Political CSR in India: Analysis of Indian Participants in the United Nations Global Compact in the Pre and Post Mandate Period

Vikrant Shirodkar

Abstract Research on the political connotations of Corporate Social Responsibility (CSR) has been gaining momentum. Political CSR includes social and philanthropic activities undertaken by firms that enable them to access political stakeholders while safeguarding their legitimacy and reputation at the same time. One such activity includes participation in the United Nations Global Compact (UNGC), which, since its inception in 2000, has provided an opportunity for organisations to voluntarily participate in addressing social challenges from a global multi-stakeholder perspective. However, governments in several emerging-market countries have been making CSR mandatory to address social and environmental issues at a local (or domestic) level. In this study, I analyse the Indian participants in the United Nations Global Compact in the pre and post CSR mandate period (passing of the Section 135 of the Companies Act, 2013). By doing so, this study aims to explore how the CSR mandate could potentially have implications on Political CSR.

Keywords Political Corporate Social Responsibility • United Nations Global Compact • India • Mandatory CSR

1 Introduction

In most emerging markets, trade and investment liberalisation by governments have led to large-scale economic development. However critics argue that in order to boost exports and attract greater foreign investment, businesses operating in most emerging markets have exploited lax labour conditions, institutional voids and weak environmental regulations (Christmann and Taylor 2001; Eskeland and Harrison 2003). At the same time, in most emerging markets, businesses are faced with several 'stakeholder' issues such as changing governments with conflicting interests, changing societal attitudes, changing agendas among business

V. Shirodkar (✉)
School of Business, Management and Economics, University of Sussex, Brighton, United Kingdom
e-mail: v.shirodkar@sussex.ac.uk

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communities, and increasing scrutiny by media on business actions (Simon 1984). Such issues eventually affect the rules of commerce (via legislation), such as new or changes to subsidies and taxation, permissibility of goods and services, and changes to investment policies (Schuler et al. 2002).

One of the ways of dealing with such uncertainty and complexity in emerging markets is to engage in 'Political CSR'(Detomasi 2008; Scherer and Palazzo 2007; Shirodkar et al. 2016). Political CSR relates to attempts made by organisations (particularly by businesses) to scan and sense opportunities in the changing external environment surrounding them. This knowledge can then be used to develop capabilities to not only comply with stakeholder expectations but also to influence stakeholders in ways that is favourable to the smooth functioning of their business operations (Detomasi 2007, 2008). Research on the political connotations of CSR has been evolving. Political CSR activities include (although not limited to) activities that involve providing 'public goods' such as sponsoring education and healthcare for employees, communicating socio-environmental issues to the government, mobilising grassroots campaigns (such as signature campaigns) advocating specific issue positions, public relations advertising in the media, and engaging collectively (e.g. via trade and industry associations) to influence industry standards on product quality and/or environmental protection. Political CSR also includes self-regulating polluting activities by businesses via adopting global standards in environmental management, and collaborating with nongovernmental organisations (NGOs) to develop programs that address specific social needs (Shirodkar et al. 2016). While several academics relate these activities to public affairs, issues management, or business-government relationship activities (Baysinger and Woodman 1982; Berg and Holtbrügge 2001; Getz 2001; Schuler 2001), the notion of political CSR differentiates by combining or aligning CSR activities with a firms' political activities, as theorised in some recent research (Hond et al. 2014).

The United Nations Global Compact (UNGC), launched in July 2000 provides a global voluntary platform to discuss issues related to dealing with four main ethical challenges—i.e. employment practices (aimed to reduce child labour and hazardous working conditions), human rights (aimed to minimise worker discrimination and harassment), environmental protection (i.e. efficient management of waste and pollution by adopting adequate technologies) and control of corruption (via doing away with various forms of bribery). The UNGC does not provide a 'code of conduct' to manage these issues, unlike initiatives such as the Social Accountability 8000 standard that have done so (Laufer 2003). Instead, the UNGC provides a global forum wherein organisations (including businesses) could share their best practices in dealing with social and ethical issues. The UNGC thus projects itself as a global, multi-stakeholder approach to stakeholder management. *Recent studies have suggested links between participation in the UNGC and Political CSR* (Rasche et al. 2013). Early investigations conducted by McKinsey and SustainAbility (SA) suggested that the UNGC was "effective in building a solid participant base and in accelerating changes within businesses via 'partnership projects' between companies, NGOs, trade unions and the UN" (Cetindamar 2007). However, recent studies argue that the UNGC has not performed as it might have been expected to do so. Particularly several performance gaps exist in the formulation of CSR by firms that could be argued to align with the 10 principles of the compact by companies (Sethi and Schepers 2013).

While political CSR represents a *voluntary* multi-stakeholder mechanism to engage with external stakeholders, governments in many emerging economies have been making CSR *mandatory* as a means to promote transparency and accountability among members of the business community. Scholars argue that such mandatory CSR improves commitment by businesses and empowers various external stakeholders surrounding businesses (Gatto 2002). However disadvantages of mandatory CSR include increased cost of implementation, procedural complexities and added bureaucracy (Gatto 2002). In the past (i.e. during the 1960s and 1970s) several European countries and the United States adopted laws in CSR reporting. In the 1990s, the Global Reporting Initiative (GRI) was launched to develop reporting guidelines for the 'triple bottom line'—i.e. economic, environmental and social performance (Ioannou and Serafeim 2014). Reflecting the success of mandatory CSR-reporting in developed countries, in the 2000s, several emerging markets such as China, South Africa and Malaysia also adopted mandatory CSR reporting laws. However the 'expenditure' on CSR has remained voluntary. In 2007, Indonesia made an attempt to mandate CSR spending (particularly in the mining industry); however scholars argue that the implementation of this law has been so far been unsuccessful (Waagstein 2011). In 2013, the Indian government too passed a legislation that mandates companies having a net worth of INR 5 billion (approximately 65 million euros @ 1 INR = 0.013 euros; as on February 12, 2016) or more, or a turnover of INR 10 billion (approximately 130 million euros @ 1 INR = 0.013 euros; as on February 12, 2016) or more, or a net profit of INR 50 million (approximately 650 thousand euros @ 1 INR = 0.013 euros; as on February 12, 2016) or more during any financial year to spend 2 % of their net profits made in the preceding 3 years on CSR. This mandate has raised several discussions between related policymakers, media groups and business associations in India. Although pragmatists suggest that the CSR law will be ineffective in achieving its core aims, it is rather early to gauge the outcomes of this policy at this point.

In this study, I aim to analyse the Indian participation in the United Nations Global Compact in the pre and post CSR mandate period. By doing so, I aim to contribute in the following ways. First, I aim to contribute to the literature on political CSR by examining the demographics of Indian participants in the UNGC and thereby understanding what profile of participants in emerging nations like India engage in Political CSR. Second, I aim to explore whether the CSR mandate in India is likely to have implications on further UNGC participation by Indian organisations. In the following sections, I first briefly review the literature on political and mandatory CSR and the UNGC. I then provide a descriptive analysis of the Indian participants in the UNGC. This is finally followed by discussion and conclusion, where I discuss the findings and suggest implications to managers and avenues for further research.

2 Motivations for Pursuing Political and Mandatory CSR: Theoretical Foundations

2.1 Firm-Level and Industry-Level Factors

Various firm-level factors influence the adoption of political CSR. Research has suggested that integrating CSR in political discourses requires substantial investment, and therefore firms need to mobilise three types of resources: (1) *Human* (e.g. lawyers, sales personnel and personal relations professionals); (2) *Financial* (i.e. investment in undertaking political activities), and (3) *Political* (e.g. ties and relationships with interest groups, labour unions, media and other organisations such as NGOs). Slack human resources are particularly important to engage with regulatory commissions and gather data on issues concerning policy, or to engage in public affairs activities such as mobilising grassroots towards gaining public support on an issue (Poynter and White 1984). E.g. firms with greater slack resources have been found to establish philanthropic 'foundations' in order to exclusively address social and political issues surrounding the firm. Greater firm resources has also been an important determinant of participating in the UN Global Compact (Bernhagen and Mitchell 2010). Certain industries are also expected to engage in political CSR more than others. Celanese—a global chemical producer aligns its business strategy with local developmental needs, and attempts to create a favourable environment to support its global value chain activities (Zhao 2012). Also 'sin' sectors such as tobacco, alcohol and gambling have been found to invest greater in political CSR (Balbach et al. 2006; Dorfman et al. 2012; McDaniel and Malone 2012). Firms in extractive industries are also major participants of the UN Global Compact (Bernhagen and Mitchell 2010).

Important firm-level attributes that determine political CSR also include resource criticality and dependence on political stakeholders, i.e. firms that are more dependent on socio-political stakeholders for their day-to-day operations (e.g. businesses that supply to the government) have been found to undertake political CSR to a greater extent (Shirodkar et al. 2016). Scholars have also found that multinational companies (MNC) with greater global interdependence are also more likely to engage in political CSR than those that locally focussed within a host-country. This is because at higher levels of interdependence among MNC units, there is the risk that problems encountered by one foreign subsidiary may have a 'domino effect' and can cause serious problems for the MNC's globally integrated operations (Hillman and Keim 1995).

On the other hand, studies have examined similar firm level factors determining mandatory CSR disclosures and reporting; and it has been generally agreed that large firms with greater resources, those that are susceptible to environmental and other social costs, foreign-firms and publicly listed corporations would comply and even exceed the mandatory requirements (Holder-Webb et al. 2009). Yet there is an increasing trend among smaller and medium sized enterprises to comply with mandatory CSR requirements (Perrini 2006). Overall, such "structural pressures" have been argued to affect compliance to mandatory CSR (Haigh and Jones 2006). One study in China suggested that company location factors may also affect compliance to mandatory CSR requirements. In this context, firms from greater developed sub national locations in China (e.g. east coast) were found to be more efficiently complying to mandatory CSR reporting, as compared to firms in other regions (Liu and Anbumozhi 2009).

2.2 Dealing with Governance Issues

One of the key motivations for firms to pursue political CSR has been to achieve 'global governance'. Increasing globalisation and international trade and investment has been argued to render national and international systems of regulations weaker (Scherer and Palazzo 2007, 2011). Particularly, the implementation and enforcement of CSR regulations has not been able to catch up with the growing scale of business activity and their social and environmental impacts in a global context. In this situation, scholars argue, there is need for defining and implementing global rules and providing global 'public goods' through a "multilateral process where governments, international institutions, civil society groups and businesses contribute knowledge and resources" (Scherer and Palazzo 2007, 2011)—much of what the United Nations Global Compact aims to achieve. Global governance calls for voluntary self-regulation by firms that often exceeds national regulatory expectations (especially in emerging and developing countries). One example is the International Standards Organisation's (ISO) 14000 series of environmental management systems. In order to deal with cross-country differences and asymmetries in enforcing environmental regulations strictly, several MNCs adopt this system to self-regulate their polluting activities (Christmann and Taylor 2001). Particularly in emerging markets, where Foreign Direct Investment (FDI) is often induced by governments at the cost of environmental protection (Eskeland and Harrison 2003), adopting the ISO 14000 series enables firms (and particularly MNCs) to minimise their investment in understanding socio-environmental needs at domestic (i.e. specific host country) levels. Adopting globally accepted standards also enables firms to deal with converging social expectations better, and also to shape future policy by sharing knowledge and resources (Zhao 2012).

Mandatory CSR, scholars argue, is likely to bring back greater organisational attention towards national governance models. Since mandatory CSR is based on nation-specific 'hard law', rather than self-regulation-based 'soft law' (Scherer and Palazzo 2007, 2011), corporations are likely to turn to nation-states' expectations on socio-environmental development. Scholars examining the implications of mandatory CSR reporting (with respect to governance issues) suggest that such mandates have enabled business leaders to understand local stakeholder issues more clearly, and manage their intermediaries better (Ioannou and Serafeim 2014). Mandatory CSR reporting has also been argued to minimise bribery and implement ethical practices across value chains in Malaysia and South Africa (Ioannou and

Serafeim 2014). Research in China also suggests that mandatory reporting of CSR has reduced information asymmetries, leading to reduced transaction costs for MNCs doing business in China (Hung et al. 2013).

2.3 Enhancing Legitimacy and Reputation

Several studies have examined the role of political CSR in gaining strategic advantages such as legitimacy and reputation. The 'corporate citizenship' literature (Matten and Crane 2005; Matten and Moon 2008) argues that when the government fails to efficiently provide necessary good and services (such as education and healthcare to citizens), firms can provide these goods, and in return, gain access to multiple stakeholders such as government officials and NGOs. Recent studies have theoretically examined the possibilities of reputational benefits of aligning CSR activities with government affairs activities (and other corporate political activities) such as lobbying (Hond et al. 2014). Empirically, studies within the tobacco industry provided early evidence of the advantages of political CSR. British American Tobacco, for instance, was able to neutralise opposition to their products among various stakeholders by engaging in philanthropic activities that were used to gain access to stakeholders such as labour unions, minority groups and policymakers (Fooks et al. 2011, 2013). Within emerging markets such as China and Russia, Zhao (2012) found that businesses that aligned their CSR activities with local governments' capacities in developing socio-environmental programs gained direct incentives and subsidies from the government.

On the other hand, based on studies examining the impact of CSR reporting in Europe, scholars have suggested that compliance to mandatory CSR reporting laws have improved firms' reputation (Fombrun 2005), because by reporting CSR, firms are able to satisfy the interests of various stakeholders surrounding the firm (particularly employees and customers). Scholars have suggested that the terms legitimacy and reputation have been used interchangeably in studies on the link between CSR reporting and reputation (Bebbington et al. 2008). However the common benefits of legitimacy and reputation are likely to diverge when CSR 'spending' is mandated. Analysing the mandatory CSR law announced in Indonesia in 2007, it is argued that companies' 'voluntary' CSR activities would be likely to be associated with greater reputation, however the 'mandatory' needs would be likely to be satisfied by corporations only as a means to appear legitimate, and to gain political benefits (Waagstein 2011). Thus mandatory requirements may increase costs to firms in maintaining legitimacy, while voluntary activities would likely continue to benefit firms' image and reputation. Thus in the advent of mandatory CSR laws, companies, in order to improve or maintain their reputation would be likely to continue to adopt voluntary initiatives that exceed mandatory requirements.

3 The United Nations Global Compact (UNGC)

The UNGC, launched in July 2000, was UN Secretary General Kofi Annan's idea of dealing with global socio-ethical and environmental issues by developing a broad network of participants, such as companies, trade unions, social organizations, foundations, NGOs and governments. The UNGC's 10 principles were derived from the Universal Declaration of Human Rights (UDHR), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development.

The 10 Principles of the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The UNGC has attracted widespread academic attention since its establishment, with novelty lying in introducing the 'principles-based' initiative to stakeholder management, rather than the pre-existing 'reporting' initiatives such as the GRI, or the 'certifications' based initiatives (e.g. ISO 14000 and SA 8000). Differently, the 'principles' based initiative does not reflect a set of regulations against which compliance can be verified and measured (Rasche et al. 2013). The UNGC has been argued to enhance compliance via 'learning and arguing' (Rasche et al. 2013).

Here, the UNGC effectively offers a platform to discuss how global stakeholder expectations can be effectively satisfied via CSR mechanisms in specific local contexts. This is facilitated by the UNGC's 'Local Networks' that cluster participants at a local level in order to discuss country or regional level stakeholder expectations. Although participating companies in the local network are not obliged to comply with the UNGC's principles, they are likely to imitate each others thinking that 'not copying' will render them less legitimate within the group (Perez-Batres et al. 2012). Such decentralisation (i.e. via the idea of local/regional networks) has been expected to increase the willingness and capacity of actors to voluntarily comply with the UNGC's principles.

With regard to accountability, UNGC participants are required to submit a Communications on Progress' (CoP) report, which details how the participant aligns with the 10 principles. Repeated failure to produce these reports may cause a participant to be delisted. These reports are publicly available on the UNGC website, and this allows media, academics and the public to review reports and identify potential inconsistencies. However, despite the success of the UNGC's idea of promoting a 'principles' based initiative to stakeholder management, it has also been subject to criticism. Most critics suggest that participants' reports (particularly those of companies) are not actually verified as to whether their reported CSR activities align with the UNGC's principles (Sethi and Schepers 2013).

4 Analysis of the Indian Participation in the United Nations Global Compact

Indian participation in the UNGC has been increasing since its inception in 2000. Currently 533 Indian organisations have signed up to the UNGC. Given that the total number of participants is 21,302 as of March 2016 (Compact 2016), the Indian participation could be considered as relatively low. Figure 1 describes the Indian participation in the UNGC based on the type of organisations. It can be noted that organisations classified as 'companies' and 'small and medium size enterprises' (SMEs) constitute a major participation with 148 companies and 152 SMEs. An exhaustive list of Indian companies participating has been provided in the Appendix F. A significant number of participants also include Global and Local NGOs (126), academic institutions (39), foundations (21) and micro enterprises (32).

The UNGC identifies 35 categories of industries that organisations may belong to. Figure 2 provides the distribution of Indian participants by industry/sector. It can be noted that the 'general industrial' sector comprises of the most number of participants. This mainly includes the manufacturing sector, indicating a strong participation by manufacturing companies. This is followed by 'software and computer services', and 'support services' and 'technology and hardware equipment' indicating a commitment to sustainability in the services sector.

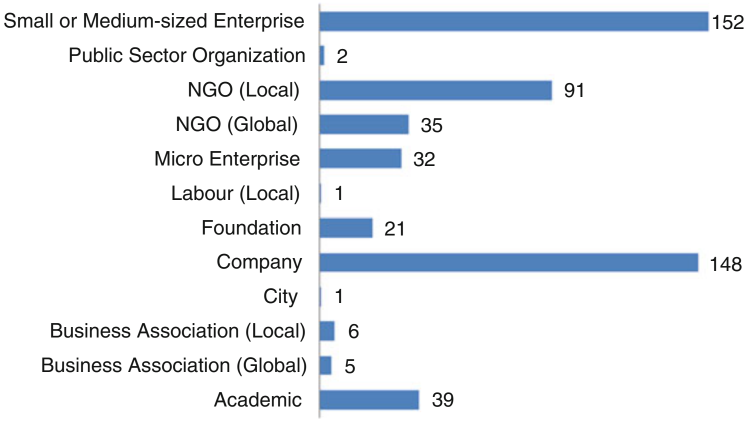

Fig. 1 Indian participants in the UNGC by type of organisation

A significant number of participating companies also belong to 'industrial metals and mining', 'industrial engineering' and 'construction and materials' companies. Finally a considerable number of Indian company participants also belong to the 'chemicals' and 'oil and gas' sectors.

In Figs. 3 and 4, I analyse the participating companies by the city in which the company is located within India, and the age of the company since its year of incorporation.

Information about company location and age was derived by matching Indian company participants in the UNGC with Bureau Van Dijk's ORBIS database. The ORBIS database provides company information of about 10 million companies worldwide. I searched for each participating company in ORBIS in order to identify the location and age. I found the location details of 136 out of the 148 participating companies in ORBIS. I found the year of incorporation (in order to calculate the age) of 131 out of the 148 participating companies in ORBIS. ORBIS provides a reliable source for analysing firm-level data, and has been used in several academic studies. The location analysis (Fig. 3) above shows that the Indian companies participating in the UNGC are diversely located, although a significant number of participating companies are located in Mumbai, New Delhi and Bangalore.

Figure 4 shows the analysis of participating companies by age. It can be seen that a majority of companies are less than 60 years old. In fact 15 % of the participating companies are 0–9 years old, 23 % of the companies are 10–19 years old, and a further 20 % of the participating companies are 20–29 years old. This indicates an increasing trend among newer companies (as compared to older, well established companies) in joining the UNGC.

Finally, Table 1 provides the year-wise distribution of participating companies. I divide the timeline into four stages. (1) Stage one is the pre-mandate period. This is prior to 2009 when there was no reported news about the CSR mandate; (2) Stage two is the period 2009–2010 when the CSR bill was proposed in the draft Companies Bill. At this stage, the CSR clause was voluntary, although it was mandatory to

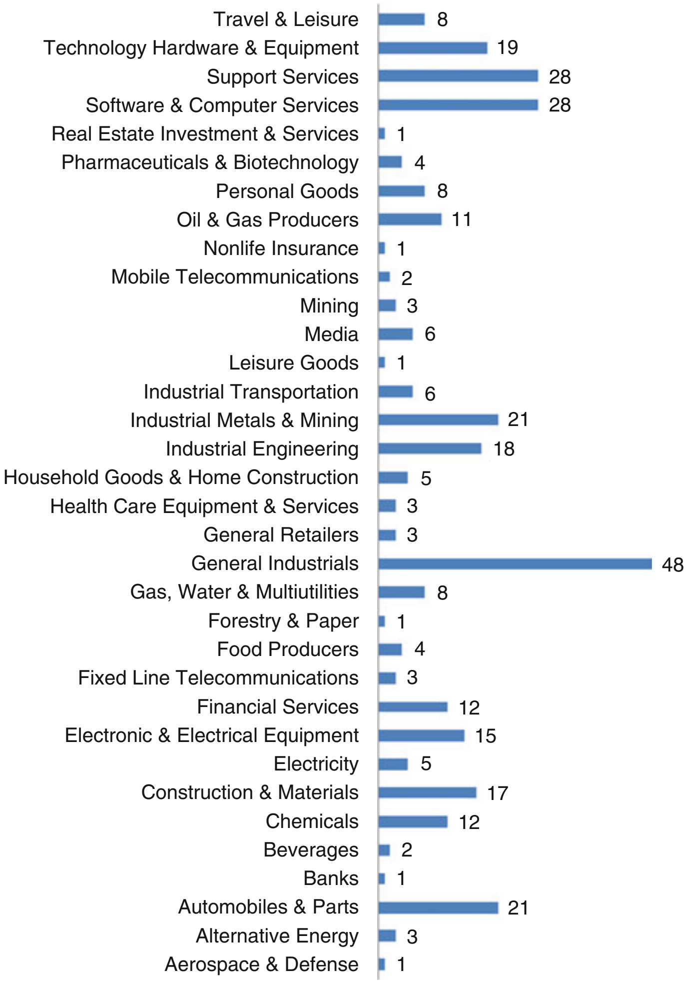

Fig. 2 Distribution of Indian participants by industry sector

report CSR activities to shareholders; (3) Stage three is the period between 2011 and 2013 when the government passed a revised bill in the Indian parliament i.e. the Lok Sabha and the Section 135 of the Companies Act, 2013 was passed by the judiciary. (4) Stage four is 2014 (April 1st) onwards when the law had come into effect.

Table 1 shows that pre-2009 (i.e. prior to announcement of CSR policy) there were in total 232 Indian participants in the UNGC. Pre-2009 also shows a period of cumulative growth in the number of Indian participants. Since 2009 till date, overall 301 Indian organisations have joined the UNGC. Thus it can be seen that there has not been a net decrease in the overall Indian participation in UNGC between 2009 till date. It is also worthwhile to note that during 2010, when the CSR law was

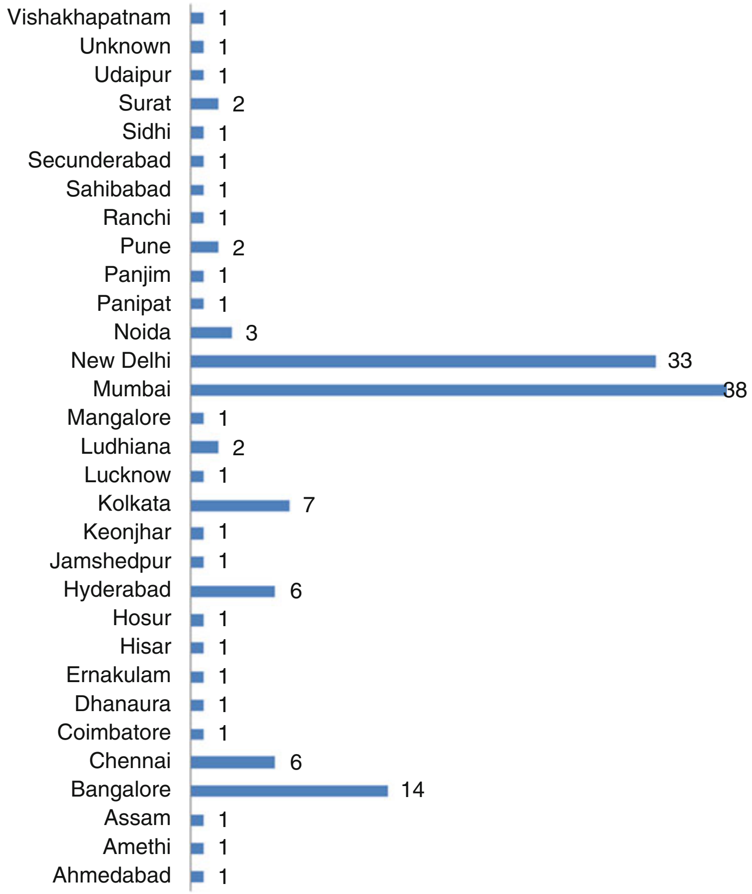

Fig. 3 Distribution of Indian participating companies by location

proposed in the draft Companies Bill, 70 new Indian organisations joined the UNGC (the highest in any year). Also during the 'policy discussion and revision' stage (i.e. between 2011 and 2013) 137 new Indian organisations joined the UNGC. However, post 2013 (since April, 2014 to February, 2016), the number of Indian participants has been cumulatively reducing. i.e. only 68 new Indian organisations joined the UNGC.

However, among Indian 'company' participants, pre-2009 there were in total 96 Indian companies that participated in the UNGC; and post 2009 till date, the number of companies joining the UNGC is 55. Thus there is a net decrease in the number of participating Indian companies during the post-announcement period. This trend indicates that Indian companies are likely to move away from global multi-stakeholder initiatives towards a greater focus on India-specific social and environmental issues. Infact, it is worthwhile to note that between 2009 and 2013, when the CSR policy was being discussed and revised, several new companies

Fig. 4 Distribution of Indian participating companies by age

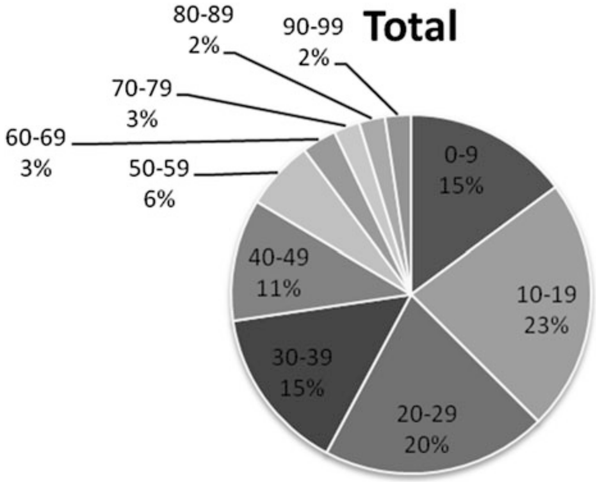

Table 1 Distribution of Indian companies and SMEs by the year of joining the UNGC

Year of joining	Stage of CSR policy	All Indian participants	Indian company participants	Indian SME participants
2000	Pre-mandate period	3	3	0
2001		52	28	0
2002		20	14	2
2003		15	2	3
2004		9	2	4
2005		10	9	0
2006		21	15	2
2007		53	10	38
2008		49	13	24
2009	CSR Policy proposed in the Draft Companies Bill	26	2	5
2010		70	15	13
2011	CSR Policy being discussed and revised in the parliament (i.e. Lok Sabha)	47	14	17
2012		50	6	14
2013		40	5	9
2014	Post-mandate period (since 1st April, 2014)	35	4	9
2015		26	6	9
2016 (until February)		7	3	3
Total		**533**	**148**	**152**

joined the UNGC. However the general participation by Indian companies in the UNGC has remained low. A close examination of the Indian companies (see Appendix F) shows that several participating companies are owned by the Government of India or affiliated to Business Groups (e.g. the Tata Group).

Among SME participants, pre-2009 there were in total 73 Indian SMEs that participated in the compact; and post 2009 till date the number of SMEs joining the compact was 79. Thus there has been a net increase in the number of participating Indian SMEs since 2009 when the CSR expenditure mandate was announced. The number of new SMEs joining the UNGC has also cumulatively exceeded the number of large corporations joining the UNGC, particularly in the post-2009 period. This shows an increasing commitment by SMEs towards engaging in political CSR.

5 Discussion and Conclusion

Overall the findings show an increasing commitment to political CSR among Indian organisations by way of participating in the UNGC. The analysis shows that, over the years, various types of Indian organisations joined the UNGC in order to discuss issues in a multi-stakeholder forum. Companies and SMEs form an important participants among the various types of organisations joining the UNGC. A closer look at the Indian industry participants shows that firms involved in international business activities such as exporting products (via manufacturing in India) and services (e.g. Information Technology and support services) to international vendors form a significant number of Indian participants. Those involved in extractive and polluting industries such as oil, chemicals, mining and construction also form a significant participation. This is in line with theory on the firm level determinants of political CSR. The Indian participation also shows an increasing participation by SMEs and newly established companies, who could be argued to have lesser resources to engage in political CSR, although theory suggests that smaller and newer companies are likely to engage in CSR due to reputational and legitimacy advantages (Perrini 2006). The Indian company participation also shows that UNGC participation is also important among firms that need to maintain their legitimacy and reputation and contribute to better governance by influencing policymaking (Shirodkar et al. 2016). This is demonstrated by a significant number of government-owned companies and those affiliated to business groups participating in the UNGC. Some company examples also additionally demonstrate the growing value added by UNGC participation—e.g. SABMiller India, a brewing and beverage company who recently collaborated with Neemrana Industries Association to promote dialogue with local industries that aims to reduce groundwater consumption, so that more groundwater would be available to local farmers (Compact 2016). This initiative attracted participation by more than 200 farmers and various companies involved in groundwater extraction. In another case, an Indian UNGC participant—Multi Commodity Exchange (MCX)—a company established in 2003 and holding 85 % of the share for commodity futures market in India (by 2009) reports that by building local and international alliances, it has been able to address the 10 principles of the UNGC, and also become a market leader within 5 years of its operations. MCX also undertakes several self-regulation programs such as certification of the ISO 14000 series to adopt globally recognised environment management systems. For a full report, see MCX's CoP report (Compact 2009).

The findings also show some likely linkages between Political and Mandatory CSR. It is seen that since the Indian government suggested the mandatory CSR policy in 2009, the number of company participants in the UNGC has been reducing. One could therefore interpret that the CSR mandate could reduce firms' investment in political CSR in general. The reasons for this could be several, and warrant further theoretical and empirical investigation. However one likely reason could be related to the overall resources available to businesses in investing in political CSR. Since both political (voluntary) and mandatory CSR demand resource investment, it could be argued that firms would primarily invest resources to comply with the government's mandatory CSR expectations, and the investment in voluntary political CSR would be secondary. Yet, it could also be argued that firms depending on global legitimacy and reputation (e.g. exporting firms) will continue to join the UNGC, and thus pursue both voluntary and mandatory CSR initiatives. One could also account for the possibility and opportunity (in some industry sectors) that the expenditure incurred in joining the UNGC and aligning the firms' business activities to the UNGC's principles could be linked to mandatory CSR expenditure.

Overall, this study has several implications for managers in India. India has also been one of the few countries where there has been increasing government support for NGOs and Civil Society Organisations (CSOs) engaged in socio-economic development. Although philanthropy used to be previously considered as the key reason for engaging in CSR, today, there is an increased importance of the role of CSR in developing better relationships with key stakeholders, such as employees, customers, shareholders and local communities (Shrivastava and Venkateswaran 2000). In a recent survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), 95 % of the companies reported that their CSR projects were aligned with the development initiatives of the Indian government (Business-Standard 2016). This prevalent movement away from a passive philanthropy by Indian companies towards resolving social issues (through their CSR programs) and developing improved corporate reputations and stronger ties with the local community has been facilitated through 'multi-stakeholder initiatives' (or MSIs) such as the United Nations Global Compact, and leading industry/trade associations, such as the FICCI in close collaboration with the government (Gautam and Singh 2010). At the same time, in India, the exploitation of family and political connections in order to gain political benefits (such as exclusive licenses, contracts, incentives etc.) is being increasingly linked to corruption. In the past years there has been a strong movement towards anti-corruption that has been supported by various non-governmental organisations and news channels. Engaging in Political CSR via multi-stakeholder initiatives such as the UNGC may simultaneously enable companies to gain important intangible resources such as goodwill and reputation, while enabling them to lobby the government in ethical manners. The new CSR legislation brings forward new challenges. In the forthcoming years, companies would have to engage in making sense of the government regulation alongside relevant stakeholder groups (e.g. managers, employees, NGOs, consultancies, community groups, suppliers etc.). The new law may cause disruptions in existing CSR practices among firms and could be expected to result in ambiguity and uncertainty.

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