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Governance of Mandated Corporate Social Responsibility: Evidence from Indian Government-owned Firms

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Abstract This study provides evidence on the governance of CSR policies and activities by Indian central government-owned companies [i.e. Central Public Sector Enterprises (CPSEs)] within a unique mandatory regulatory setting. We utilise the multi-level 'Logic of governance' conceptual framework (Lynn et al. Improving governance: A new logic for empirical research, 2001; Lynn and Robichau, J Publ Policy 33:201–228, 2013) and draw upon interview data collected from 25 senior managers in 21 CPSEs to assess the dynamics of CSR implementation within CPSEs. Our findings indicate most managers believe that a mandatory policy has enhanced the accountability and commitment of governing boards and senior management to CSR. However, CSR policy implementation within Indian CPSEs is still nascent, fraught with bureaucratic hurdles, insufficient human and knowledge resources, limited stakeholder analysis and over-emphasis on CSR budget utilisation as an outcome. Several key areas for improvements include the need for better translation of national CSR policy goals to firm-level strategies, more formal assessment of stakeholder needs, clearer communication lines with external service providers, such as NGOs and local government agencies, and the better evaluation of CSR outcomes (i.e. the social impact of CSR activities). The findings of this study have implications for both theory and policy development.

Keywords CSR · Qualitative research · Corporate social responsibility implementation · Logic of governance (LOG) · Central Public Sector Enterprises (CPSEs) · India

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Abbreviations

COPU	Committee on public undertakings
CPSE	Central Public Sector Enterprises
CSR	Corporate social responsibility
DPE	Department of public enterprises
GDP	Gross domestic product
LOG	Logic of governance
MOU	Memorandum of understanding
NGO	Non-government organisation
NVG	National voluntary guidelines
PBT	Profit before tax
PSE	Public sector enterprises
PSU	Public sector undertakings
TISS	Tata Institute of Social Sciences

Introduction

Corporate social responsibility (CSR) is traditionally seen as a voluntary undertaking by firms that aim to build legitimacy and social capital through activities that support the wellbeing of their stakeholders and the environment (Husted and Allen 2006; Jamali and Neville 2011). However, in recent years the concept of CSR has been given a more macro-economic rationale aligned with sustainable development goals of nation states (Ghosh and Chakraborti 2010). Governments are increasingly of the view that rapidly prospering companies need to be part of the solution to their nations' economic and social challenges (Archel et al. 2009; Barkemeyer 2009). The views of the World Business Council for Sustainable Development (WBCSD) (1999) reflect similar sentiments, with CSR being defined as, "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" (p. 3). This notion of CSR has particularly gained momentum in developing nations where the bottom of the pyramid is large and commercial development unprecedented. In fact, several nations have begun to undertake national-level legislative initiatives that aim to mandate CSR: for example, India, Indonesia and the Philippines (Gowda 2013; Waagstein 2011; Congress 2013).[1]

However, legislative development in India has been particularly notable in that profit-making companies are not only required to undertake CSR activities, but must also spend a nominated portion of their net profits on CSR activities. This move towards a mandatory stance began in 2010 when the Indian Department of Public Enterprises (DPE)—the nodal ministerial agency for public enterprises—introduced the requirement for all profit-making central government-owned companies [also known as Central Public Sector Enterprises (CPSEs)] to institute CSR.[2] CPSEs are also specifically required to stipulate their spending on CSR activities in their annual memorandum of understanding (MOU) with the DPE, which then gets recorded as a formal performance target. Given that the CPSEs are some of India's largest firms, owning most of the natural resource assets (e.g. oil, gas and power), this regulatory development presents a unique opportunity for the nation's economic powerhouses to formally and openly dedicate support towards social and economic development.[3]Another landmark development in August 2013 is that India went on to further mandate CSR expenditure for all Indian registered companies—both government and non-government firms—through a new statutory provision: that is, the *Companies Act* 2013.[4]

Although *prima facie* these regulatory developments appear laudable, in representing a significant normative commitment by Indian firms towards ethical and social responsibilities (Gowda 2013), there have been numerous criticisms of the notion of mandatory mechanisms determining CSR protocols(de Souza Gonçalves et al. 2007; O'Laughlin 2008). In fact, large private sector companies were highly reticent about mandatory contributions to CSR, with strong pushback in some cases (Karnani 2013). As highlighted by Prasad (2014), a number of Indian corporate leaders expressed concern over the risk that the policy may simply be seen as forced philanthropy, and that it may encourage 'tick box' behaviours, tokenism, inefficient resource usage and even corruption. For instance, Ratan Tata, the former chairman of the \$100 billion Tata group contended that:

> We have a phenomenon which is meant to be good but is going to be somewhat chaotic… we don't as yet know what kind of monitoring there'll be in terms of how well this money is used (Prasad 2014).

Previous researchers have similarly expressed concerns over the influence government and regulatory authorities may have on CSR goals in a mandatory environment, fearing the potential for compliance behaviours rather than practices that result in tangible societal benefits and innovation (Almquist et al. 2013; Jamali and Mirshak 2007).

Our literature review suggests that policy implementation is potentially a function of the design and effectiveness of the supporting administrative and governance mechanisms (Robichau and Lynn 2009). For example, Lynn and Robichau (2013), based on their analysis of 300 research studies published over 5 years (2002–2006), propose administrative systems as a critical mediating factor. They contend that "managers employ both structures and processes to influence service delivery and its outputs/outcomes, implying that management contributes in significant ways to the ultimate performance of public policies and programmes" (Lynn and Robichau 2013, p. 220). Further, in a developing economy context where legal and institutional frameworks tend to be weak, programme implementation becomes more risky with weak administrative structures and processes (Armah et al. 2011). In particular, as CSR projects tend to involve multiple stakeholder groups and external agencies,

[1] In 2007, Indonesia passed Article 74, Law 40 of the *Limited Liability Corporation Law* that requires companies limited by liability to undertake CSR (Waagstein 2011), and in 2011, the Philippines Congress (Lower House) passed the *HB4575 Bill*, which sought to institutionalise CSR (Congress 2013). However, neither country specified the amount to be spent on CSR.

[2] The DPE sets policy guidelines on performance improvement and evaluation, financial accounting, personnel management and such areas, as well as annually collecting, evaluating and maintaining information on their performance.

[3] The revised 2013 CSR guidelines (DPE 2013) mandate the CSR budget of CPSEs earning less than 100 crore rupees profits to be 3–5 % of net profit; those earning 100–500 crore rupees must spend 2–3 % and firms with earnings of 500 crore rupees and above, must spend 1–2 % of their net profits. Unspent CSR budgets must be carried forward into a sustainability fund.

[4] The Act mandated that effective from 1 April 2014, an Indian company having a net worth of at least 500 crore rupees (~US\$835 million), a minimum turnover of 1000 crore rupees (~US\$1670 million) or a net profit of at least 5 crore rupees (~US\$8.35 million) spend on average 2 % of its net profits on CSR activities (1 crore INR equals 10 million (10, 000, 000) INR).

the use of contractual agreements and related fund administrative processes can become problematic for firms with little assurance of legal restitution. However, there is limited evidence and understanding of how different administrative mechanisms and managerial dynamics affect CSR policy implementation in a multi-level, mandated governance setting.

Objectives of the Study

The overarching objectives of the present study are to identify and assess the administrative governance and management factors that may either facilitate or hinder the implementation of CSR programmes within CPSEs in India. We draw on the theory of public sector performance (Lynn and Robichau 2013; Robichau and Lynn 2009) to analyse how CSR policy outcomes are attained through a hierarchical set of public policymaking bodies, management structures, processes and service delivery mechanisms within the context of the formal 2010 and 2013 CSR guidelines for Indian CPSEs (DPE 2010, 2013). In particular, our analysis is guided by the principles of the logic of governance (LOG) model developed by Lynn et al. (2001) and empirically validated by Lynn and Robichau (2013) with specific focus on understanding the interactions among multi-level governance mechanisms and their stakeholders. The basic LOG model, as shown in Fig. 1, proposes public policy outcomes as the end result of a hierarchical alignment of public policy structures, management structures and processes, service delivery and outputs. Further, Lynn and Robichau (2013) differentiates outcomes from outputs whereby "What did you do?" refers to outputs, whereas "How well did you do it?" relates to outcomes i.e. the impact on society and the environment.

Drawing from the LOG framework, the present study investigates the following key research issues within the Indian CSR contextual setting:

Issue 1: What are the perceptions and attitudes of senior managers within Indian CPSEs towards the mandated CSR regulatory guidelines (DPE 2010, 2013), and how are they related to the CSR management structures and processes?

Issue 2: How do CSR management structures and processes facilitate or restrict 'service delivery' within Indian CPSEs, and how well is CSR service delivery reflected in the outputs?

Issue 3: To what extent do senior managers in Indian CPSEs distinguish and systematically assess the outputs (i.e. processes) and the outcomes of CSR?

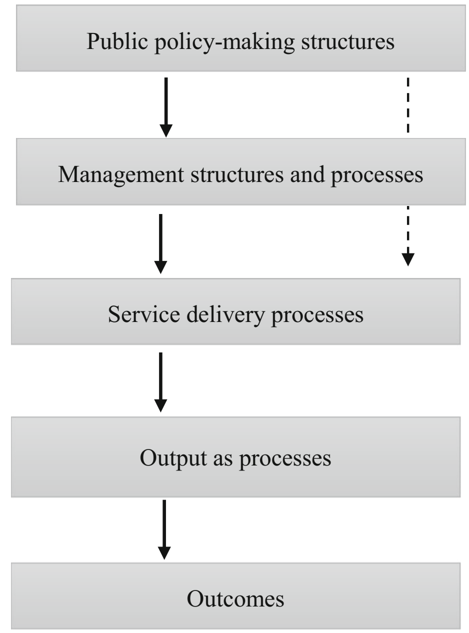

Fig. 1 Logic of governance (LOG) model—theory of public sector performance (Robichau and Lynn 2009). The *dotted line* represents potential modelling patterns that skip the management level and represent public policies that are self-executing

The empirical data for this study are based on in-depth interviews with 24 senior CSR managers from 21 CPSEs. Unlike earlier studies on policy implementation (Hargrove 1985; Hupe et al. 2014; Matland 1995) that predominantly focused on contrasting and comparing 'top-down versus bottom-up' approaches—in which implementation is seen as a function of either top management/policy setter efficacy or as dependent on service deliverers or ground-level teams—we utilise a more comprehensive approach where administrative structures and managerial factors are seen to interact and cascade through multiple levels of governance. Such an approach facilitates a more systematic unpacking of the structural and procedural factors that create meaning for CSR activities within firms and affect their strategic planning, thus responding to calls for better insights into human behavioural aspects of policy implementation (Lynn and Robichau 2013; Hupe et al. 2014).

Our findings indicate that implementation of the CSR mandate by government-owned firms in India involves a complex process of negotiations with multiple stakeholders where historical and cultural factors play a critical role in shaping the perceived rationale and choice of CSR projects. We find CPSEs need to deal with more hybrid-like structures where collaborations between government and civil society entities are critical for effective CSR implementation. Our results also highlight a disjuncture between CSR policy-advocated objectives which emphasise the business case and firm-level CSR practices that rationalise community engagement as meeting ethical as well as national goal responsibilities. However, CSR initiatives by CPSEs are limited by bureaucratic hurdles, insufficient human and knowledge resources, limited stakeholder analysis, over-emphasis on CSR budget utilisation and a general lack of CSR expertise and leadership. Finally, the study informs on managers' tendency to focus on policy outputs e.g. frequency and type of CSR activities rather than the actual effects or outcomes of such activities, with the latter often seen as being subjective, hard to measure and long term in nature. For example, assessing literacy improvements, livelihood independence and poverty reduction as CSR outcomes is generally more difficult to determine than reporting on number of school literacy programmes or financial capacity building workshops conducted.

This study makes several important contributions. First, our findings offer valuable empirical insights on CSR policy implementation within the rather unique, mandated policy setting in India. In particular, it provides vital information on the challenges faced by some of India's largest government-owned firms i.e. the CPSEs. Second, this study has undertaken an innovative approach to studying CSR implementation by drawing on the LOG model (Lynn and Robichau 2013) which in turn adds empirical insights to the neo-implementation studies emphasising the complicated link between theory and practice, and the complexity of multi-level governance actors and activities (Hupe et al. 2014). Our findings also inform the emerging literature on the role that political states may play in creating a better fit between firm-level CSR agendas and national-level development needs (Barkemeyer 2009; Matten and Moon 2008). Further, this study provides much-needed evidence from a developing nation perspective, highlighting the complexity of the dynamics among multiple private and public agencies in CSR implementation, and the need for better coordinating administrative structures (Jamali and Mirshak 2007).

From a business ethics theory perspective, this paper highlights the role that regulatory policy may play in influencing the ethical stance of firms towards their social and environmental obligations. Business ethics theories offer several reasons for why firms voluntarily undertake CSR, which can be seen as being either more utilitarian (i.e. you shall undertake CSR to maximise profits in this manner) or more normative or ethical (i.e. you ought to undertake CSR as a moral obligation for the benefit of all stakeholders and society in general) (Freeman 1984; Friedman 1970; Garriga and Melé 2004). Our findings highlight how mandated CSR policies that are imbued with politicised objectives may impel firms to view CSR as a moral obligation to the nation's wellbeing. Given the historical roots of corporate India where a Ghandian philosophy of trusteeship forms the *raison d'etre* for CPSEs, it is no surprise that the moral reasoning is presently more dominant at the firm level in choosing CSR initiatives. Thus, aligned with Garriga and Melé's (2004) call for a richer conceptual understanding of CSR based on multi-theoretic models, we provide evidence for how an international or a macro-economic development rationale may shape firm-level rationale for ethically motivated CSR (Barkemeyer 2009; Ghosh and Chakraborti 2010).

The remainder of this paper is organised as follows. In the next section, we provide a literature review of prior studies on CSR implementation from a developing nation context, followed by a discussion of the Indian CPSE research context. In the subsequent section, we describe the public sector LOG model (Lynn and Robichau 2013) that forms the guiding conceptual framework for the analysis of the interview data. We then delineate the research method and the results of interview analysis, followed by a discussion of the findings. The final section presents the conclusions and limitations of the study, leading to suggestions for future research.

CSR in Developing Nations

Developing nations differ from those developed in a number of ways including that the former have higher levels of poverty, illiteracy and corruption and weaker regulatory and institutional frameworks (Jamali and Mirshak 2007; Valente and Crane 2010). Such differences also have the potential to affect the nature and extent of CSR at the firm level. Our review of the past CSR studies from developing nations, particularly in the Asia indicates empirical efforts as being rather fragmented, although research interest in the area has surged rapidly in recent times. Often earlier studies tended to focus on CSR orientation and its link to cultural and philosophical differences (e.g. CSR is good for business rather than being merely a legitimacy tool) across different nations (Jamali and Neville 2011). However, with the growth of globalised supply chains that are often dependent on cheap labour and mass production in developing nations, the issue of CSR has become more complex. Firms in developing nations have little choice but to address international regulatory bodies and professional standards of management which necessitates review of ethical management given the local economic rationalisations (de Colle et al. 2013). For example, evidence from Sri Lanka as provided by Ruwanpura and Wrigley (2011) and Perry et al. (2014) highlights the difficulties faced by local manufacturers in balancing and meeting both ethical codes and commercial imperatives concurrently. For instance, Ruwanpura and Wrigley's (2011) reveals that during the global financial crisis, local suppliers were put under severe pressure on their pricing as costs rose, while international retailers remained unwilling to pay extra or share the rising costs. Perry's et al. (2014) case informs on how presenting CSR with measurable outcomes on labour safety and productivity can be useful as a legitimising tool for external parties and can serve internally to reduce labour turnover and increase employee productivity.

In China, CSR issues arguably appear in namesake only as firms struggle with little and inconsistent support from the government, non-government organisations (NGOs) and industry bodies (Graafland and Zhang 2014; Yin and Zhang 2012). Yeh et al. (2014), in their study of 147 Taiwanese companies, suggest shortage of human resources, lack of regulatory pressure and poor industry as key factors hindering CSR implementation. In Indonesia, only large corporations have been found to demonstrate a more formalised business case-related approach to CSR policies (Hidayati 2011; Waagstein 2011). Overall, it would appear that CSR in developing countries is still predominantly voluntary and evolving (Govindan et al. 2014).

Empirical evidence from India remains largely rooted in the past voluntary setting where CSR has been found to be strongly driven by philanthropic initiatives, such as that undertaken by giant corporates, for example, the Tata and Aditya-Birla groups (Chaudhary 2009; Gowda 2013). In an early study, Krishna (1992) reported that Indian top executives and middle-level managers held favourable attitudes to CSR, and that job creation, social relief and reconstruction activities were those commonly undertaken by Indian firms. According to Narwal and Sharma (2008), the transition of the Indian economy towards a free market regime in the 1980s is also a critical factor for the willingness of Indian businesses to view CSR more favourably. However, more recent analysis of Indian firm disclosures of their CSR activities, such as by Pedersen (2006), Kansal and Joshi (2014) and Muttakin and Subramaniam (2014) indicates that there is still limited information and understanding of CSR activities among Indian firms, and that ownership tends to sway the nature and extent of disclosures.

Nevertheless, with the establishment of a mandatory regime, Indian CSR appears to have taken on a political hue with national development priorities sharing strategic importance (if not competing) with business goals. Yet, there are continuing concerns over the lack of clarity on how firms plan, execute and achieve the desired environmental and social outcomes through their CSR programmes, and the lack of consultation with key stakeholder groups (Chaudhary 2009; Prasad 2014). Recent reports highlight that many companies have not spent their CSR budgets, suggesting inefficiencies or problems in effectively planning and implementing their formal CSR strategy (The Comptroller and Auditor General of India 2013; Gowda 2013). Gupta (2014) and Rama et al. (2009) argue that firms need to draw on external expertise to upscale CSR, and accordingly encourage active collaborations and partnerships between business and civil society, particularly the NGO sector. Kuriyan (2012) contends that stakeholder awareness and activism is also necessary for firms to be informed on needs and rights of those affected by firm developments. For instance, Kuriyan (2012) provides several examples where stakeholders have stood up for their rights, one being the community protests against corporate giants such as the Tata group and the South Korean Pohong Iron and Steel Company when large areas of land were acquired for their manufacturing and steel plants.

No doubt, the calls for a more critical research agenda on the enactment of CSR in developing nations remains loud and clear (Jamali and Mirshak 2007; Yeh et al. 2014; Yin and Zhang 2012).

The Indian CPSE Research Context

From an ethical theory perspective, businesses have a moral obligation to the wellbeing of society, and CSR is one avenue through which they may fulfil this obligation. This fundamental assumption is seen to manifest in how firms respond to their stakeholders, human rights, sustainable development and a host of other firm activities (Garriga and Melé 2004). The development of CSR thought within Indian businesses has strong roots in the ethical school of thought. Kumar et al. (2001) identified four types of approaches that Indian firms have commonly adopted towards CSR over the last few decades: the Ethical, Statist, Liberal and Stakeholder Participation models. Each of these can be understood in conjunction with India's own historical, cultural, economic and social development. India gained its independence from British rule in 1947 and subsequently opted for a socialist governance structure with most of its industries and enterprises controlled by the State.

The Ethical CSR model became popular post-independence and entails a loose interpretation of Gandhian ethics where corporate leaders are viewed as trustees, and charity and philanthropy as the main drivers of CSR (Mitra 2012).[5] The founding industrial families of the 19th century such as Tata, Bajaj, Modi and Birla, were seen to symbolise how wealthy firms may contribute to the uplifting of society based on their many large social projects. By contrast, the Statism model largely relates to the government's attempts to shape corporate thinking on their responsibilities with respect to supporting national development from a more

[5] Ghandi is well known for leading India to independence and seeking more ethics-based economic management.

socio-economic and political stance (Lala 2006; Roy 2005). Many ideologies and initiatives including the establishment of CPSEs were led by India's first Prime Minister Jawaharlal Nehru who promoted a mixed-plan economy where industries deemed crucial to national development were reserved for public sector ownership (Kaushik 1997). Private sector firms, in contrast, faced tighter restrictions in terms of business operations and expansion. However, economic growth was slow post-independence with demand driven internally and few incentives for foreign investment. By 1991, a massive financial crisis ensued resulting in the intervention by the International Monetary Fund, which called for greater economic liberalisation. Consequently, the government had no choice but to loosen its grip on the nation's assets and further corporatise the various state-run entities. Massive economic reforms from 1991 onwards included the reduction of tariffs and interest rates, the dis-establishment of public monopolies and growth of initiatives that facilitated foreign direct investment as well as trade and financial liberalisation (Gautam and Singh 2010).

With increasing globalisation, the Liberal CSR model gained prominence where a 'business case' formed the rationale for a firm's investment in social and environmental initiatives (Friedman 1970). This also meant taking up more global management systems and leadership styles. In 1994, the DPE, based on a review of commercial efficiency by the Committee on Public Undertakings, released a general set of guidelines on the need for public sector-owned entities to consider their obligations to society in general.[6] By early 2000, India had moved towards a free market economy and by mid-2000 the growth of the Indian economy averaged 9–9.5 % (in comparison with 2003–2007), making it one of the largest and most rapidly growing economies in the world (Srinivasan 2012). Economic prosperity was also reflected in how Indian firms evolved in terms of their approaches to social responsibility and global thought leadership on CSR.

In more recent times, a Stakeholder Participation approach to CSR—which is a broader take on CSR than the liberal perspective—has gained attention. This approach assumes CSR to be shaped by the voices and roles of the NGOs, social activists, media and the general public as a whole, as stakeholders affected by the firm in one way or another (Freeman et al. 2007; Mitra 2012). Thus, CSR is seen to evolve from just being 'good for business' to a more responsible and inclusive stance where stakeholder-needs analysis and active participation in firm-funded activities are sought, and reported on more formally. However, Afsharipour (2011) notes that this model is still emerging in India and

> over the past several years, the Indian government has attempted to transform CSR activities from a collection of good citizenship/philanthropic activities undertaken by only the largest business houses to a way of doing business that involves the right combination of enhancing long-term shareholder value and protecting the interests of various other stakeholders (such as employees, creditors, consumers, and society at large) (p.1018).

In step with this broader evolving corporate philosophy, several key CSR guidelines were developed in the late 2000s, as follows:

- In 2009, the Ministry of Corporate Affairs released both the *National Voluntary Guidelines (NVG) on CSR* (2009) and the *Corporate Governance Voluntary Guidelines*, which was recommended to all companies.
- In 2010, the DPE, which oversees policy formulation and the development of public sector enterprises in the economy, mandated that all CPSEs undertake CSR. The *Guidelines on CSR for CPSEs* (hereafter the CSR Guidelines 2010) were distinct from the NVG on CSR in that they only applied to CPSEs, with the mandatory requirement for expenditure on CSR based on the firm's net profit.
- In April 2013, the DPE released a revised set of CSR guidelines, titled *Guidelines on CSR and Sustainability for CPSEs*, which brought the subject matters of sustainable development and CSR together with more explicit inclusion of internal stakeholders such as employees, carry-over of unused funds to future periods and need for explanations for non-expenditure of the mandatory CSR budget.

In the next section, we delineate the conceptual framework of this study based on the public sector LOG framework, which proposes administrative systems as a critical mediating factor in the link between public policy enactment and its outcomes.

Conceptual Framework—Logic of Governance (LOG)

The conceptual framework for this study is based on the principles of the LOG model developed by Lynn et al. (2001) which propose enactment of governance in the public sector from a hierarchical logic stand-point (Forbes et al. 2007; Heinrich 2003; Hill and Lynn 2005). Public governance has been defined as "regimes of laws, rules,

[6] COPU is a parliamentary committee instituted in 1964 that exercises financial control over public sector companies, examines their reports and accounts, and determines the commercial efficiency with the aim of identifying overall defects in the systems and procedures of public sector enterprises.

judicial decisions, and administrative practices that constrain, prescribe, and enable the provision of publicly supported goods and services" (Lynn et al. 2001, p. 7) through formal and informal relationships with third parties in the public and private sectors. Based on this central notion, Lynn et al. (2001) reviewed around 900 research publications for patterns of causality in public governance and derived a multi-level LOG framework that postulates:

> politics and public policymaking, public management and service delivery are hierarchically linked with one another, and that patterns of interactions in these three levels of public governance lead to policy outputs and outcomes.

In a later study, Forbes et al. (2007) used the LOG framework to analyse 112 studies of healthcare delivery and concluded that service outputs and outcomes are significantly affected by choices of organisational arrangements, administrative strategies, and values and attitudes of the participants or actors at the decision making and service delivery level. Lynn and Robichau (2013) cited several empirical studies to justify that all levels of an administrative system are important and that skipping levels of administrative process is conceptually unjustified unless the policymaking structures can be sufficiently self-executing; that is, requiring little managerial intervention. In addition, LOG is also seen to differentiate between policy outputs and outcomes whereby outputs are 'the work the agency does" and outcomes are "how, if at all, the world changes because of the outputs" or "results" (Wilson 1989, p. 158). It is argued that administrative systems can inadvertently become output oriented rather than outcome based, partly because outputs are easier to measure and present as evidence (Davis and Scott 2007; Wilson 1989). The failure to recognise this difference can be problematic. Nevertheless, Scott (2003) also notes that outcome or impact indicators may themselves present two problems: first, outcome indicators may not be completely embraced by all organisational actors, especially the implementing managers, as they may be imposed by external stakeholders; second, organisations are often unable to control all the factors influencing outcomes.

Following this line of thought, in this study we review CSR managers' perceptions of how the mandated CSR policies are understood and implemented within Indian CPSEs, and the perceived efficacy of formal and informal management support structures in dealing with challenges posed by internal and external factors. Although the LOG model focuses on public governance, we contend that it is appropriate for this study because CPSEs are largely government-owned companies and come under the purview and strong influence of the DPE. As a nodal agency of public enterprises within the Ministry of Heavy Industries and Public Enterprises, the DPE plays a critical role in shaping and driving how CPSEs approach their strategic planning and performance management on a day-to-day basis. This includes the setting of the MOU that formalises the performance targets of CPSEs on an annual basis (both financial and non-financial goals) and the evaluation of performance. Thus, there is inherently a strong public sector approach to management decision making and actions within CPSEs.

Research Methodology

We adopt a qualitative approach in this study where research issues are assessed using data from in-depth interviews of senior managers in CPSEs. We chose an interview method as the study aimed to gain a richer contextual understanding of the processes involved in CSR implementation. Prior studies examining complex social phenomena (Healy and Perry 2000) have found that qualitative approaches with a looser standard of quantification facilitate deeper interrogation and better appreciation of the intricacies inherent in complex, real-world relationships; that is, understanding the "world of lived experience from the point of view of those who live it" (Locke 2001).

Justification for CPSEs as the Context for this Study

Overall, there are three key reasons for our choice of Indian CPSEs for this study. First, CPSEs form a critical part of the Indian corporate landscape with a vast potential to affect the environment, community and society at large through their CSR spend. In 2013, there were 260 operating CPSEs, of which 50 were listed on the stock exchange, accounting for 18 % of the total market capitalisation. In terms of turnover, the contribution of CPSEs to GDP was 22.1 % in the 2012 financial year (Dun and Bradstreet 2013). Second, CPSEs have been mandated to undertake CSR since 2010, and for more than 3 years they have had to deal with significant regulatory pressures. Yet, there are growing signs of setbacks in the implementation of the CSR guidelines, with many CPSEs not fully expending their budget and meeting other CSR requirements (Commercial Audit Report 2009–10; Comptroller and Auditor General of India 2013; Gowda 2013). Third, at a more general level, India's economy and institutions are still developing and empirical evidence and policy implementation feedback can facilitate policy changes in future. Although other developing nations such as Indonesia and Philippines have mandated CSR, unfortunately such legislative requirement is seen as being dormant and lacking in direct implementation guidelines. For example, Waagstein (2011) describes in detail how strong reactions and opposition from various actors in Indonesia have stifled the promulgation of more formal implementation rules for supporting the local legislative requirement. In contrast, Indian CPSEs provide an opportune contextual setting to study the enactment of CSR in a mandated environment.

Selection of the Sample CPSEs and Interview Participants

Geographically, we focused on two states: one in North India and other in South India where a large number of CPSEs (104 out of a total 260 CPSEs) were found to be headquartered. Based on company website information, we randomly identified an initial cohort of 50 CPSEs in these two states to seek their consent for the interview, and contacted them directly by written communication. Of these 50 CPSEs, only 12 accepted the invitation to participate in interviews (response rate of 24 %). Once interviews commenced, we used the snowball sampling technique (Atkinson and Flint 2004) with a view to extend the sample, which involved asking participants in the initial set of 12 interviewees in the first round for the names and contact details of senior management in other CPSEs. We continued data collection by conducting interviews in nine more CPSEs. The final sample of 21 CPSEs includes firms from a wide range of industries and varying firm sizes (less than 100 to more than 100,000 employees). The sample mainly covered high-performing CPSEs (i.e. three were Maharatnas, eight were Miniratnas, five were Navratnas[7]) and two other smaller profit-making CPSEs, as well as two loss-making CPSEs. The year of incorporation of the sample CPSEs ranged from 1957 to 2003.

The 25 interviewees that participated occupied diverse senior positions such as CSR directors, CEOs of CPSEs and designated CSR managers. All interviewees were either responsible for or actively involved in CSR policy formulation and/or implementation. Table 1 provides an overview of sample CPSEs and various participants.

Archival data such as annual reports and website information were used to gain an initial understanding of the CPSE and its CSR activities where possible. We also developed a semi-structured interview guide, and drew insights from past studies on the key elements surrounding CSR implementation, for example, the selection of and budgeting for CSR projects, conduct of baseline surveys, impact assessment, stakeholder communication and related implementation issues (Rama et al. 2009; Visser 2008; Yin and Zhang 2012). Appendix Table 2 provides an outline of the semi-structured interview.

We conducted face-to-face interviews in the main offices of the CPSEs over a period of nine months from April to December 2013, and carried out three site visits. We approached the interviews with a *tabula rasa*–'an open mind', and chose to ask questions in a naturalistic and flexible manner to allow space for new themes and perspectives to emerge. We started the interviews by discussing the key CSR projects undertaken by the firm and its approach to CSR *visàvis* the national mandated policy and guidelines. As the interviews progressed, we probed into CSR management structures and processes, and service delivery processes used by CPSEs and the challenges that managers faced in implementing CSR projects. Of the 25 interviewees, 20 allowed us to record the interviews. We collected field documents during the five non-recorded interviews and prepared detailed field notes throughout each interview. The interviews typically lasted for 50–90 min.

Data Analysis

The interview data were analysed using NVIVO 9, a structured software program that facilitates systematic identification and analysis of themes from unstructured interview data and is commonly adopted in similar studies (e.g. Seitanidi and Crane 2009; Young and Thyil 2014). In contextualising the analysis, a set of three inter-related processes, namely data reduction, data display and conclusion drawing, was employed (Miles and Huberman 1984). Hand-written field notes and company documents collected during the field trip also helped to identify the initial themes. Broader overarching themes were then recognised by combining the initial themes.

Results of Interview Data Analysis and Discussion of Findings

Following the LOG framework, we present our data analysis and findings in this section under five headings: (1) politics and CSR policy; (2) CSR management structures (CSR policies, board-level committees and external support structures); (3) CSR management processes (including stakeholder engagement, project selection and approval, project monitoring and appraisal); (4) Service Delivery and (5) Outputs *v*. Outcomes. All direct quotes are presented as

[7] The Government of India categories all CPSEs in India into different groups, namely Miniratna, Navratna and Maharatna, based on parameters like turnover, profits and claim for government financial support. The category of CPSE determines its financial and operational autonomy, which increases from the Miniratna to the Maharatna category. Higher status CPSEs need to demonstrate higher CSR performance.

Table 1 Summary of sample CPSEs and interview participants

CPSEs	No. regular employees	Industry	Designation of interviewee
A	1000 to 5000	Transport and tourism	Director
B	More than 5000	Power generation	1. Senior manager
			2. General manager
C	More than 5000	Steel and coal	Assistant general manager
D	More than 5000	Refinery	Senior HR manager
E	Less than 1000	Transport services	General manager
F	Less than 1000	Consumer goods	General manager
G	Less than 1000	Fertiliser	1. General manager
			2. HR Manager
H	1000 to 5000	Petroleum	1. Chief manager
			2. Senior officer (CSR)
I	Less than 1000	Power generation	1. Managing Director
			2. Senior HR manager
J	More than 5000	Transport and tourism	CSR Co-ordinator
K	Less than 1000	Financial services	Executive Director
L	1000 to 5000	Tourist services	Vice president
M	More than 5000	Trading	General manager
N	More than 5000	Crude oil	HR Manager
O	1000 to 5000	Tourist services	Group general manager
P	1000 to 5000	Infrastructure development	General manager
Q	More than 5000	Engineering	1. General manager
			2. Senior CSR manager
R	More than 5000	Transmission	1. General manager
			2. Chief HR manager
S	Less than 1000	Telecommunication	General Manager
T	1000 to 5000	Petroleum	HR Manager
U	More than 5000	Crude oil	Group general manager

spoken, to more fully communicate the managers' perceptions of and attitudes to the various issues.

Politics and CSR Policy

Philanthropy, Social Development and Competitive Advantage

As noted by Lynn and Robichau (2013), public policies provide information about political commitments. The DPE's CSR Guidelines espouse CSR as "a company's commitment to operate in an *economically, socially and environmentally sustainable* manner, while recognising the interests of its *stakeholders*" (DPE 2010, p. 3). The guidelines also note that CSR is to extend beyond philanthropic activities and function to integrate business and social goals while taking sustainable development into consideration. Not surprisingly, the guidelines also emphasise meeting National Plan goals and objectives and local government needs. For example, most of the 28 possible areas of CSR activities under the guidelines relate to social development, wholly or partially including the adoption of villages, building of roads, bridges, disaster management, health and family welfare, etc.

Our interview data suggest that the majority of CSR activities by Indian CPSEs are related to community welfare projects. There is, however, little evidence or understanding among managers on their strategic alignment with the mainstream business. For example, a number of interviewees talked about community development efforts of their companies as a critical time-honoured service to the public, especially in the areas of health and education, adoption of villages, infrastructure creation, etc. In contrast, environmental issues appear to take lower priority, and there seems to be little regard for rationalising activities from a business model viewpoint. These findings are also supported by previous research where CSR activities in India tend to be prioritised towards community welfare (Chapple and Moon 2005; Mahapatra and Visalaksh 2011; Young and Thyil 2014). In fact, Gowda (2013) argues that in India, CSR is used as an instrument to please communities, which is also exemplified in this study's findings:

> There are negative and positive sides for an organisation when it sets-up (operations) at a place. People in and around the area are going to be adversely affected. So we spend a portion of the profit for them—as CSR activities. We are adopting neighbouring villages. We develop schools, infrastructure, etc., to compensate the society (Manager 10).

> Right from the beginning of CPSEs— is meant for society. All the factories and refineries were started in far-away places like north-east sector. The decision was to bring development in such places. (Government) officials were reluctant to work in such places. But, while starting such factories, etc., Government of India (should) put-up schools and hospitals in those places—so the entire society is getting its benefit with subsidised price or even nothing. That was the driving philosophy for the entire Indian CPSEs (Manager 5).

Thus, the predominant perspective on CSR within CPSEs still seems closely linked to the ethical and statist views that emerged some 50 years ago as described by Kumar et al. (2001). More specifically, the corporate mindset within CPSEs is seen to be still strongly rooted in the ethical philosophy stemming from the Ghandian morals-based approach, and the statist views from the 'Nehruvian development era' where it is assumed that the fundamental obligation of the firm is to develop the nation and support communities along the way. Although the statist view advocates that the government takes a more economic stance towards commercial development, the ethical view commands firms to take a more moral, equitable approach such as giving top priority to those displaced due to government acquisition of land for industrialisation. Consequently, CSR is still seen as a key functional compensatory tool for the betterment of society.

However, this does raise a critical challenge where despite the rhetoric by the DPE that a key goal of its CSR policy is the achievement of 'competitive advantage' by CPSEs and sustainable development in the longrun, the approach towards CSR tends to be *ad hoc* and 'philanthropic'. Most managers do not seem to have fully considered the implications of rolling out CSR programmes from a wider, long-term organisational resource allocation context from the firm level. The use of CSR to appease the masses appears to still pervade the corporate psyche rather than being a business case.

Frequent Changes and Lack of Clarity of CSR Policy

Another observation in relation to CSR policy is that the rather rapid and ongoing regulatory changes in recent years has created some degree of uncertainty and confusion in managers' minds in prioritising objectives and activities. As noted previously, at least four related yet distinct guidelines on CSR have been promulgated in India in the last five years—the 2009 *National CSR Voluntary Guidelines*, the CSR Guidelines 2010 and Revised Guidelines 2013 and the *Companies Act* 2014. Several managers expressed their frustration in terms of a lack of clarity inherent in the guidelines on issues such as how one should judge which community takes top priority, and what is meant by achieving social inclusion or equity:

> The policy talked about issues like 'inclusiveness' but there is no guidance on how to bring the people into the margin of mainstream, how to bring some kind of parity etc. (Manager 5).

Bardach (1977) warned that ambiguities and vague ideas can defeat policy coherence and destabilise gaining real outcomes as implementers reinterpret fuzzy mandates to meet their goals. From the context of the LOG framework, the problems created by unclear and changing regulatory frameworks tend to raise policy ambiguities, which in turn are likely to seep into subsequent stages of governance process such as how different management structures and processes may operate, and thereby ultimately is likely to have flow-on effects for service delivery, outputs and outcomes.

CSR Management Structures

Management structures for policy implementation can exist inside or outside the organisation, and these structures aim to organise administrative systems and procedures to accomplish the purposes of public policies (Lynn and Robichau 2013). In India, the CSR guidelines (DPE 2010, 2013) provide for internal and external management structures to implement CSR policy. From an internal structure perspective, the CSR guidelines advocate the establishment of a two-tier structure consisting of a board-level committee headed by either the chairman, managing director or an independent director with ultimate responsibility for CSR strategy and outcomes, and a nodal officer with his team to coordinate and implement day-to-day CSR activities (DPE 2010, 2013).Of the 21 sample CPSEs, 20 (95 %) were found to have formed a board-level CSR committee with a corporate-wide CSR policy. Top managements were generally involved in approvals of CSR projects, and a small team was often in charge of overseeing project enactments.

We found that such guidance had both positive and negative aspects. On a positive note, most managers felt that the recommended structure was good as it emphasised the need for governing boards and directors to be more accountable and strategic in their planning for CSR. Several managers believed that a mandatory policy would also help direct much-needed resources towards building a more formal and systematic CSR programme. As noted by one manager:

> Legislation has brought CSR to a level where it is genuinely discussed in the board. CSR has quietly but very strongly entered the boardroom sphere and that is very healthy for the entire country (Manager 3).

Internal CSR Management Structures—Existing in Letter, Weak in Spirit

Although most CPSEs were found to have set up the two-tier internal management structures, they were still somewhat nascent or weak due to lack of human resources and top-level leadership expertise. For example, in several instances the CSR committee appeared to play a figurative role, with senior personnel from other functional departments delegated to fill the gap as CSR managers. Some of these senior executives tended to view CSR as an added responsibility that was not part of their 'main' job description, and was thus lower in priority:

> I have no people to manage all these. I am managing civil department also. Since all these are civil work, I will get it executed through our people. Also, we outsource some of our works and my main difficulty in implementing CSR is my multi-dimensional job itself (Manager 7).

> We need some consultant's help. We all are doing our own jobs in the company. If I go behind this, I will forget my main job (Manager 2).

Leadership—Difficulty of *Acquiring Competent Directors* and *Limited* CSR *Teams*

Interviewees also commonly shared their need for more passionate and dedicated organisational leaders. This finding mirrors contentions by Yin and Zhang (2012) based on Chinese firm evidence, that ethical leadership and managerial discretion are critical drivers of CSR activities—both business-focused sustainability activities as well as broader community-related projects. The shortage of managers that are knowledgeable and enthusiastic about CSR in Indian CPSEs is likely to be linked with a lack of career path for those involved in CSR projects to progress to senior positions. Most see the promotion process favouring managers involved in the main functional areas or business of the organisation e.g. engineering or finance, rather than CSR.

External CSR Support Structures—CSR Hub Mixed Views

From an external structure perspective, the CSR guidelines recommend CPSEs to collaborate and develop linkages with various government and civil society institutions, and form suitable panels to guide implementation. For this, a pioneer academic institution, the Tata Institute of Social Sciences—with a nationally recognised track record of teaching, research, publications and field interventions in social sciences—was chosen to host the National CSR Hub (hereafter, the CSR Hub).

Surprisingly, our findings indicate that many respondents do not relate to the support offered by the CSR Hub. For example, a number of interviewees felt that the CSR Hub is too centralised, works as a regulator rather than a knowledge support partner, inadequate number of agencies empanelled, and that it adopts a private sector approach with little understanding of public sector idiosyncrasies. Some participants grumbled that the CSR Hub empanelled only 280 NGOs in the last 2 years, which did not meet the demand from CPSEs, but at the same time a few managers seem to expect much more from the CSR including project implementation:

> They (the CSR Hub) are not into implementation. Also they cannot serve good when we have projects in different areas—they are centralised. So we need to have regional hubs (Manager 4).

> Only 1.5 % of the whole lot of NGOs are good. We are doing ranking. They (the NGOs) have to show us their past 3 years credentials—projects they have undertaken, their financial stability, etc. They (CSR Hub) are a kind of regulator. Their key job is to empanel the agencies. They were not doing well in that also (Manager 5).

Nevertheless, a few managers—albeit in the minority—felt to the contrary, that the CSR Hub's role in empanelment was a useful one. They were appreciative of the time and effort saved in avoiding due diligence checks on the external CSR project contractors as CSR Hub is able to take care of that process.

The CSR Hub as a central administrative support mechanism has the potential to bring together the expertise of government bodies, NGOs and civil society. It is of concern that the confidence of CPSEs in the Indian CSR Hub is low, and this may partly be due to its role being nascent and that it needs to further improve communication about its function.

CSR Management Processes

The LOG approach to policy implementation notes that policy and structural artefacts have the potential to influence the processes associated with field-level enactment, which in turn is open to managerial discretion as well as influence by other governance stakeholders (Lynn and Robichau 2013). Our findings reveal that structural limitations confound a variety of management processes in CSR roll-out, and we discuss these under the following sub-sections: key stakeholder analysis, project identification and community groups and project approval processes.

Key Stakeholder Analysis—Not Easy, Politicised with Many Voices

Baseline surveys enable systematic documentation of needs of key stakeholders and serve as a bench mark for impact assessment. Formal baseline surveys undertaken by trained professionals can be very useful scientific tools for measurement of society needs. The *CSR Guidelines for CPSEs* recommend an in-depth understanding of the expectations of key stakeholders through a formal stakeholder analysis (DPE 2010, 2013).

Interview data indicate that baseline surveys are not popular with participant CPSEs. Just three CPSEs out of 21 (14 %) mentioned have conducted a formal baseline survey using external experts to facilitate selection of CSR projects. The remaining 18 CPSEs instead used random, *ad hoc* methods of identifying CSR projects, including visiting the surrounding local village heads or through requests made by personal acquaintances of staff members (e.g. heads of NGOs or nearby communities) who would directly approach the firm managers with a proposal for aid. When asked about the reasons for side-stepping formal baseline surveys, the interviewees generally cited the high costs involved, and lack of trained agencies to complete such surveys.

Further, there appears to be added risks for CPSEs in developing comprehensive stakeholder analysis with community groups. First, CPSEs are advised by the CSR guidelines to work with 'panchayats', which are the local government bodies that are funded and overseen by the respective state governments. The members of a panchayat are generally the elected representatives of a community or village with the responsibility for general governance of the village or regional area. The majority of interviewees were in agreement that consulting panchayats is a logical step or process as vast sections of society in India are not in a position to formally communicate nor negotiate what is best in their welfare due to illiteracy and poverty (Iyer 2009). Panchayats thus become a critical voice or negotiating agent.

However, while some panchayats can be cooperative and knowledgeable about the firm's approach to supporting the community from a business stance, others can be highly political and self-serving. Managers from five (24 %) of the CPSEs specifically expressed anxiety over working with panchayats because they perceive them as untrustworthy and too authoritative: "Village panchayats are informative, but we cannot entrust them with money" (Manager 6); and "Panchayats are cooperative but can be too demanding" (Manager 8).

Prior studies highlight the importance of having a clear, well-articulated process to engage stakeholders in strategic conversation for effective CSR implementation (Miles et al. 2006). Seitanidi and Crane (2009), based on two case studies of CSR partnerships between non-profit and business entities, report that clear accountability and the quality of institutionalisation—that properly addresses stakeholder expectations and skills gap for project implementation—are critical for successful partnerships. Unfortunately for CPSEs, gaining a full understanding of stakeholder needs remains a problematic process.

Interestingly, in 2011, several CPSEs protested against making baseline surveys mandatory, and the Revised Guidelines 2013 merely recommend such surveys (DPE 2013). Both the costs and availability of agencies were seen to be critical impediments to undertaking formal stakeholder analysis. Nevertheless, the challenge of not having clearly and formally assessed stakeholder needs—through more scientific and systematic baseline methods—remains unmet, which questions the real outcomes and impacts of CSR activities of CPSEs.

Approval of CSR Projects—Not Easy

The Revised Guidelines 2013 advise that, based on a systematic analysis of community needs, the CSR committee ought to make recommendations to the board of directors on CSR project approvals. The majority of interviewees noted that getting CSR projects approved by the board of directors is not easy for at least two reasons: board-level committees do not meet frequently enough, and directors are sometimes over cautious in approving CSR projects as they become subject to multiple reviews and audits. Further, project approvals are seen as being tougher for smaller ones, and the board of directors responsible for overseeing the completion of flagship projects tend to focus on very large projects. A typical response of a CPSE manager regarding delays in approvals is captured here:

> Can you believe, for public sector undertakings; i.e. PSUs (another term for CPSEs), it takes 36 signatures to get one approval. For big projects we have timelines and we must have approvals. It becomes too difficult to get approvals in small projects such as aiding a school (Manager 11).

Service Delivery

According to the LOG model, policymaking, and management structures and processes are expected to make service delivery more effective (Lynn and Robichau 2013). For CPSEs, the CSR guidelines note two ways in which CSR activities can be undertaken: through external agencies such as panchayats, NGOs, trusts, government and semi-government organisations that have the necessary capabilities and expertise; or through in-house delivery. Further, the use of external agencies was seen as preferable to in-house delivery as CPSEs. In particular, external agencies empanelled by the CSR Hub were recommended because of the operational competencies of those agencies, particularly NGOs that have been vetted for their competency under the strict selection norms of the CSR Hub. However, our interview data indicate that service delivery—that is CSR project implementation—remains a huge challenge in finding the right external service providers as well as the confounding problem of bureaucratic red-tape:

> Implementation is the biggest problem in entire India. The challenge is more in delivering a social service/ product. In order to deliver a one rupee medicine to a rural village, it cost 48–50 rupees. That much complex is the system. The cost includes the salary of the doctor and compounder to the administrative cost and the vehicle cost (Manager 5).

In the following sections, we further discuss specific issues faced by respondents where services are delivered using external and internal sources.

Service Delivery through External, Specialised Agencies—Selection, Trust and Operational Issues

We found more than half the interviewee managers prefer NGOs as service providers. NGOs with a good reputation and the relevant expertise are highly valued, particularly when they have good local knowledge and connections. Six of the 21 (35 %) CPSEs entrust the implementation work only to other state-level government agencies. In contrast, several other interviewees felt that engaging government agencies can delay projects due to bureaucratic hurdles. Although there is a strong preference for using local agencies, only two CPSEs (10 %) reported providing funds to panchayats for CSR execution.

> Since the language, culture, values and feelings change from place to place, there should always be local people to implement the projects. All NGOs are localised and I need to appoint local NGOs (Manager 5).

Interestingly, although the use of NGOs as service providers is popular for CSR activities, the selection and monitoring of NGOs as service providers is often difficult. In particular, the expertise and trustworthiness of smaller NGOs is generally questioned because many of them have poor track records in handling larger projects and funds:

> Almost 1.8 lakh [180,000] registered NGOs are there. Some are good but most of them are maligned… Some NGOs will come and say that they can do this and that and everything under the sun. Those who claim so will be good for nothing (Manager 5).

> NGOs are sharks that grab money by hook or crook (Manager 6).

> I cannot distribute around 100 crores (to) NGOs like that, we have so many news about NGOs, about how (badly) they are managing their funds (Manager 17).

Service Delivery through In-house Expertise

Interestingly, we also find that some CPSEs prefer to involve employees in the CSR implementation process as they believe internal staff better understand their company's values and strategic directions. The interviewee managers also emphasise the importance of building internal human resource capabilities through matching existing employee capabilities with CSR project requirements. Prior studies also find employee participation and involvement important for the success of CSR programmes in Indian corporations as they are perceived to be the most influential stakeholders in CSR programmes (Partners in Change (PiC) 2007). However, there were two problems commonly cited in terms of recruiting skilled employees for CSR implementation. The first is finding those that were willing to work in remote locations where the activities of many of the CPSEs (e.g. oil, natural gas and mining entities) are situated. Second, the role of the CSR function is traditionally not well defined and for a junior manager working in this area it is seen as a non-progressive career pathway. Consequently the talent pool remains limited:

> The key issue is to get the competent people to deliver the services—be it in education or health or other sector. This is really the problem of implementation—getting competent work force. The educated people will go to Delhi or Mumbai to work. This is only one of the key issues. If no institution in India is offering a course in CSR—then how can the future leaders drive CSR? (Manager 5).

Monitoring of CSR Projects—Often it is More About Checking on Compliance

A system of periodic monitoring and reporting is critical for achieving the intended outcomes, and in the case of CSR, to both the utilisation of allocated budget and its outcomes (Commercial Audit Report 2009–10). The CSR guidelines specifically note that monitoring facilitates meeting timelines, budget utilisation, physical targets and regulating proper flow of CSR funds to external parties (DPE 2010, 2013). We found that only five interviewees out of 24 (21 %) were confident in the formal monitoring of their externally delivered CSR projects. Also, most of the time monitoring seemed to involve reviewing expenditure or amount spent rather than outcomes, which raises concerns over the quality of service delivery. One possible reason for this might be that CPSEs, being public companies, are already subject to multiple financial and procedural reviews by various agencies such as the Central Vigilance Commission, Central Bureau of Investigation, Comptroller and Auditor General of India, Right to Information Act, among others. In fact, several managers felt that the CSR budgetary review process is too demanding and unsatisfactory and that there has been limited scrutiny on implementation and actual outcomes: "All government circular speaks about are 'reviews' only; not about work. If everybody goes for review, who is there to implement?" (Manager 2).

In summary, the above findings underscore distinct vulnerabilities associated with CSR implementation using external agencies although the formal policy guidelines appear to prefer the use of external specialised agencies. This is, however, understandable given the human resource limitations for conducting CSR using internal staff or employees.

Outputs *vs*. Outcomes

According to the LOG framework, outputs relate to services enacted while outcomes relate to the impact of CSR services. In a CSR setting, outputs may refer to number of projects completed, percentage of CSR budget utilised, hours of training provided, whereas outcomes pertain to the final effect or social impact of the output activities; for example, poverty alleviation, decrease in illiteracy and improvements in sanitation and health. In general, our interview data suggest that CPSEs have a narrow interpretation of outputs and little understanding and capacity to track the link between outputs and outcomes.

Target Budget Utilisation—Primary Emphasis Point for CPSE Managers

For CPSEs, the utilisation of the CSR budget is viewed as a critical output. Nine sample CPSEs out of 21 (43 %) were found to have fully expended their CSR budget and four had exceeded their budgets. However, they also acknowledge that the allocation of the budget alone may not constitute success and the real effects of CSR projects may take much longer to determine. For instance, bureaucratic delays in the release of funds to service providers may in some cases take several years. This hampers actual roll-out of the project itself, and consequently ascertain CSR outputs in a timely manner based on budget expenditure becomes difficult:

> I tell you—in one day I could spend 62 crores… However, those 62 crores (would) not have being consumed because it (would be) lying in various agencies who are progressively spending the money…so maybe 25 crores are yet to actually go out from our bank to the person's bank or from the person's bank to the end beneficiary. There is a big pipeline. So some of the projects which we are claiming that we have approved and we have started giving out money, might take 6 years to complete (Manager 11).

We also found that eight CPSEs (38 %) had rolled over their unspent budget into a sustainability fund. Various factors beyond the control of the firm were also seen to delay projects, such as the inherent timing issues related to financial year profit determination, project approvals and actual implementation of the project, which is made worse by weather conditions in many cases. One respondent provided a comprehensive narration of such struggles:

> We can't anticipate what the (firm's) profit will be. In certain years, profit is very high. Here the financial year is from April to March. The profit is usually announced by 30th of May. Therefore, the CSR planning usually starts by 1st of June. The approval for this plan (we) will get by 30th June only, after the board-level meeting. Then the actual implementation will start by July. By that time monsoon starts. In

> South India, there are two monsoons. In North India there will be the issues of fog. So altogether, we will lose 5–6 months like this. Effectively we have to spend the whole amount in rest of the 6 months (Manager 5).

Difficulties Faced in Ascertaining CSR Outcomes

The CSR Guidelines for CPSEs intend to achieve two broad outcomes: social equity through inclusive growth, and sustainable development. According to the LOG model, although a series of administrative structures and processes can be put in place to achieve a particular outcome there is never full control over all intervening factors. For example, in a skills development programme, the number of training hours, number of people employed and the level of skills developed can be identified as critical outputs, leading to outcomes such as lower unemployment rate and/or higher wages. However, if those trained do not gain employment placements even after attending skill development programmes (say, training of youth in regional/rural areas where employment prospects are low and the trainees do not want to relocate) the measured outputs would not fully relate to real outcomes.

Another barrier for ascertaining the final outcomes of CSR projects relates to timing and size of projects. For instance, in some cases, it may be a little too early to ascertain real outcomes as projects take longer to take effect. Taking the earlier example of a skills development programme, the effects of any such training may take a few years to become apparent. Some other factors limiting proper outcome assessment include lack of agencies with the expertise and specialised knowledge; that is, there are not enough professional agencies empanelled to perform this task. Further, it is argued that whatever little external professional expertise is available for such assessment it is overpriced. As a result, many CPSEs avoid getting their projects evaluated.

Our data indicate 9 out of 21 (~43 %) CPSEs have some sort of informal outcome assessment undertaken through an external agency or through local university students. Some CPSEs undertake formal assessment of their projects only for large flagship projects:

> We have 600–700 small projects. So taking feedback from all of them will be a hectic task. So we do it only for larger projects. For smaller one—we typically get a report (Manager 4).

Interestingly, two CPSEs (10 %) report utilising the services of internship students to conduct outcome assessment. Engaging local university students is seen as minimising the costs of such assessment and any bureaucratic tendering troubles, resulting in 'an easy go' with the auditors. However we were not able to ascertain the quality of the assessment of the two reports.

Discussion of Findings

Lynn and Robichau (2013) argue that administrative structures that define and distribute authority and allocate resources are fundamental for achieving public policy outcomes. The findings of this study reveal that role of administrative structures in CSR policy implementation within CPSEs is complex and often mediated by a variety of factors internal and external to the firm (see Fig. 2). More specifically, our analyses suggest CSR management within CPSEs is strongly influenced by historical and political factors, and challenged by bureaucratic hurdles, the needs of multiple stakeholders and a lack of human resource capacity and expertise in CSR.

In the first instance, we find translating a mandated national CSR policy to the level of firms is not seamless. Despite the formal CSR guidelines calling for activities that are a natural corollary to the business and creation of firm competitive advantage, Indian CPSEs' choice of projects appears to be driven from a broader societal and ethical stance e.g. road and school building. Van Zile (2011) posited that the Indian government is attempting to navigate the gap between a 'once-socialist country with a disadvantaged populace' and its prosperous, capitalistic aspirations through politicising and utilising CSR as a possible panacea. Other studies have similarly highlighted that CSR in developing nations do not merely follow global trends, but are flavoured by their own historic, institutional and economic demands (Yin and Zhang 2012; Jamali and Neville 2011; Khanna et al. 2006).

Further, the pre-disposition towards more community-oriented activities is seen to affect at least three related issues at the management structure and process levels. The first issue concerns the role of external support structures and agencies such as the CSR Hub. Our findings indicate external support structures such as the CSR Hub and other management consultancies do not seem to have the full buy-in from CPSE managers. Some plausible reasons relate to high costs, lack of clarity of the Hub's role and services and even reticence from a corporate cultural perspective (e.g. the Hub is seen to take a more private sector approach rather than a public sector). Nevertheless, internal CSR leadership and capacity is also lacking within Indian CPSEs which subsequently elevates the pressure to reach

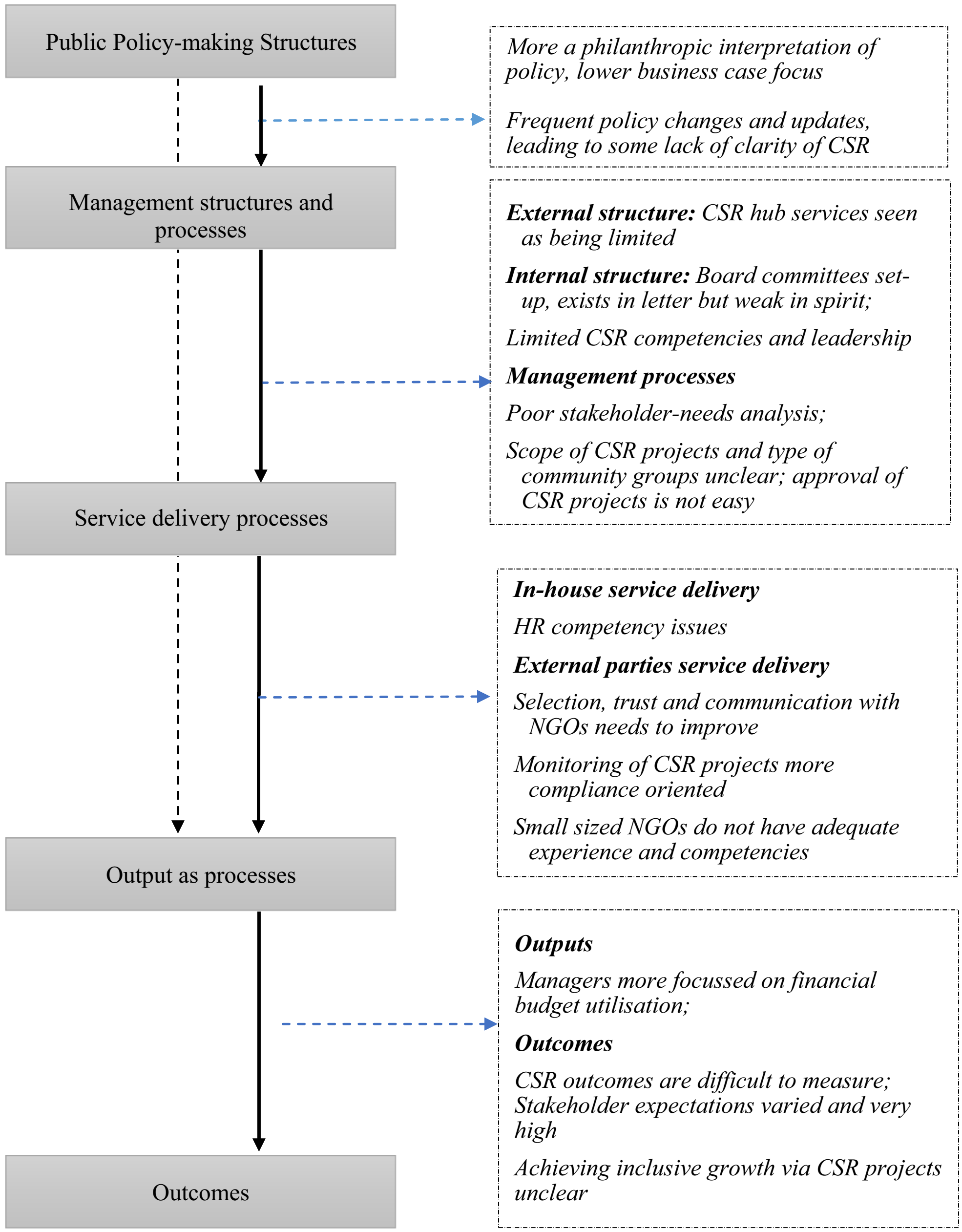

Fig. 2 Key CSR implementation issues in CPSEs (adapted from Robichau and Lynn 2009)

out to external specialised agencies namely NGOs order to deliver CSR programmes. However, the risk of contract defaults and service quality are also escalating. Prior studies argue that a large trust deficit exists between the NGOs and Indian corporations, and stress that NGOs need to professionalise their management processes and enhance transparency (IICA 2015; Traesborg (2014). There is thus a growing need to establish more effective and streamlined bureaucratic processes for ensuring high quality work delivered through outsourced providers and partnership agreements (Bhattacharya and Korschun 2011).

The second issue relates to the down playing of formal stakeholder analysis and are a pre-disposition towards ad hoc problem solving of community groups. This weakness in a key management process in fact may work to limit the translation of larger public policies ambitions to firm-level projects taking into consideration the sustainability of such projects. Consequently, CPSEs are able to provide data on activities or outputs but still are not clear on outcomes for firm value. We also find that the CSR monitoring processes tend to be predominated by how much of the CSR budget is consumed, rather than the actual outcomes of different projects. This is found to be related to the influence of a highly bureaucratic Indian public sector management style and as CPSEs are largely government owned, they are also subject to inordinate amounts of internal audits and reviews on expenditure, and the CSR policy appears to be yet another regulation to check for compliance. The risk of dysfunctional behaviour emanating from having standardised guidelines has been recently highlighted by de Colle et al. (2013) who argue that “despite being well-intended, CSR standards can favour the emergence of a thoughtless, blind and blinkered mindset which is counterproductive of their aim of enhancing the social responsibility of the organization” p. 177.

The third issue pertains to bureaucratic hurdles and lengthy tendering processes for service delivery which may adversely affect the selection, and timely implementation and outcomes of CSR projects. More effective communication channels—formal as well as informal—are needed to play a vital role in finding efficient solutions. Further, there also appears to be some level of frustration among managers who believe that the social and community demands and expectations at times can be overwhelming and unending while available resources through CSR programmes, particularly human resources are highly limited (Gupta 2014).

Finally, with regards to people issues, having the right experts and passionate leaders in top CSR positions is vital for taking the CSR agenda forward. Unless job opportunities, incentives and advancement including promotion to very senior positions are supported, attracting human resources into this area is going to be difficult. Further, we also find that significant investments also need to be made to develop and attract CSR staff to work in more remote regional areas through proper training in cultural and language competencies and attractive incentives. Klettner et al. (2014) for instance provide case examples on how large Australian companies have put in leadership structures and financial reward mechanism to ensure senior management are committed to sustainability. Our study also underscores the importance of people skills in making administrative structures effective. This finding is in line with prior studies such as Yin and Zhang (2012) and Rama et al. (2009) where staff ability to be attuned to stakeholder needs and to work in partnership with a variety of beneficiaries as well as external service providers is seen fundamental for successful CSR. In addition, a lack of CSR leadership at senior levels is also a related impediment to CSR implementation (Pedersen 2006; Yeh et al. 2014; Graafland and Zhang 2014). This raises an urgent need for significant investments in formal education and professional development relating to CSR which can only be provided by external institutions (Graafland and Zhang 2014).

Conclusions

Matten and Moon (2008) contend that the way in which corporations actualise social responsibility may vary among societies. This study provides empirical data from a unique regulatory environment; that is, a mandated CSR policy environment within India, one of the world’s largest developing economies. It is clear that national development as an underlying political ideology functions as a critical driver of CSR within Indian CPSEs rather than profit-maximisation goals. Further, this study with the aid of the LOG framework has shown that CSR implementation is a function of a rather complex set of inter-related administrative governance structures and processes. The findings elucidate in particular the importance of external service providers such as NGOs and local government agencies whose expertise and experience has direct implications for CSR implementation. The interview data also identify various bureaucratic hurdles, insufficient human and knowledge resources, limited stakeholder analysis, over-emphasis on CSR budget utilisation as an outcome, and lack of trust in external stakeholders such as the panchayats, NGOs and other governance actors.

Our study contributes to the literature in several ways with implications for policy development and governance practices. First, there has been limited attention in previous studies given to understanding the sense making of CSR by managers within organisations and its implications for planning and implementing CSR projects. By drawing on the public sector performance LOG model (Lynn and Robichau 2013), we are able to provide empirical evidence in a systematic and comprehensive manner. The findings of this study extend the literature relating to the LOG model by showing how the tone of the policy may affect managerial attitudes and perceptions from a CSR governance context. It specifically identifies two weak links: (a) ambiguous management structures and processes, which calls for better quality CSR leadership and related human resources and competencies within CPSEs, and (b) poor linkage across delivery processes, and the nexus between CSR outputs and outcomes. In particular, CPSEs need to enhance internal and external competencies through building strategic alliances with civil society bodies, academic institutions and related knowledge partners. As argued by Jamali and Mirshak (2007).

Embarking on a CSR programme is a major commitment, one which may require changes in the way responsibility management has traditionally been approached. It is also likely to require a concerted effort and collaborations between the private sector, public sector and NGO sector and the leveraging of the strengths and resources of all partners. The effective metamorphosis of CSR in developing countries beyond the boundaries of public relations is indeed difficult to imagine in the absence of the synergies resulting from such cross-sector collaborations (p. 260).

Prior research suggests use of a 'capacity development framework' in CSR implementation for developing such competencies within organisations (Ingram et al. 2007; Rama et al. 2009). Further, the NGO sector in India needs to build up its competencies, to take part in CSR policymaking rather than simply implementing CSR initiatives, earn institutional trust and become influential sources of power for change to achieve desired policy outcomes (Guardian Sustainable Business 2013).

Another contribution of this study is the identification of severe shortages in CSR human resources, particularly people with the capacity to lead and manage CSR within CPSEs. This has implications for how universities, other tertiary institutes and professional development firms may work to fill this gap. Prior research suggests the use of a 'capacity development framework' in CSR implementation for developing such competencies within organisations (Ingram et al. 2007; Rama et al. 2009). The Indian Institute of Corporate Affairs, working under the aegis of the Ministry of Corporate Affairs has taken the lead to offer CSR training to many managers. However, given the demand and the capacity gap, further advancement will need multi-agency co-operation and support. Further, external specialist agencies such as the NGO sector in India also need to build up CSR competencies, to take part in CSR policymaking rather than simply implementing CSR initiatives. They need to earn institutional trust and become influential sources of power for change to achieve desired policy outcomes (Guardian Sustainable Business 2013). These are possible only if the right knowledge and level of resources and capacity are available.

Finally, our study has implications for policy development. The mapping of CSR practice in CPSEs against current policy highlights the need for better articulation of risk management procedures. It is not surprising that India—as one of the fastest developing economies with colossal socio-economic problems such as poverty and illiteracy—is challenged by a vast and wide variety of CSR issues (Sathish 2009). However, the policy in attempting to address a huge variety of social issues fails to address more clearly matters related to operational and risk management of projects. This study provides practical insights into managers' perceptions and attitudes, and the need for better internal and external communication.

Appendix

See Table 2.

Table 2 The questionnaire framework

Development of strategic CSR
1. CSR strategy and philosophy
2. Formal CSR policy, and approval processes
3. CSR orientation—two top performing CSR projects and major stakeholders
4. Overall CSR budget and allocation of CSR resources
Choice of CSR projects, need assessment
5. Selection of CSR projects, baseline surveys, stakeholder analysis
6. Resource (human or financial) constraint in CSR projects
Implementation of CSR projects
7. Outsourcing and external parties engagement
8. Full utilisation of CSR budget
9. Availability of in-house competencies
Impact assessments, reporting and auditing of CSR projects
10. Channels to collect internal and external communication
11. Social auditing and assurance purposes
12. Support offered by CSR Hub

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