefs, and aimed at gaining legitimacy. In this light this study highlights how CSR reporting is a very complex concept and is not devoid of, gaps. Companies adjusting their reporting



to respond to varying institutional pressures in order to maintain a legitimate position in society, due to changes in the social and institutional context opens up the discussion of understanding CSR from an institutional angle. Such gaps between the talk and text may be viewed as a form of hypocrisy, some kind of 'hollow CSR'; however, this research leads us to believe that hypocrisy, in an environment shaped by conflicting values and ideas, may be viewed as a solution that enables organisations to address different audiences in different ways; giving some the benefit of words, others the benefit of decisions, and others still the benefit of actions (Brunsson, 2003).

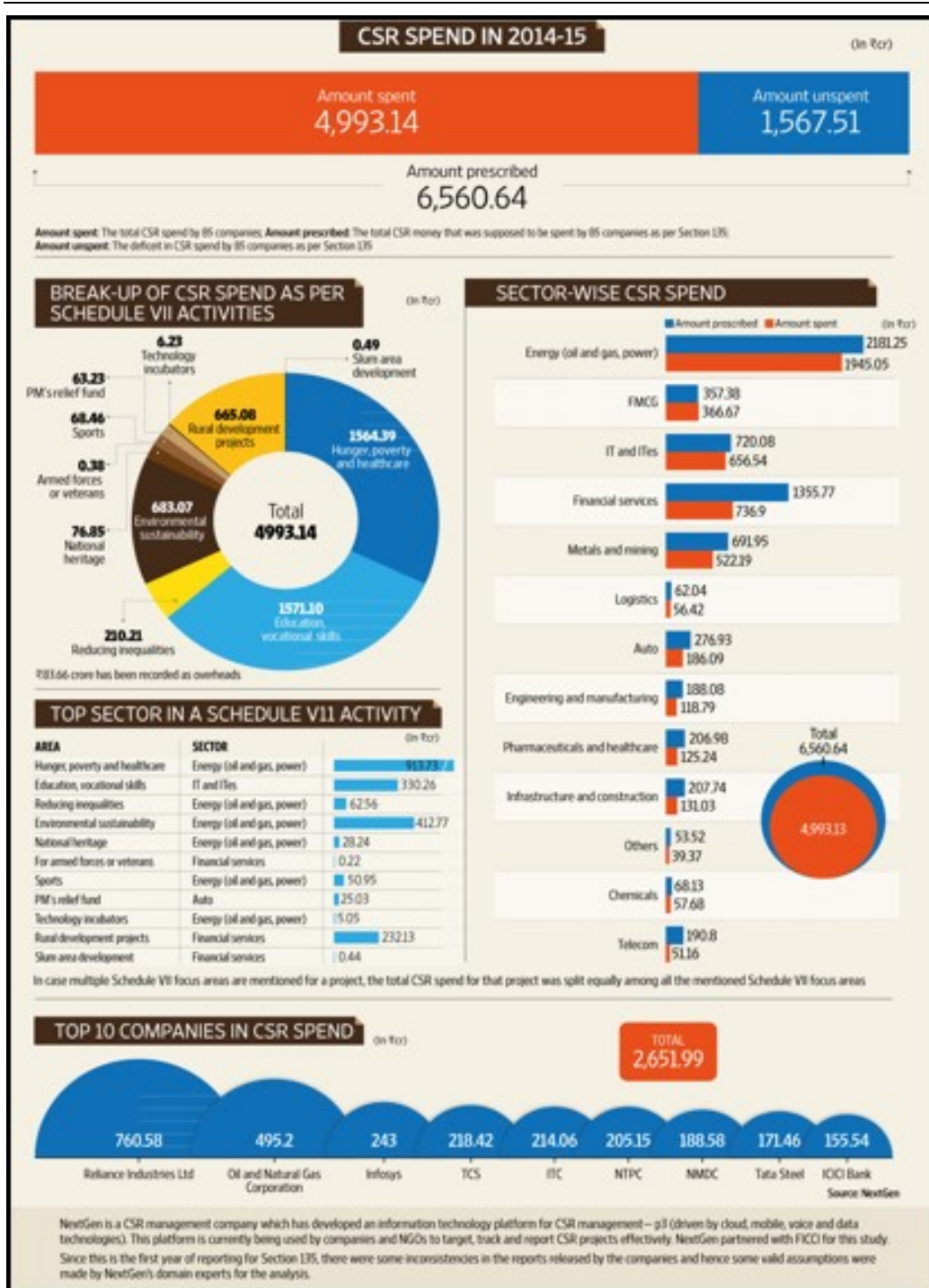
This study does not intend to be only critical of CSR reporting, but wishes to acknowledge the notion that CSR reporting is a highly complex phenomenon shaped by multiple pressures stemming from the institutional environment in which the companies function. Ceremonial talks and text do not have much potential to produce positive developments within the field of CSR and beyond; such ceremonial talk and text leads to pretence and misalignment (Khan et al., 2007).

Central to my argument is that communication of CSR reporting in the form of talk and text provides companies an opportunity to articulate ideas, lay down principles, formulate definitions, advertise their vision, goals and plans and this in turn does stimulate positive social change as visible in the case study of India. Even in situations where such talk and text is not completely reflected in their practices (the 'ceremonial myths') leading to deceit, decoupling, falsifying of intentions (Khan et al., 2007) etc. It has produced positive development as this study shows, for example developments in CSR reporting and companies spending more on national welfare projects.

Finally to wrap up, it can be concluded that the primary importance of this research lays in the fact that it contributes to strengthening the academic debate around the role of institutional pressures in CSR reporting in domestic companies. The role of government is primary in the developing countries that has driven domestic companies towards CSR reporting in recent years and this is contrary to many research in the western context that points towards CSR reporting largely voluntary and appears to be driven by market pressure (Golob and Bartlett, 2007). Domestic companies in developing countries have complex tasks of deciding to which

stakeholders they should respond and, when doing so, they find it difficult to appease each of them via their reporting. A blended strategic/institutional approach to CSR reporting aimed at meeting the expectations of a wide range of stakeholders attests to a case of hollow CSR, but may be the best possible solution for companies. The use of language to manage, foster, negotiate, or manipulate the perception of company legitimacy points at the ceremonial nature of CSR communication in the context of Indian petroleum and gas companies.

## Appendix A- CSR Spending of Companies



Source: Nexgen CSR spending Report (2014-2015)

## **Appendix B- Penalties for non-compliance with CSR provisions under the Companies Act of 2013**

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Penalties can be levied under two different provisions: Section 134(3)(0) and Section 134(8)

Section 134(3)(0) requires the disclosure of all the relevant information about CSR policies and their implementation on an annual basis.

Section 134(8) defines the penalties applicable for not discharging the duties mentioned above. These are:

- A fine ranging from INR50, 000, to INR2, 500 million;
- Every officer of the company in default shall be imprisoned for up to three years, or fined between INR50.000 and INR500 million, or both.

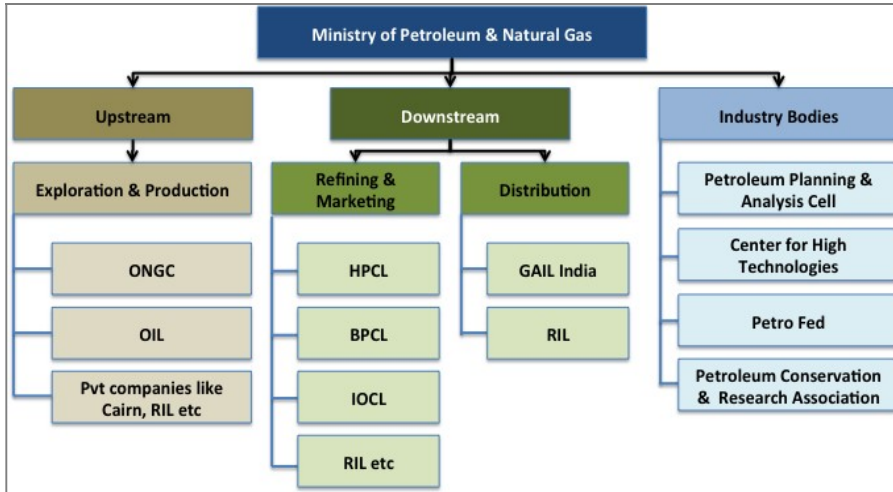
Disclosing the reasons for not having spent the required CSR amount is a requirement laid down by the provisions. Non-disclosure, or lack of details of the CSR policies and their implementation in the Board's report shall attract the penalties described above.

Section 450 & 451 – General penalties for flouting the rules and repeat offences:

- Under section 450, a fine of up to INR10, 000, and should the contravention be continuing one, a further fine of INR1, 000 for every day after the first in which the contravention persists.
- Under section 451, the defaulters are either fined or imprisoned and, in cases of repeat offences within a period of three years from the first, the company and every officer thereof who were to be found in default shall be punishable by being fined double the amount for such offence in addition to any imprisonment provided.

## Appendix C- The Indian petrol and gas Industry

### Structure of the Indian Petrol and Gas Company



Source: Ministry of Petroleum and Natural Gas

## Appendix D- Sample Interview Guide

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In total, five different types of actors were interviewed—company employees (this included the Foundation employees of Reliance Oil and Gas, Essar Oil and Gas and CSR, personnel in ONGC and IOL), NGO heads, academics/think tanks, business association and professional body officers (FICCI and ASSOCHAM), and government officials. The interview questions, approach and tone were accordingly attuned to the specific type of actor. Nevertheless, a basic outline was followed for all in order to maintain consistency in the information collected and to facilitate triangulation.

### Information

The following were provided to all the interviewees beforehand.

- 1) Information about the researcher, affiliation(s), and purpose of the research.
- 2) Information about the research study. Respondents were briefed that the study was about investigating CSR reporting in the petrol and gas companies. The aim of the study was to understand the challenges that companies face in communicating their CSR reports to external stakeholders.
- 3) Information about ethical considerations.

### The Interviews

The interviews were made up of four discussion sections:

- a) Background information about the respondent and the newly formed CSR departments, called CSR foundations/CSR cells.
- b) General questions about the nature of CSR regulations, laws, guidelines (domestic and international), government regulations, business association guidelines, and company reasons for abiding/not abiding by these regulations, guidelines, laws, acts, or policies.
- c) Questions about different aspects of engaging in CSR and communicating about CSR.
- d) General questions to conclude the interview,

Interview question pattern:

Topic A

Background information on topic A  
Follow up question on topic A  
Second follow up question on topic A  
.....  
Topic Z  
Background information on topic Z  
Follow up question on topic Z  
Second follow up question on topic Z  
.....

**a) Background information**

**Respondents/interviewees:** information was collected on, among other topics: education, place of origin, years of association with the company, previous jobs and the move to the job in the new company (this is where information about normative pressures were collected; it was found at this juncture that, in the Essar Foundation, the entire CSR team had moved in together from another company. This information also led to a better understanding of cultural-cognitive pressures), nature of work.

**Company and department profiling:** Date of establishment, strength of the company and of the CSR department in particular, functions of the CSR department; CSR expenditures and budget allocations, structure of the CSR Foundation (private companies—Reliance and Essar Oil and Gas) or CSR cell (public companies—ONGC and IOL)

**b) General questions asked about CSR reporting**

Primarily, questions were asked about the companies' CSR policies, programmes, activities and practices; Values mission and visions of the companies' CSR policies; CSR projects and how the companies had decided on those projects; individual company budgets for the CSR project (dealt with by the CSR finance team); questions about the setting up of the CSR teams and about operating in conjunction with NGOs (in few cases). The questions were discussed against the backdrop of the challenges faced and also of how the companies gained advantage from them. The same was repeated for CSR communication; the media the companies were using to communicate, their CSR communication strategies, the ways in which the companies decided about their CSR communication strategies.

**c) Questions about different aspects of engaging in CSR reporting.**

**Stakeholders:** primarily, the questions dealt with identifying important company stakeholders; stakeholder influence; stakeholder expectations; stakeholder involvement in the companies' CSR and its reporting.

**CSR regulators:** CSR regulations, amendments, acts, policies, guidelines, legislation (both international and domestic). Questions were asked about: the CSR-related laws (both mandatory and voluntary), the new Companies Act of 2013 and the importance of the government's role in steering CSR; and also how the companies' relationships with the regulators was reflected in their CSR reporting.

**Business associations and other professional bodies:** questions were asked about the companies' interactions with business associations and other professional bodies—for example, the FICCI and ASSOCHAM—and how these bodies were involved in company CSR.

**Sector Questions:** Questions were asked about how companies in the same sector were engaging in CSR reporting; if companies worked together on projects/worked separately; if companies meet for conferences/seminars to discuss and share best practices; if managers from one company were friends/past colleagues/some kind of association with each other.

**d) General questions to conclude the interview**

Topics covered: the current CSR scenario in India, the challenges linked to engaging in CSR and CSR reporting—the problems faced, the disadvantages/advantages related to having a good CSR reporting policy and engaging in CSR activities, the key characteristics of CSR and CSR reporting followed by the companies in general.

In the case of academics/think tanks questions asked were centred around the following topics: the current CSR scenario of India; views on the Companies Act of 2013 and all other CSR regulations, legislations, acts, policies, and guidelines; the petroleum and gas sector and its CSR reporting



In the case of government officials questions were: the current CSR scenario in India; views on the Companies Act of 2013; government's expectation from the corporate sector, government's expectation from the petroleum and gas sector.

In the case of NGO officers: for those NGO officers who were not directly involved in company CSR projects, but dealt with independent CSR related NGO issues, the questions were about: the current CSR scenario of India, CSR communication in the petroleum and gas sector and how that was perceived, NGO interfaces with the companies; for those NGO officers who were directly involved in a company CSR, the project questions were about: the projects in which the NGOs were partnering with the companies, the challenges faced in the CSR projects, the CSR communication process related to those projects, and the NGO's viewpoints on them, how the NGO had got involved with the company, and the current CSR scenario in India.

In the case of business associations and professional bodies, questions asked were about: the association's involvement in CSR issues with member companies in the petroleum and gas sector; the awards and incentives systems set up by the associations and professional bodies for good practices, the associations' relationships with government bodies and regulators, the associations' relationships with member companies, the CSR scenario in general in India, the establishment of CSR and award systems by the associations and the reasons behind it.

**End of the interview**

### Appendix E – Description of the CSR reports of companies

Company	Title of the report	Description of the reports
Company 1	2013 Annual review and CSR report	<p>The company’s annual report of 2013-2014 states that, ‘RIL understands the changing business paradigm and the need to collaborate with its stakeholders to ensure long term sustainable growth’. For this research the following statutory reports were analysed from the annual report of 2013-2014: a) Annual general meeting b) business responsibility report c) report on CSR d) corporate governance report e) director’s report. Company 1 started its report with a snapshot of the year, followed by the chairman’s report and the CEO’s report. The report went on to detail about the management board, followed by its presence in the various regions of the globe. The remaining of the pages highlighted the various CSR activities that the company was engaged in. This provided an exhaustive list of all the projects and the places where they are running, estimated costs of the projects and interviews of stakeholders showcasing how they have been benefited from those projects. The BEEJ project, the flagship project of the company was the main highlight and the report dealt extensively with it. The rest of the pages dealt with CSR budgets and spoke volumes about the companies’ act of 2013 and how the company is abiding with it. The rest of the pages concluded with information for shareholders. The report was largely textual with numerous fancy graphs and diagrams that were used all across the report. The use of graphs and tables were used more during the description of the CSR activities and how they were benefitting the stakeholders. It was also used to depict the usage of CSR budget and the decision of the budget under various subheadings and projects. The company’s report was unique and different from the others in that each section of the report either had a subheading in the outlook or a box highlighting the organisations future focus in that particular area. All the reports were found online mainly in pdf versions. The reports are online on the reliance foundation website and also on the company’s website.</p>
Company 2	CSR and sustainability	<p>Company 2 published an integrated annual report on CSR and sustainability and other smaller reports on CSR titled annual stakeholders review. It was the lengthiest report with 125 pages. The company justified having more than one report by stating, “ in the interest of</p>

	<b>policy 2014</b>	<p>transparent reporting and diverse stakeholders interests we decided on more than one report". The annual review began with a snapshot of its 2014-2015 results, followed by the chairman's message, the CEO of the foundation's message. Following this was the information about the board of directors, executive teams, the business, its strategy and its performance. The report went on to provide information about its customers, people, community, environment and supply chain. Further information was provided about governance, diversity and inclusion, risk management, financial summary, shareholder information and external assurance. The remaining parts of the reports provided information regarding customers, community, people, and environment and supply chain. The reports were largely textual with heavy usage of diagrams, graphics, pictures, figures tables and quotes throughout the document. The sustainability report was divided under the following sections: team training and development; supporting local communities; workplace safety, value and quality, customers trust in products and environment. The sustainability report was concise and available online in a pdf format. The rest of the report was then divided into the following: people, carbon emissions and energy management, community investment, environmental footprint and its contribution to the economy. Most of the areas of CSR were discussed in lieu of the Companies Act of 2013. The act was discussed in most of the pages and how the activities suggested in the act were benefitting the lives of many stakeholders were repeatedly talked about.</p>
<b>Company 3</b>		<p>The company integrated its annual review and sustainability report into one report, which was a 42 pages report. The report was divided into eight sections. The report primarily aimed at shareholders. The report began with a snapshot of the organisation's performance analysis, followed by the group's chairman's report. The reports thereafter provided details about the financial statistics of the last five years, its board of directors, management committee and corporate governance statement. The next pages dealt with the CSR activities and projects that the company was involved in displaying the positive effects of the projects on stakeholders. Stakeholder's interviews were projected on many pages. The CSR budget and the allocation and breakdown of the budget for CSR projects were also discussed. The report though largely textual also integrated a number of graphs, pictures, tables to illustrate the information. The report was centered on the organisation's commitment and give year sustainability objectives and how it met these objectives in relation to its customers, communities, employees and investors. The company used a number of case studies to illustrate its commitments and objectives throughout the report. All these files were uploaded online as pdf versions on the company's website. Additional information</p>

		outlined in the online version included information about its GRI disclosure, where the company explained the GRI and its level of compliance, published a copy of its GRI index.
<b>Company 4</b>	Shareholder and CSR report 2014-2015.	The company had combined its annual review and CSR report into a one 50-page report, which according to the company enabled it to simplify its reports and provided a more complete and balanced picture of their performance and results. The report included chairman's report on the performance of the company; the CEO's message and the strategy and vision of the company discussed by the director. It also discussed five-year sustainability objectives; customers; communities; employees; investors; community investment in the report. Frequent tables, graphs, diagrams and photos were used throughout the report, in addition to quotes from other stakeholders. The company provided information about the business; the year in review; outlined its achievement against its 2015 priorities and set its priorities for 2016. It also added information on sustainability and achievements in the area of governance. Like the other companies, case study was the chosen mechanism to show stakeholders' level of satisfaction on the CSR projects, where the report used pictures of stakeholders and their interviews about how the project had helped them in the livelihoods. Most of the areas of CSR were discussed in lieu of the Companies Act of 2013. The act was discussed in most of the pages and how the activities suggested in the act were benefitting the lives of many stakeholders were repeatedly talked about.

## Appendix F: Media reports analysis of the petrol and gas industry

Issue	Nature of the Issue	Issue identified	Number of articles
<b>Social</b>	Community	Community investment	12
		Community development	15
	Employees	Employee benefit	4
		Employee remuneration	2
	Training and career development	Employees training development	4
	Health care and safety	Employees safety	2
	Freedom of associations	Trade unions	1
	Anti discriminatory and human rights	Anti discrimination	1
		Diversity and inclusion	1
		Employee misconduct	1
	Customer service	Satisfaction of customers	1
	Stakeholders	Stakeholders benefits and involvement	12
	National issues	Companies involvement in national issues	18
<b>Environment</b>	Climate change	Climate change	5
	Emissions	Emissions	2
	Energy efficiency/consumption	Electricity consumption in office buildings, energy efficiency, energy consumption	4
	Environmental risk management	Water pollution, marine life pollution, environmental risks, environmental risk management	4
	Renewable energy	Renewable energy	2
<b>Economic</b>	Financial performance	Profits/stock market	2
	Prices/competition	Rise in fuel prices	2
<b>Governance</b>	Corporate governance	Issues of governance	8
	Benchmarking/awards/recognition	Ratings/awards/recognition	15

	ESG framework	ESG	3
	Code of conduct	Misconduct, culture	4
	Risk management	Risk management	2
	Future goals and planning	Planning	5

## Appendix G- CSR activities undertaken by companies in nationalistic fervour

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### A) The BIJ programme of Reliance Petrol and gas



**Source:** Picture scanned from companies CSR reports that were handed over to the author

The foundation of the company worked in areas such as healthcare, education, sports disaster response and art, heritage and culture but BIJ accounted for more than half of the company's CSR outlay. Bharat India Jodo (BIJ) means joining rural India (Bharat) to new India.

**Reliance Petrol and Gas** is a part of Reliance Industries Limited (RIL). The activities of the company are centred upon:

1. Exploration and production—hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and telecommunication. Reliance is one of the largest exploration and production players in India. It's upstream business comprises the complete chain of activity, including exploration, appraisal, development, and production. Reliance entered the exploration and production (E&P) business by becoming a 30% partner in an unincorporated joint venture with British Gas and the ONGC (Petrol and Natural Gas Corporation) in the Panna Mukta and the mid and south Tapti blocks, along with five conventional petrol and gas blocks in Krishna Godavari, Mahanadi, Cauvery Palar, Gujarat Saurashtra and the Cambay Basin, and two coal bed methane (CBM) blocks in Sohagpur east and west in Madhya Pradesh.

2. Petroleum refining and marketing—the Jamnagar manufacturing division is the world’s largest refining hub and fuels from the Jamnagar refinery are exported to several countries across the world.

The Reliance Foundation, a non-profit organisation, was set up in 2010 to provide impetus to RIL’s various philanthropic initiatives. The prime objective of the foundation is to create and support meaningful activities through innovative institutions to address some of India’s most pressing developmental challenges. The foundation is currently focussed on creating change in the fields of rural transformation; health; education; sports for development; disaster response; arts, culture, and heritage; and Urban renewal. The foundation has established strategic partnerships with organisations that have the technical expertise and experience to undertake various programmes in the identified focussed field of operation. BIJ (Bharat India Jodo), which means connect India, is a flagship initiative of Reliance Foundation, conceptualized by the owners’ themselves—Mukesh and Nita Ambani. It began in 2010 as an effort to bridge the rural/urban gap through rural transformation and farmer empowerment. With 70% of farming dependent on rainfall, farmers in the country have been marginalized; hence, the BIJ programme is aimed at achieving the transformation of rural India through a process of institutionalization and the creation of a sustainable framework for livelihoods, especially farming.

For this research, the following statutory reports of the company were analysed for the year 2013-2014 a) Annual general meeting report b) business responsibility report c) CSR report d) corporate governance report and e) director’s report. The company’s annual report of 2013-2014 states, “*RIL understands the changing business paradigm and the need to collaborate with its stakeholders to ensure long term sustainable growth*”.

## **B) The Cleanliness drive (Swachh Bharat Abhiyan) programme of Essar Oil and gas**





**Source:** Picture scanned from companies CSR reports that were handed over to the author

**Essar Oil and Gas:** Essar is a US\$35 billion corporation with investments in steel, energy, infrastructure, and services. With operations in more than 29 countries, it employs over 60,000 people. The Essar Foundation is the CSR arm of the Essar conglomerate and collaborates with key stakeholders—especially local administrations and institutions—to facilitate development focussed on education, livelihoods, cleanliness drive, women’s empowerment, and health.

### Appendix H- Companies coding framework

Categories	Themes	Description of themes	Examples
<b>Strategic CSR rhetoric</b>	Operationalisation	Mention of how business are embedding CSR in their business systems, processes and structure including the development of capabilities	Business process; systems; people skills; performance, excellence, monitoring performance; coordination with supply chain to create socially responsible product
	Innovation	Any process leading to new products or processes resulting from CSR policies or stakeholder engagement	Innovate; innovations; new product
	Reputation	Mentioning reputation in relation to CSR	Reputation –gaining trust through reputation
	Strategic Link	Any mention of the relation between CSR/ sustainability activities and the companies strategy	Corporate performance; stakeholders value; business case; increase competitiveness through CSR
	Governance	Any mention of the importance of governance structure related to sustainability/ CSR issues. Mention of compliance of rules and processes. Mention of ethical norms or policies.	Corporate governance, compliance, code of conduct, integrity, professionalism, ethical policy.
	Shared value	Any mention of policies and operating practices that enhance the competitiveness of the firm while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.	Firm’s new discourse on how to deliver sustained social and economic value for both the company itself and the community that surrounds it.

	Leadership in CSR	Self representation and companies aim to lead CSR development in their business strategies	Statements or any mention of addressing the specific CSR leadership and challenges that the firm faces (Accomplishments from the past years, goals for the coming years).
<b>Institutional CSR rhetoric</b>	CSR	Mentions responsibilities. Voluntary initiatives; integrates environmental and social concerns in business operations	CSR; Triple bottom line; Socio-economic factors; collective responsibility.
	Sustainability	Any mention of activities aimed at balancing the fulfillment of human needs with the protection of the natural environmental so that these needs can be met not only in the present but also in the future	Sustainable development; sustainability.
	Philanthropy	Voluntary donations, mostly through foundations to solidarity activities. These actions are considered different from the object of the core business	Donations, charity, foundations
	Stakeholder dialogue	Any process of communication with the stakeholder coming from the company. Includes communication, dialogue and response.	Talking to stakeholders; ensure companies are responding to their stakeholders; commitment to stakeholders
	Sustainable growth	Companies engage in global growth to enlarge its presence in new regions across the world. They mention explicitly about sustainable growth and how to make it possible.	Mentioning global sustainable growth related to the classic growth strategy but making connections to a sustainable way to achieve it.
<b>Dialectical rhetoric</b>	Global standards	Certifiable standards focused on increasing business accountability through reporting.	GRI; Dow Jones sustainability index; FTS100; Global Compact

	Citizenship	Use of the metaphor of the firm as a citizen.	Citizenship
	Accountability	Any mention of a process in which stakeholders hold the firm accountable. This also includes voluntary actions by the firm to increase its transparency.	Transparency; footprint; external review committee, responsible lobbying; accountable; accountability.
	Partnership	Any mention of collaborations/partnerships other than strictly business partnerships.	Collaboration between global business; social entrepreneurs; activist; governments; NGO's and civil society.
	Global agenda	Any mention of issues that are dealt with by global institutions such as the United nations (UN) especially if they are included in the UN Millennium goal. They can be considered one of the top priorities for all actors (Civil society, governments and companies)	Climate change; poverty; equity; energy needs; greenhouse gases, water; carbon emissions; UN world diabetes day; directly mentioning 'global agenda'

	Inclusivity	Mention of any activities aimed at non-profit/noneconomic stakeholders that are related to the firms core business.	Non-traditional stakeholders; promote an inclusive society.
	Focus on the issue	A significant part of the statements refer to a social/environmental problem that is core to the firms business operation or strategy.	Responsible energy, universal access to communications; sustainable mobility
	Social contribution	Any explicit mention of the importance of the firm contributing to social improvement, benefits or positive change	Contribution to positive change; manage for the communities we serve; deliver significant benefits to humanity
<b>Political rhetoric</b>	Development	Regional/community development in cities/smaller cities/villages. Transition from voluntary, business driven and case-wise philanthropic acts to a long-term politicized collaboration with governments /NGO's.	Actions that contribute to communities/regions/ national level progress.

	Access	Access to services or products to previously excluded customers. Any investment to procure access to public services (not related to the firms core business) to non-economic stakeholders.	Companies aim to provide access to their products/services to underserved customers. Also the procurement of access to public services such as health /education.
	Political engagement	Firms engagement through political discourse	Democratic integration of the corporate use of power.

**Source:** Adapted from Castello and Lozano (2011)

**Table 1: Coding of Justification strategy**

Coding of justification strategy			
Strategic	Institutional	Dialectical	Political
<b>Operationalisation (O)</b>	CSR (CSR)	Global standard (GS)	Political engagement (PE)
<b>Innovation (I)</b>	Sustainability (S)	Citizenship(C)	Access (A)
<b>Reputation(R)</b>	Philanthropy (P)	Accountability (A)	Development (D)
<b>Strategic link (S)</b>	Stakeholder dialogue (SD)	Partnership (P)	<b>Legislation (L)</b>
<b>Governance (G)</b>	Sustainable growth (SG)	Global agenda (GA)	<b>Regulation (R)</b>
<b>Shared value (SV)</b>	<b>Employee (E)</b>	Inclusivity (I)	
<b>Leadership in CSR (L)</b>		Focus on the issue (FI)	
<b>Company's own agenda (CA)</b>		Social contribution (SC)	
<b>Organisational policy (OP)</b>		<b>Professional guidelines (PG)</b>	

**Source:** Adapted from Castello and Lozano (2011) and researchers own additions (marked in bold)

**Table 2: Description of coding framework of researchers' own additions of themes/strategy**

Themes/strategy	Description	Rhetorical appeals	Examples/Quotes
<b>Company's agenda (CA)</b>	Rationalising the CSR activities as it benefited the company	Logos and ethos	<i>" Looking after stakeholders and involved in the community is beneficial to the company in the long run "</i> (company 3)
<b>Employees (E)</b>	CSR activities that benefited the employees or were asked for by the employees/ attractiveness to employees'	Logos	<i>" We have opened many crèches and day care's on campus for our employees children "</i> . (company 1).
<b>Legislation (L)</b>	CSR activities were performed as requirements.	Logos	<i>" The Companies Act of 2013 is mandatory and we take that very seriously. The foundation's vision is to help the government in alleviating poverty and social issues "</i> . (Company 4)
<b>Regulation (R)</b>	CSR activities performed as	Logos	<i>"The regulations imposed by the MCA and petroleum ministry are very</i>

	requirements.		<i>important to the company and we abide by them</i> ". (Company 1)
<b>Professional guidelines (PG)</b>		Ethos	<i>"Our company is a leader in curbing emissions and we have won many awards in this"</i> (Company 2)
<b>Organisational policy (OP)</b>	Referencing ceremoniously to the organisational policies.	Logos predominantly and sometimes ethos	<i>" All our projects are executed in accordance with project management framework which involved a structured gated approvals process"</i> . (Company 3)
<b>Blank spaces denoting no evidence/justification</b>	In many cases, companies made a statement in the form of a claim but they could not support that statement/claim, by giving an example or evidences.	Predominantly Logos (Logical appeals)	<i>"We spend most of our CSR budget last year in environmental related projects since it is an important issue contributing nearly 40 per cent of the budget. In deciding the distribution of these funds, the Board gives preference to activities as prescribed by the Companies Act of 2013"</i> . (Company 4) <i>" Our company has reduced emissions considerably in the last five years by investing in better technology and we are well ahead in our plans for emission reduction for the next year's targets"</i> . (Company 2)



### Appendix I- Findings of rhetorical strategies of companies

Key areas	CSR	Activity	Company 1	Company 2	Company 3	Company 4
<b>Social</b>		Community development programs	PG, L, R, P,	L, R, SC, L	D, L, R, SC	PG, L, R,
		Stakeholder engagement	CSR, SD, L, R, CSR	SD, L, R	SD, CSR, L, R	CSR, SD, L, R
		Education and job training programme	L, R, D, CSR	L, R, D, CSR	CSR, L, R	R, L, CA, CSR
		Human rights and anti discrimination policies	PG, CA, GA	CA	-	-
		Urban renewable arts culture and heritage	L, R,	L, R	L, R	L, R
		Renewable energy	GS, GACA, SG, S	GS, GA, CA, SG, S	GA	GA
<b>Environment</b>		Emissions	GA, GS, R, S	GA, GS	GA, GS	GA
		Environmental risks	GA, GS, S	GA, GS, S	GA	GA
		Water related issues	GA, SV, R	R, GA, SV	-	-
		Climate change policies	GA, GS, SG, S	GA, GS, SG, S	GA	-
		Waste and recycling	I, SG, S, CA	CA, SG,	-	-
		Sustainability reporting	GA, GS, S	GA, GS	-	-
		Energy security	GA, GS, S	GA	-	-

<b>Economic</b>	Supply chain management	CA, OP	CA	-	-
	Disaster management /product responsibility	CA, OP	CA	CA	-
<b>Governance</b>	Codes of conduct	O, PG, CA, GA,	O, PG, CA, GA,	O, PG, CA, GA,	O, PG, CA, GA,
	Annual General meetings (AGM)	G, OP	G	G	G
	Benchmarking, awards and recognition	Re	Re	Re	Re
	Corporate governance	G, OP,	G, OP,	-	-
	Mission vision values of the company	G, OP, SL	G, OP, SL	-	-
	Board of directors	G	G, OP	G	G
	Business responsibility disclosure	G, OP, CA, O	G, OP, CA, O	G	-
	ESG metrics	G, O, S	G, S,	-	-
	Diversity and inclusion	-	CA, GA	-	-
<b>Employee</b>	Employee remuneration	E, R, L	E, R, L	E, R, L	E, R, L
	Employee benefits	E, L, R,	E, R., L	E, R, L	-
	Hours of work, leave etc.	E, R, L	E, R, L	-	-
	Occupational health and safety	E, R, L	E	E, R, L	-
	Trade union	E	-	-	-

**Blank spaces are for companies not being able to provide any reason.**

## Appendix J- Findings of rhetorical coding excerpts: selected examples

**Table 1: Complicated and multiple rhetor, effects of institutional pressures and legitimacy**

<b>Original text excerpts (Essar Petrol and Gas)</b>	<i>We have always invested in farmer's rights and their problems. Even if they are not direct stakeholders to the company, this is a national issue; the amount of farmer's suicide, which is on the rise, is alarming. We have chosen this subject to invest our csr budget in and help the government in achieving the development goals. Choosing farmers issues as an activity from Schedule VII of the Companies Act of 2013 gives us the confidence to be not only recognised by government but also other stakeholders. It is important for operating smoothly.</i>
<b>Activity</b>	Mandatory regulations and issues of farmers rights
<b>Language code</b>	Claims evidences and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Strategic CSR- Operationalisation
<b>Description and example</b>	Mention of how business is embedding CSR in their business systems, processes and structure including the development of ne capabilities. Example - business process to create socially responsible activities.

**Table 2: Rhetorical coding excerpts implying de-globalisation and regulative pressures**

<b>Original text excerpts (Essar Petrol and Gas)</b>	<i>Climate change is an important issue and we at Essar foundation work closely with the Indian government towards solving these issues. We constantly engage with Indian NGO's on climate change issues. Issues related to the environment are taken much seriously now after the Act enforcing stricter laws regarding protection of environment and carbon footprints. We have done our bit always in this matter for example, planting trees. If you look at what we are all doing now in terms of combating climate change is following more of the national agenda...for example cleaning the Ganges and Yamuna river. They seem to be bigger problems for India than other global issues. We need to clean our mess first. Helping the government to solve India's problems is our priority at the moment of time. That gives us a better chance to do good business as well.</i>
<b>Activity</b>	Professional guidelines, Climate change issues
<b>Language code</b>	Claims evidences and examples

<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Dialectical-National agenda
<b>Description and example</b>	Mention of how the company is seriously looking at issues of climate change. Example – Climate change, global and national agenda.

**Table 3: Rhetorical coding implying fuzziness in CSR reporting and aspects of de-globalisation**

<b>Original text excerpts (ONGC)</b>	<i>CSR reporting is still in its initial stage in India. Of course we have done a lot, but we still have a long way to go. I would say our company has been pioneers of CSR reporting. We initially followed the Global CSR reporting norms, but then we started aligning more to the Indian standards, laws and guidelines. At the end of the day we are a public sector company and we are Indian, so in a way the ACT of 2013 have helped us in framing the reports suiting to national requirements and needs. The global norms and reporting styles were always very confusing to us earlier, and we did not understand many elements of global reporting norms. The act gives us more clarity. However we were investing in CSR right from the inception for example, we build school for blind people, build hospital for poor people and also build old age homes. But now we have changed more to national issues for example, Swach bharat Abhiyan, Beti padao, bharat Jodo etc. In our reporting we make sure we discuss what we are doing to achieve the goals of the companies act of 2013.</i>
<b>Activity</b>	Global and national agenda.
<b>Language code</b>	Claims evidences and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Dialectical- company's agenda Strategic and Institutional CSR rhetoric
<b>Description and example</b>	Mention of how the company is seriously looking at issues of CSR reporting. Example – Company's agenda.

**Table 4: Rhetorical coding implying strategic nature of CSR reporting arising from institutional pressures, nationalistic and patriotic fervor, de-globalisation**

<b>Original text excerpts (Reliance petrol and gas)</b>	<i>We are India - we are Indians. We have different issues to deal with; we have problems that probably the western world would not even understand. In that way the Act of 2013 has been a wonderful means to serve the community. We are more focused now on our CSR activities.</i>
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<b>Activity</b>	Professional guidelines, Climate global issue
<b>Language code</b>	Claims evidences and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Dialectical-Company's agenda Institutional CSR rhetoric.
<b>Description and example</b>	Mention of how the company is seriously looking at issues of the Companies Act of 2013. Example – Act of 2013

**Table 5: Rhetorical coding implying normative pressures, cultural cognitive pressures, regulative pressures, unclear understanding of the Act of 2013 and fuzziness of institutional pressures**

<b>Original text excerpts (Indian Petrol and Gas)</b>	<i>The act is not very clear to us. So we invested in what we always did- farmers rights, Women education and environmental issues. The act is very novel but the problem is in comprehending and understanding the act. We are always juggling in interpreting what the government wants us to do- in terms of what we should report and how much we should report. Meeting managers of other companies during conferences and joint workshops conducted with Harvard Business School helps us in this case. We try our level best to communicate with our stakeholders by giving them a clear picture of what we do and not what we are expected to do. CSR is the backbone of this company. Be the act of 2013 or not we would have continued with our CSR programs. However, we are more structured now, earlier we did not know what areas we should look at and how to report? The act has given some element of clarity on those fronts, but there are lots of confusion as well, mostly related to what the government wants and how should we deliver them.</i>
<b>Activity</b>	Professional guidelines, regulative guidelines.
<b>Language code</b>	Claims evidences and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Dialectical-Company's agenda Strategic and Institutional CSR rhetoric.
<b>Description and example</b>	Mention of Companies' challenges in understanding of newly launched regulative pressures.

**Table 6: Rhetorical coding excerpts implying regulative pressures and de-globalisation**

<b>Original text excerpts (ONGC)</b>	<i>CSR has been an essential ingredient for giving back to the society for our company. The company's act is immaterial. We have always done CSR and will always do it. We spend most of our CSR budget last year in SWACH BHARAT ABHIYAN since it is an important issue contributing nearly 40 per cent of the budget. In deciding the distribution of these funds, the Board gives preference to activities as prescribed by the Companies Act of 2013</i>
<b>Activity</b>	National agenda.
<b>Language code</b>	Claims evidences and examples
<b>Rhetorical coding</b>	Logos and ethos
<b>Category and themes</b>	Dialectical-Company's agenda Strategic and Institutional CSR rhetoric.
<b>Description and example</b>	Mention of impacts of regulative pressures Example – Act of 2013

## Appendix K- Rhetorical coding continued

Company	Category of rhetoric	Themes	Quotations
Reliance Oil and gas	Strategic CSR	Operationalisation	implementation of various CSR initiatives including building toilets for the new swach bharat abhiyan and women empowerment activities in lieu of Schedule VII of the companies act of 2013.
		Reputation	we maintain our position as a world leader in sustainability and innovation
		Strategic link	sustainability initiatives are a part of RIL's daily business. our values, our conduct and our CSR initiatives all guide
	Institutional CSR	corporate governance	towards sustainable governance
		Philanthropy	we have believed in philanthropy right from the inception and this will continue being an important part of our CSR.
		Sustainability	sustainability is the core of our strategy : our goal is for environmentally friendly and socially sustainable business
		Stakeholder dialogue	our ambition was to create a dynamic open and accessible forum for our stakeholders and customers.
	Dialectic CSR	CSR	CSR is national development for us. We believe that companies like us can contribute to the national agenda of poverty reduction, better healthcare system and education for all.
		global standards	We are a member of the Global compact.
		accountability	The most important thing for the company is to build accountability and trust with our stakeholders and customers.
		inclusivity	we are an equal pay for all company and particularly welcome women, people with disabilities , senior citizens and members of vulnerable groups in our workplace.
		social contribution	In the matter of CSR there are many issues on which we have focussed our efforts for example providing relief services to nepal in terms of natural calamities, floods, droughts.
		focus on the issue	we are committed to further reducing our impact on the environment and recognise that we may have opportunities to improve
political role of the firm	national development	National developments are very important perhaps more than following international guidelines and regulations. All responsible companies must take leads to help the current government in achieving the development goals.	
	political engagement	Since we are such an important part of every small town, every village where we operate, the needs of small business in farming for capital payment, routine advices are not just purely business. Our presence affects the community, job opportunities, young people dreams and confidence, cultural activities and sports.	

Essar oil and gas	Strategic CSR	Reputation	Topping the charts and all the accolades and awards that we receive from the government and industry and business associations and media are very important for us. The competition makes us do better.
		strategic link	We firmly believe that integrating social responsibility in our business strategy not only has immediate benefits but is a factor in our success in confronting the difficulties that companies in this sector are facing
		Corporate governance	enhancing the corporate governance practices is one of our top priorities. Our code of ethics and conduct of company is widely disseminated.
		Operationalisation	Each of our effort to minimise environmental impact generates tangible benefits to the organisation.
		innovation	new innovative technologies will continue to reduce both cost and environmental impacts.
		leadership on CSR	We want to create an example and be a world leader in CSR and sustainability.
	Institutional CSR	Sustainable growth Triple bottom line and shared value	Sustainable development will continue to be very important for us as we move forward and we intend to maintain our active role in developing norms and systems to promote sustainability. shared value and People planet and profit is the company's mantra.
		CSR	CSR is national development cause. Be that poverty reduction, better healthcare system and education for all or sanitation and toilets for all.
	Dialectic CSR	Stakeholder engagement global agenda	we do things because we feel the company's efforts will benefit all our stakeholders we innovate and are vocal about climate change.
		accountability	At Essar oil and gas, we raised our sustainability ambition significantly during 2014 addressing our business practices throughout the group.
		inclusivity social contribution	encourage people of all diversity in our workplace. Equal treatment and equal pay is our motto. our products and services contribute to the society at large.
		global standards	Global compact GRI are ways to prove our international standards to our stakeholders.
	political role of the firm	partnerships	we reinforced our commitment to social contribution by joining flood relief and natural disaster programmes with international organisations like red cross.
		focus on the issue	we have further broadened our environmental focus area, with minimum oil spill risk factors with better technology and manpower. These are growing issues of the company.
national development causes		The companies of 2013 calls for a national plan of development and it is a priority for us.	
political engagement		We engage in various partnership projects with the government and work closely with various government bodies like MCA ( ministry of corporate affairs) and IICA ( Indian institute of corporate affairs) on CSR issues.	



<b>ONGC</b> <b>( Oil and natural gas corporation )</b>	Strategic CSR	Reputation	<p>We are the highest CSR spenders in the last two years and have won many awards for our excellent work. It is very important to the company how peers view us. there is enormous potential for us and we are taking aggressive steps to generate more green business. we constantly seek to use the latest and appropriate technology to minimise the environmental impact. CSR is a national development cause and we want to invest for a brighter India . companies like us can contribute to the national agenda of poverty reduction, better healthcare system and education. We have the highest CSR budget for these causes.</p> <p>contribute to our company's sustainability by way of economic, social and environmental value creations</p> <p>our report says- I hope this report allows you to better know us and share your ideas, comments and suggestions</p> <p>we continuously monitor the carbon footprints, oil spills risks are always high so we have to be very careful and extremely accountable</p> <p>Partnerships with NGO's and government agencies in CSR projects</p> <p>CO 2 emissions</p>
		Operationalisation	
		innovation	
	Institutional CSR	CSR	
		Sustainability	
		Stakeholder dialogue	
	Dialectic CSR	accountability	
		partnership	
		global agenda	
	Political role of firm	national development causes	
		political engagement	

<b>IOL ( Indian oil corporation)</b>	strategic CSR	Operationalisation corporate reputation	In petrol and gas production, our strengths are in production portfolio that supports sustainability and utilises renewable low carbon energy sources. At the same time, we have reduced CO2 emissions through great efficiencies. we are the leading company in safety.
	Instituonal CSR	sustainabilty	In 2010 we launched our vision and valued program into part to further integrate sustainabilty into our business culture. we want to be a responsible business and sustainable company working for national causes and abiding by the mandatory law.
		CSR	we engage the communities in which we operate through open and ongoing dialogue, social inittives and volunteer efforts.
	Dialectic CSR	stakeholders dialogue	We have partnered with mnay NGO's and governmnt bodies in the past for CSR related work in which we don't speciliasie in.
partnerships		In 2015, the company cut its total carbon emissions by 5 per cent as compared to 2013.	
accountabilty		we innovate and are committed to fight against global issues like climate change.	
political role of the firm	political engagement	we recognise that national domestic problems require made in India solutions. So the national agenda displays in our social responsibilty. We will continue to work in relevant forums to help drive adequate political responses	

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