

# Stock-Taking of Innovative CSR Projects of Companies Under the Limit of Operations as Specified in Schedule VII of the Companies Act 2013<sup>\*</sup>

Dr. Niraj Gupta<sup>1</sup>

Head, School of Corporate Governance and Public Policy

Nodal Officer, Independent Director Databank

Nodal Officer, Ministry of Corporate Affairs, National CSR Awards

Indian Institute of Corporate Affairs

Dr. Vishnu Sivarudran Pillai<sup>2</sup>

Principal Research Associate

Indian Institute of Corporate Affairs

December 2022

<sup>\*</sup>The study has been carried out under the research grant from National Foundation of Corporate Governance, New Delhi.

<sup>1</sup> email: niraj.gupta@iica.in

<sup>2</sup> email: vishnu.pillai@iica.in

---

**Intellectual Property Rights Clause**

*“The Copyright, Trademarks, and other Intellectual property rights on the research work/ study would be owned jointly by NFCG and the Institution.”*

---

# **NFCG Acknowledgement**

## **About NFCG**

In 2003, the Ministry of Corporate Affairs (MCA) led a unique PPP model to set up the National Foundation for Corporate Governance in partnership with the Confederation of Indian Industry, the Institute of Company Secretaries of India, and the Institute of Chartered Accountants of India. Subsequently, the Institute of Cost Accountants of India, National Stock Exchange and the Indian Institute of Corporate Affairs also joined with an objective to promote good Corporate Governance practices both at the level of individual corporates and Industry as a whole.

NFCG endeavours to create a business environment that promotes voluntary adoption of good corporate governance practices.

## **Vision**

Be the Key Facilitator and Reference Point for highest standards of Corporate Governance in India.

## **Mission**

1. To foster a culture of good Corporate Governance
2. To create a framework of best practices, structure, processes and Ethics
3. To reduce the existing gap between Corporate Governance framework & actual compliance by corporates
4. To facilitate effective participation of different stakeholders
5. To catalyse capacity building in emerging areas of Corporate Governance

---

## **Executive Summary**

Businesses are better positioned to innovate on various CSR initiatives by using the best human resources, the possibility for collaboration, and the capacity to learn and adapt. In this research, titled “Stock-Taking of Innovative CSR Projects of Companies Under the Limit of Operations as Specified in Schedule VII of the Companies Act 2013”, we explore the innovative elements in CSR initiatives and derive their drivers in a two-stage research process. This research goes beyond addressing the novelty component of innovation in the CSR domain to identifying its drivers, which under the preconditions set by the Companies Act 2013, facilitates innovation in CSR initiatives.

For this research, we considered the top 100 CSR spending listed and unlisted companies, as they account for more than half of the CSR expenditure. We identified the innovative elements of the CSR initiatives of these companies from their annual reports, addressing the novelty components and the parameters of innovative CSR identified in the previous research on innovation, CSR and innovative CSR. By thematic content analysis, we identified certain insights that explain the interaction of the drivers and the various items as conditions set by the act, which formed the basis of the subsequent survey (or interview) analysis. The insights from the thematic content analysis are used to design the questionnaire for the survey or interview with the CSR Heads and committee members to account for many of the confounders and understand the influence of moderators and mediating factors.

We have identified four drivers, namely, collaboration, employee volunteering, community engagement and impact assessment and monitoring, facilitating innovation in the CSR initiatives of various companies. Considering these as mediating factors, we looked for preconditions and moderators. We mapped the CSR initiatives with the various innovative parameters we defined earlier under the preconditions set by the items of the Schedule VII of the Companies Act 2013. We found that the collaboration has the “specialisation

---

route” and “higher impact” routes for companies to innovate in CSR initiatives. Companies ensure their employee participation in various innovative ways, reflecting the greater CSR impact. To increase the impact of CSR initiatives, the companies relax restrictions on collaborations, enabling it’s decentralisation to increase the number of beneficiaries. Ensuring community engagement is a prerequisite for the success of CSR initiatives, and companies use various innovative ways to bring the community together and ensure their active involvement.

By analysing the influence of the drivers, we have arrived at the following insights for the corporate sector,

1. Companies need to recognise innovation as an exercise and recognise it as such by concentrating on growing impact and specialisation rather than just addressing innovation in terms of new and products patents. This keeps innovations from being created merely to call them innovative.
2. Companies should engage their employees and ensure community participation by innovative means to have a greater impact on their CSR initiatives.
3. Creating agile ways of impact assessment and monitoring by employing real-time data capture and better interfaces will enable effective utilisation of the financial and non-financial resources allotted for the CSR initiatives.
4. Employee voluntarism and community involvement have a stronger influence at the implementation level, on the ground; thus, the implementation bodies need more authority to decentralise important decisions, such as collaboration, to support innovative CSR.

Based on the interviews, we discovered that understanding the problems from a completely different perspective provides novel techniques to enable these drivers to foster innovation in CSR efforts. This heavily depends on the knowledge and experience of the CSR team. Such teams can see through challenges and build cost-effective, impact-increasing solutions by creatively leveraging the drivers we identified.

---

We have observed the beneficial spillover effects of the Act, one of which is the influence of the many aspects of Schedule VII. In addition, employing a CSR committee institutionalises the entire process of developing and implementing CSR initiatives, where a dedicated team tries various ways to innovate on the CSR initiatives through community engagement, collaboration, assessing impact and employee volunteering. Although the various parts of Schedule VII are extensive and give flexibility, the actions of businesses will be constrained by stringent, annually changing-guidelines on focus areas. After mandating CSR for many years, the businesses have assembled their teams and amassed the necessary knowledge. If a handholding exercise by governmental agencies with such rigid guidelines is sustained, the firms' propensity for innovation will decline. So, the yearly guidelines should provide some room for innovation by allowing the companies to choose a sizeable portion of CSR projects (say, 25%), independent of the focus areas (especially with the Public sector enterprises). Positive reinforcement, such as what occurs with rewards and recognitions that highlight the needs of the current problem area, could be a better strategy than strict rules and regulations.

In this study, we don't support having these drivers legally required. It will always result in creative compliance. We recommend giving the companies more independence and enabling them to maintain prolonged attention by restricting interventions that fundamentally alter focus areas (which are only required in the event of a shock, such as a pandemic).

# Contents

## Executive Summary

<b>1 Introduction</b>	<b>1</b>
1.1 Background . . . . .	1
1.2 Companies Act 2013 and CSR initiatives. . . . .	2
1.3 Innovative CSR . . . . .	5
1.4 References on defining “Innovative CSR parameters” . . . . .	6
<b>2 Literature Review</b>	<b>12</b>
2.1 Previous research on innovative CSR . . . . .	13
2.2 Previous research on social policies on innovative CSR . . . . .	16
<b>3 Analytical Framework</b>	<b>19</b>
3.1 Sampling and data collection . . . . .	20
3.2 Thematic content analysis . . . . .	21
3.3 Interview analysis . . . . .	23
<b>4 Thematic Content Analysis of Secondary Resources – Listed Companies</b>	<b>26</b>
4.1 Interaction of collaboration with institutes, innovative CSR (among the CSR) (LB1), and environmental sustainability element of Schedule VII (G4) . . . . .	28
4.2 Interaction between LB1 (CSR innovation project within CSR) and G4 (environmental sustainability element in Schedule VII) . . . . .	31
4.3 Interaction between LB1 (CSR innovative project) and collaboration of institutes . . . . .	32
4.4 Interaction of the collaboration of the institute with G4 (environmental sustainability). . . . .	34

---

4.5	Interaction of employee volunteering in Cluster 3 with Cluster 1 .	35
4.6	Interaction of collaboration with Governmental institutions in Cluster 3 with Cluster 2 . . . . .	36
4.7	Interaction of LC1 (innovative CSR concerning the population area) in Cluster 3 with the collaboration of institutes. . . . .	36
4.8	Interaction of G7 (promotes sports) in Cluster 3 with innovative CSR initiatives concerning CSR only (LB1) . . . . .	37
4.9	Interaction of Collaboration with Governments (in Cluster 3) with LB1 (innovative CSR (among the CSR)) . . . . .	38
4.10	Interaction of Employee Volunteering (in Cluster 3) with LB1 (innovative CSR (among the CSR)) . . . . .	38
4.11	Interaction of community engagement (in Cluster 3) with LB1(innovative CSR (among the CSR)) . . . . .	39
4.12	Analysis involving No Innovation . . . . .	40

**5 Thematic Content Analysis of Secondary Resources – Unlisted Companies 42**

5.1	Interaction of collaboration of institutes with G3 (gender equality and empowering women) and LB1 (innovative CSR (among the CSR)) . . . . .	45
5.2	Interaction of G2 (promoting education and enhancing employment) and LB1 . . . . .	47
5.3	Interaction of the Employee Volunteering with G2 (promoting education and enhancing employment) . . . . .	47
5.4	Interaction of community engagement and G2 (promoting education and enhancing employment) . . . . .	48
5.5	Interaction with no-innovation . . . . .	48
5.6	Interaction of G1 (hunger malnutrition, sanitation and so on) and LB1 (innovative CSR element). . . . .	49
5.7	Interaction of collaboration with governmental institutions and G1 (eradicating hunger and malnutrition and promoting health care). . . . .	50



---

5.8	Interaction of employee volunteering and G1 (eradicating hunger and malnutrition and promoting health care) . . . . .	50
5.9	Interaction of LB1 (innovative CSR (among the CSR)) and G12 (disaster management) . . . . .	51
5.10	Interaction of collaboration of government institutes with G12 (disaster management) . . . . .	51
5.11	Interaction of employee volunteering and G12 (disaster management) . . . . .	52
5.12	Interactions involving impact assessment and monitoring . . . . .	52
<b>6</b>	<b>Primary Data Analysis</b>	<b>53</b>
6.1	Insights for the questions . . . . .	54
6.2	Data analysis . . . . .	61
6.2.1	Collaboration . . . . .	62
6.2.2	Employee volunteering . . . . .	63
6.2.3	Community engagement . . . . .	64
6.2.4	Impact assessment and monitoring . . . . .	65
<b>7</b>	<b>Conclusion</b>	<b>67</b>
7.1	For the corporates . . . . .	69
7.2	Policy perspective . . . . .	70
7.3	Limitations and future research . . . . .	71
	<b>References</b>	<b>73</b>

# List of Figures

- 1.1 The expenditure pattern of the companies with respect to amount prescribed in Section 135 of the Companies Act (National CSR Portal, 2021) . . . . . 3
  
- 3.1 Word cloud for “no innovation” . . . . . 22
- 3.2 Word cloud for the innovative CSR initiatives labelled LD . . . . . 22
  
- 4.1 Clusters of the codes (listed companies) . . . . . 27
- 4.2 Clusters of the codes in Cluster 4 (listed companies) . . . . . 30
- 4.3 Interaction matrix of the codes of Cluster 3 . . . . . 35
  
- 5.1 Clusters of the codes (unlisted companies) . . . . . 43
- 5.2 Clustering in cluster 6 . . . . . 46
  
- 6.1 Distribution of CSR expenditure by various companies among the Schedule VII elements . . . . . 54

# List of Tables

1.1 Previous work on innovative CSR to define the innovative CSR categories . . . . .	9
1.2 Previous work on innovative CSR to define the innovative CSR categories . . . . .	10
1.3 Previous work on innovative CSR to define the innovative CSR categories . . . . .	11
3.1 The various innovative categories used for coding in this research	25
4.1 Characteristics of the clusters 1, 2 and 3 - listed companies . . . .	28
4.2 Characteristics of the clusters 4 and 5 - listed companies . . . . .	29
5.1 Characteristics of the clusters and codes of unlisted companies .	44
6.1 Items of Schedule VII and short description . . . . .	55
6.2 Interview questions addressing the confounders . . . . .	58
6.3 Interview questions considering the drivers "collaboration" and "impact assessment and monitoring" . . . . .	59
6.4 Interview questions considering the drivers "employee volunteering" and "community engagement" . . . . .	60

# Chapter 1

## Introduction

### 1.1 Background

Despite investing a sizeable sum of money through numerous government initiatives and India Inc. through Corporate Social Responsibility (CSR) interventions, the social developmental challenges remain. Innovation in these initiatives will increase their effectiveness and allow them to reach out to more stakeholders. Companies are better positioned to innovate on such initiatives using their ability to tap the best human resources, the potential to collaborate, and the ability to learn and adapt. This is when innovative CSR gain importance.

Innovative CSR consists of two components: innovation and CSR. CSR is considered a balancing act of satisfying its direct and indirect stakeholders (Sharma, 2013). The direct stakeholders are the shareholders, employees, vendors, suppliers and dealers. The indirect stakeholders are the communities and others affected by the company's operation. This ensures adherence to the ethical argument of ensuring equal and fair treatment to all. In doing so, the companies can ensure their "long-term sustainable growth" .

There has always been a fine line between what constitutes CSR efforts and what does not. In general, the activity is not considered CSR if there is an explicit relationship between a company's activities and a project intended to solve social problems in the community. In many cases, it is exceedingly challenging to demonstrate a lack of overlap. For instance, rules exist to

---

mitigate the detrimental impacts of companies on the neighbourhood and society. Some businesses often go above and beyond the minimal requirements for limiting emissions, which counts as a more socially responsible action and qualifies as CSR in many countries.

A significant proportion of the Indian population lives in poverty. Businesses often fund CSR initiatives to tackle poverty, illness, and unemployment. In India, CSR projects are often perceived as altruistic efforts. Given how difficult it is to establish the absence of a strategic advantage in situations of CSR, there is less evidence that they do not fit into the strategic perspective. For example, a software development business that invests vast sums of money in the education of rural communities has a strategic advantage in that it will give the company with the essential human resources within the next 10 to 15 years. Consequently, it is not readily apparent that a company has no strategic benefit if it engages in a certain CSR activity. Prior to examining the innovative aspect of CSR, it is crucial to establish the endpoint of CSR by establishing its limits.

In this research, we are within the constraints of the Companies Act 2013 through Schedule 135, which decides what qualifies as a CSR activity. There are 13 of those things listed in Schedule VII. Only those actions that fit within one or more of the categories listed in Schedule VII of the Act are considered CSR. This study aims to pinpoint the variables that meet these essential but insufficient parameters that fit into the crucial preconditions defined in the Act. We use a variety of modifiers and mediating variables to explain those linkages.

## **1.2 Companies Act 2013 and CSR initiatives.**

With the implementation of the 2013 Companies Act, India became the first nation to mandate the necessity for companies to engage in CSR activities and to disclose CSR initiatives. This marked the beginning of a new age of corporate social responsibility in India. Since then, the Ministry of Corporate Affairs (MCA) has made several revisions to the CSR Act and its

implementing rules in order to ensure the successful execution of CSR projects and to eliminate uncertainty over the use of CSR money. According to the Company's Act of 2013, the largest companies in the nation are required to contribute 2 percentage of their net profits as part of their corporate social responsibility efforts. Companies' CSR engagement in India was purely based on philanthropy before 2013.

The regulation specifies the scope of activities on which firms may spend the money as part of their CSR operations. This is specified in Schedule VII of Section 135 of the Act (Companies Act 2013, 2013).

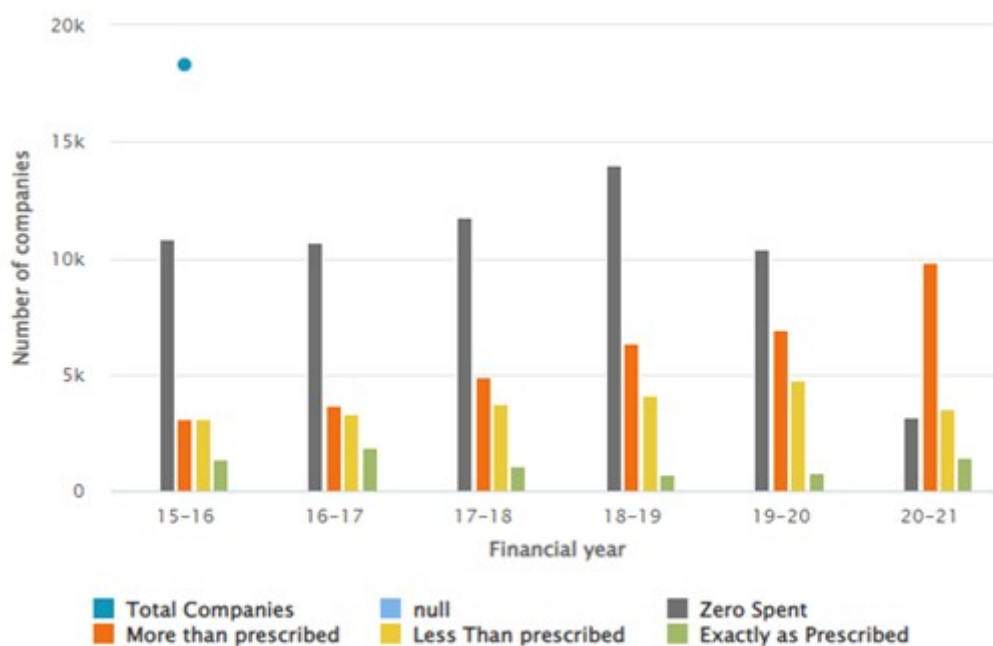


Figure 1.1: The expenditure pattern of the companies with respect to amount prescribed in Section 135 of the Companies Act (National CSR Portal, 2021)

Figure 1.1 displays the level of compliance with the required CSR rule, which came into effect in April 2014. We can observe that over the period, the number of companies that do not invest in CSR initiatives has declined substantially. The number of companies spending less than the minimum on CSR activities has been reduced. The most notable aspect is the increase in the number of companies spending more than the average amount mandated by the Companies Act of 2013. Companies who paid less than the 2 percent threshold on CSR expenses join the 2 percent club (or more than that). The

---

current pandemic and the government's mandate to integrate pandemic relief measures into CSR activities have created many chances for corporations to innovate in their CSR efforts. Thus, there is a growth in the number of organisations engaging in CSR expenditure due to legal requirements.

The question then becomes whether or not corporations that used to spend more in the pre-mandatory era will continue to do so.

It is likely that the number of corporations that used to spend a substantial amount of money (far over the minimum threshold specified in their CSR requirement) in the pre-section 135 period, may not spend more than the 2 percent statutory minimum, which will lower the amount available for CSR expenditures. Thus, CSR expenditure then becomes an exercise of simple compliance rather than solving societal problems. The companies who used to spend more in the post-section period may acknowledge this as a basic compliance measure.

The punishment for defaulters is also present, as stated in subsection (7), in the event of non-compliance with the provisions of the subsection (5) or subsection (6) (the subsections that mention the amount to be spend by the companies for CSR initiatives), the company is subject to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as applicable, or one crore rupees, whichever is less, and each officer of the company who is in default is subject to a penalty of one-tenth of the amount required to be transferred. Thus, the Act tackles the market failure of free riding by mandating that all big companies, as per the requirement invest on CSR.

By defining the scope of CSR expenditure using the numerous items in Schedule VII, the government establishes the parameters for successful spending to achieve the National Development Objectives. It is difficult to quantify the efficacy of CSR projects by monitoring their consequences since several sufficient variables in a given society affect the effectiveness of CSR initiatives. Identifying a single factor that influences the efficacy of CSR activities is difficult.

---

In lieu of addressing the efficacy of CSR activities, this paper seeks to highlight the innovative elements of CSR projects, as innovation, regardless of whether economic or societal imperatives drive it, will always boost efficiency and effectiveness.

### **1.3 Innovative CSR**

The Companies Act does not indicate the level of innovation that must be included within innovative CSR. The January 2021 modification mandates some corporations to have a third party do the impact assessment, with costs not exceeding 50 lakhs or 5 per cent of the CSR expenditure (for firms that have spent more than INR 10 crore on CSR or conducted CSR initiatives with budgets above INR 1 crore at least one year before the impact evaluation). This prevents organisations from spending unnecessarily on CSR and facilitates the innovative design and implementation of CSR programmes. Considering this viewpoint, it is essential to examine innovative CSR in the Indian setting in light of the 2013 Companies Act.

The term innovation is a highly debated subject. Novelty is the first and most apparent aspect of innovation that immediately comes to mind: a “subjective conceptualisation” of the same (Pavitt, 1984; Louche and Idowu, 2017). This uniqueness must have a degree of explicitness (Kramer, 2005; Louche and Idowu, 2017). That explicitness can be on an ordinal scale of various levels, such as a novel solution concerning an area or region of implementation (population set) or from past practices. The two ends in the spectrum are no innovation and a unique solution. Hence, it is imperative to define innovation along with this novelty label to continue further analysis.

This novelty has a sneak-peak into the innovation processes. Innovation can be considered as a three-stage process: initiation, invention, and diffusion. Initiation is the phase during which we identify the need to tackle a certain problem. True invention occurs at the innovation stage. The innovation must then be widely disseminated, commercially available, and in demand. Also, anything cannot be considered an innovation if it fails to survive the



---

initiation phase. The commencement phase is the initial phase in which we realise the problem's pervasiveness despite our persistent efforts and attempts to resolve it. Simply recognising the problem needs some work but leaving it unaddressed is a sign of incompetence and lack of capability. Therefore, the innovation stage must contain at least the development leading up to innovation (including the initiation stage). Diffusion in social responsibility may be exemplified by additional organisations and actors adopting the same innovative solution to a problem that the first mover developed.

## **1.4 References on defining "Innovative CSR parameters"**

We have explored the existing research in innovative CSR, to draw the patterns or fix the boundaries to define innovative CSR and explore its penetration. Such analysis, defines the parameters of innovative CSR, and thus creating a foundation for us to identify the drivers of the same. We derive much from the works of Louche and Idowu, (2017) on innovative CSR, to arrive at the analytical framework to address the query of innovative element on the CSR initiatives.

([Louche and Idowu, 2017](#)) explored 129, CSR solutions that were categorised as innovative by 72 companies, in response to various sustainability challenges. They found that less than 10 percent of the overall CSR solutions fit into the category of "really innovative", the innovative end of Kremer's CSR innovation spectrum. To gain insights, and to facilitate analytic rigour, the researchers went beyond this novelty, and mapped the innovative CSR solutions to the 13 dimensions of innovation derived from ([Sawhney et al., 2006](#)). They discovered a difference in approach to CSR solutions within and outside the company's nation, with the former emphasising the novelty of CSR solutions and the latter emphasising stakeholder influence alongside the solutions. By studying these works, we were able to identify several unique CSR categories, which we then utilised to verify the codes (obtained inductively) and interview questions. Also, after analysing them, we were able

---

to identify the research gap, that enabled us to derive the objectives for this research.

Table 1.1, 1.2 and 1.3, show those categories and the journal articles, we have referred to and the questions that they have addressed. Such studies, that focuses on dissecting the innovative CSR initiatives, and mapping them to various managerial and societal factors, have utility which is beyond exploratory. They can provide insights into categorise and measure the innovative element in the CSR initiatives.

These studies address, both the explanatory and exploratory dimensions of innovative CSR, however, none has defined the explanation in light of the preconditions set by the law, and haven't explained the instances in which these preconditions facilitates the innovative CSR. Thus, our research pursue the following objectives:

- *To identify the innovative projects/activities being undertaken by the companies under CSR across the country to solve social issues/poverty alleviation etc. (research)*
- *To identify the impact of various MCA notifications regarding enlargement of scope of CSR spending including expenditure for COVID-19 pandemic and recommendation of "High Level Committees" constituted by MCA for CSR. (research)*

Such an analysis enables us to identify the CSR components, that acts as facilitators of innovative CSR. These facilitators will enable us to define the focal points to promote the innovation in the CSR initiatives. This will enable us to provide insights contributing to the policy studies, especially towards policy evaluation.

From a corporate point of view, this will facilitate creating awareness to promote the companies to adopt more innovative approaches to facilitate innovative CSR. Thus, the third objective is *to create awareness of such projects among eligible companies to direct their CSR funds towards such innovative approaches for reasonable and effective CSR spending and more impactful engagement of corporate and society. (awareness)*

---

We extend upon the exploratory dimensions of these studies, that defines the innovative CSR dimensions by mapping some of these terms into the CSR activities mentioned in the Annual Reports or CSR reports of the company. This process is called thematic content analysis of the secondary data. The insights, thus generated, is used to define the factorial impact on the preconditions set by the Act, using interview analysis with CSR Heads and committee members of various Indian companies. The methodology in detail is explained in Chapter 3.

Table 1.1: Previous work on innovative CSR to define the innovative CSR categories

<b>Reference Journal Articles</b>	<b>Innovative CSR parameter</b>	<b>Description</b>	<b>Questions addressed in the article</b>
(Boons and McMeekin, 2019; Violo, 2018)	CSR project innovation	Companies innovate on their CSR project	What sectors are addressed in the project innovation (variables: education, health, environment, etc.)? What is the amount spent on project innovation (amount if recognisable in figures)? What motivated project innovation (variables: policy, pandemic etc.)? What part of the company was the impetus for the new idea (variables: governance, strategic partnerships, employee engagement, product innovation, community engagement)?

Table 1.2: Previous work on innovative CSR to define the innovative CSR categories

<b>Reference Journal Articles</b>	<b>Innovative CSR parameter</b>	<b>Description</b>	<b>Questions addressed in the article</b>
(Greenhalgh and Rogers, 2010; Preuss, 2011)	CSR process innovation	Companies innovate in their CSR processes (supply chain etc.)	What are the sectors addressed in the innovation process (variables: education, health, environment etc.)? What is the amount spent on process innovation (amount if recognisable in figures)? What motivated process innovations (variables: policy, pandemic etc.)? What part of the company was the impetus for the new idea?
(Greenhalgh and Rogers, 2010)	Contribution to the innovation stages of CSR activities.	Stages: R D, commercialisation and diffusion as defined by	What is the contribution to the innovation process?

Table 1.3: Previous work on innovative CSR to define the innovative CSR categories

<b>Reference Journal Articles</b>	<b>Innovative CSR parameter</b>	<b>Description</b>	<b>Questions addressed in the article</b>
(HartC and L, 2002; Louche and Idowu, 2017)	Bottom of the Pyramid (BOP)	Focus on the unmet needs of the low-income citizens	What are the stakeholders addressed in the innovation process? Do they belong to low-income citizens (annual per-capita income less than USD 1500)?
(Boons and McMeekin, 2019; Louche and Idowu, 2017)	Eco-innovation or sustainability innovation	Addressing sustainability challenges as per the SDG	What are the sustainability challenges in the location? How does innovation in CSR address sustainability challenges?

# Chapter 2

## Literature Review

Since this study focuses on the innovation component of Corporate Social Responsibility (CSR) activities and designing strategies for promoting them, the conceptual framework we establish here is based on the existing literature on innovative CSR. The term CSR has varied meanings based on the issue areas and contexts.

After the 1960s, a considerable change happened in how the companies pursue their roles concerning the various stakeholders (Sharma, 2013). The companies that neglected the social responsibility dimensions in their pursuit of generating profit slowly started to acknowledge its importance from a strategic point of view. India is the first nation in the world to make CSR mandatory by adding the provision in the Companies Act of 2013 (Sharma, 2013). Bringing CSR within the realm of the law makes it a legal necessity, even though some firms already had indirect incentives to engage in such initiatives.

By considering the context of a CSR-regulated country, we may avoid the necessity to define the term itself. A proper definition is imperative to have a common ground for analysing various political or societal phenomena. However, there has always been an ambiguity in the definition of CSR. A thorough discussion of the various dimensions of CSR is given by (Louche and Idowu, 2017) and (Sharma, 2013) and we don't delve deep into these. Instead of commenting on the philosophy and intent underlying the consideration of these definitions in this chapter, we will simply follow the categories listed in Schedule VII of the CSR regulation and describe the various approaches to

---

defining innovative CSR, as well as provide an introduction to the next chapter on the analytical framework.

## **2.1 Previous research on innovative CSR**

There are several explanations behind innovative CSR. The definition of innovation itself lacks clarity and consensus. Most of the existing studies in innovation, consider the output of innovation in terms of the number of patents and the number of new products created. Restricting innovation to a mere novelty is inclined towards the concept of invention. It completely disregards the various stages that is present in the entire process of innovation. Considering innovation as a process of initiation, innovation, and diffusion, will enable us to identify the points of intervention for science and technology policies. Also, restricting innovation to a mere process of invention, will reduce the amount of data available to the researchers to conduct empirical research on the facilitators and barriers of innovation – restricting the analytical ability to perform Public Policy studies.

Instead of having a binary approach towards the novelty of innovative CSR, researchers have tried to arrive at various ordinal scales to define innovation and also describe them in terms of correlated features. The days when any foundation could propose a new CSR feature and then rely on government financing are long gone ([Kramer, 2005](#)). The highest scale of innovation happens when diffusion occurs, and the output becomes a manifestation of the innovative element. On the other end of the spectrum, this can be the CSR philanthropy or a facility creation in a traditional way, that addresses any one of the solution areas for the short term. The former gives a more sustainable result than the later, and hence, it is very important to see, what facilitates an upward movement towards more CSR innovation enabling us for capacity building and regulatory modifications. An ordinal scale facilitates this.

Kramer, (2005), designed a four-point scale to capture the innovativeness in the solutions offered to problems prevalent in a society. As mentioned above,



---

the lowest grade is the one in which, there is nothing new in the solution to the problem. The next level is the novelty with respect to a region or issue area. This level acknowledges that, there can be similar solutions adopted elsewhere in the world. Level 3 is more about the degree of novelty with respect to the past procedures, which investigate, whether there is considerable variation from the previous approach to a problem. The final level is complete novelty, where the corporate has devised new ways by combining resources and ensuring novelty in the technology and delivery approaches to address a particular problem (Kramer, 2005). Kramer's scale has a significant influence in devising our analytical approach of quantifying the degree of novelty in the CSR initiatives. The analytical framework is explained in Chapter 3.

Louche et al. (2017) have carried forward this approach of ordinal scale designed by Kramer. They have analysed 129 CSR solutions by 72 countries and found that less than 10 percent falls into the "really innovative" category on Kramer's scale (Louche and Idowu 2017). They have also gone beyond just exploring the novelty of the CSR initiatives, identifying innovative CSR paradigms, by mapping the CSR solutions to the innovative parameters developed by (Sawhney et al., 2006; Louche and Idowu, 2017).

Sawhney et al. (2006) have identified 12 business innovation dimensions, that includes: offerings, platform, solutions, customers, customer experience, value capture, processes, organisation, supply chain, presence, networking and brand. Compared to the one by Kramer, these dimensions are not ordinal, however, enable us to understand the various CSR initiatives in terms of their facilitators. Sawhney's dimensions can supplement Kramer's scale of novelty, to have more exploratory insights on the innovative CSR domain.

Louche et al. (2017) analysed the CSR solutions in this exploratory direction to arrive at the different ways that the company pursue their CSR initiatives within and outside their country. According to them, the initiatives within a nation's boundary focus on novel solutions whereas the cross-national programs were intended to facilitate stakeholder influence alongside such solutions.

Their research, however, doesn't delve deep into the strategic aspect

---

of the CSR initiatives, which is a pre-requisite to understand the drivers for innovative CSR. As mentioned, companies who consider innovation, in their business strategy, design their operational strategies to support them. Analysis of the various innovative CSR initiatives quantitatively (Louche and Idowu, 2017; Alvarado-Herrera et al., 2017) restricts the scope for a deeper understanding on operationalising these innovative initiatives. We must take a more casual approach that acknowledges the strategic goals of innovative CSR as well as Kramer's methodology in order to better serve our objectives and operationalize innovative CSR concepts in a qualitative manner.

Preuss (2011) defined innovative CSR as developing novel ways for CSR initiatives and integrate them with the business strategies. Motivated by the 4Ps in innovation, Preuss (2011) designed an innovative CSR framework, that considers both the economic and non-economic benefits of such initiatives. The 4Ps defined were, "innovation in CSR project content", "innovation in CSR processes", "innovation in CSR positioning" and "innovation in CSR paradigm" (Preuss, 2011). The CSR project and process dimensions are easily decipherable in an Indian context. However, the deliberateness with which a company aligns its CSR initiatives to match with its long-term strategic advantage, which is known as CSR paradigm, and the transformation of a company's CSR initiatives, for example, from a polluter to a conserver, which is CSR positioning, are a little out of place. Moreover, the Schedule VII of the Companies Act of 2013 places restrictions on what may be and should not be categorised as CSR, therefore we only consider the Preuss-mentioned CSR projects and processes, not the position and paradigm.

Being a country with considerable population below the poverty line, the bottom of pyramid approach by HartC and L (2002) can to a larger extent facilitate us with identifying the drivers within the ambit of the CSR regulations (HartC and L, 2002). The most significant unmet needs of the people are the hunger, malnutrition, poverty, lack of education and these are listed as Schedule VII elements of the CSR regulations. According to HartC and L (2002) the notion that the corporates will only serve the rich, leaving the poor to the government and the NGO, make the companies blind towards

---

the enormous opportunity of profitable markets (HartC and L, 2002). Using community engagement, for instance, to engage the bottom strata of society as suppliers of some facilities (Maas and Boons, 2017), the companies can address multiple items in the Schedule VII of the Act as compliance and also provide a strategic advantage of betterment of the community, who can then be their potential customers. We had analysed the propensity of the firms towards addressing the multiple items in Chapter 4 and Chapter 5. Hockerts (2007) has considered, this approach as one among the central themes of innovative CSR (Hockerts, 2007).

An another central theme that Hockerts (2007) considered was “eco-innovation” (Boons and McMeekin, 2019), which ensures more focus on innovation for environmental sustainability that is in align with the item iv in Schedule VII of CSR regulation (Companies Act 2013). Thus, mapping to the elements mentioned in Schedule VII, acts as a proxy for including the impacted stakeholders and issue area. Also, such a study tries to capture the impact of such policies to promote CSR. A list of such parameters is provided as Table 1 in Chapter 1.

## **2.2 Previous research on social policies on innovative CSR**

The impact of various governmental policies on the socially and environmentally responsible behaviour of the corporates is well studied. Providing key corporate governance indicators, such as the formulation of the CSR committee and the placement of the directors, has increased compliance with the CSR law by facilitating “cost – effective CSR strategies” (Homroy et al., 2020). A leadership position establishes a hierarchy facilitating responsibility for designing and executing CSR. Homroy et al., (2020), prove that the directors of the CSR committee play a crucial role in the effective CSR design and implementation and also to reduce the cost (this is one reason that we are interviewing the CSR directors and Heads). Bringing in the legal requirement dimensions, provides responsibility to the concerned people, motivating them

---

to act so as to increase the effectiveness. Homroy et al., (2020) also shows that a dedicated CSR committee may facilitate the product innovation, which will aid in efficient CSR projects. Those approaches will then filter down the positives of these initiatives to the society at large.

Similarly, Chhaochharia et al., (2021) have found that there is a considerable impact on the social aspects that the CSR spending tries to address, with respect to the Schedule VII elements, especially in the education sector (Chhaochharia et al., 2021). They have also identified that both the direct and indirect stakeholders are equally benefitted from the various CSR initiatives undertaken by the companies.

The CSR regulation is of having utmost importance to the Indian corporate sector, as we acknowledge that Indian companies are not inherently motivated to spend these as they are perceived to be outside the pursuit of contributing directly to the profit. CSR activities in India, tend to be a philanthropic exercise prior to 2013. The problem with corporate philanthropy is that it may be the “insiders” wanting to contribute for the CSR initiatives or it can be an approach to “cover up the agency problems with the CEOs” (Chhaochharia et al., 2021; Masulis and Reza, 2015) (Chhaochharia et al. 2021; Masulis and Reza 2015). And hence, analysing the correlation between innovation and CSR in the light of the Companies Act is an important aspect that must be considered to comment on the factors and preconditions set by the Act.

Gangopadhyay and Homroy (2023) showed that mandating CSR, can act as a facilitator of innovation in the firm (Gangopadhyay and Homroy, 2023). This is because, the companies bypass the CSR requirement by deliberately showing net profit fall below the 2 percent mark by increasing their R & D Head, to disqualify for the CSR requirements. The study also shows that, it is not just the expenditure, but the amount spend is successfully converted to promote innovation, as they were able to correlate with an increase in the patent filed and new products designed. Even though, a series of quantitative analysis enabled the researchers to show an impact of the CSR regulation on the general innovation, the study doesn't address the influence of the Act on

---

the innovative elements of CSR initiatives.

Thus, from our assessment of the literature, we deduced the following conclusions.

- There is a need to understand the innovative elements of CSR, combining the concepts of CSR parameters, ordinal scales of novelty, issue areas and impacted stakeholders.
- The existing research on the various parameters of innovative CSR hasn't evaluated the impacts of social policies in a particular country or a set of countries to promote the innovative elements of CSR.
- The existing research on innovative CSR, is more quantitative and hence providing less room for analysing the facilitators of innovative CSR for various precondition set by the provisions of the Act.

Based on the above gaps identified, we defined the objectives of our study and the analytical framework, which is explained in Chapter 3.

# Chapter 3

## Analytical Framework

In Chapter 1, we provided background on Corporate Social Responsibility (CSR) in India, the Companies Act, and the concept of innovative CSR. The CSR regulation enables us to focus more on the innovation part of our research than describing the term "CSR". Beyond addressing novelty, the existing research has identified many CSR parameters, which paved the way for our analytical approach to innovative CSR (as mentioned in Chapters 1 and 2). Thus, we defined our objectives as follows:

1. To identify the innovative projects/activities being undertaken by the companies under CSR across the country to solve social issues or poverty alleviation etc. (Research)
2. To identify the impact of various MCA notifications regarding the enlargement of the scope of CSR spending, including expenditure for the COVID-19 pandemic and recommendation of "High-Level Committees" constituted by MCA for CSR. (Research)
3. To create awareness of such projects among eligible companies to direct their CSR funds towards such innovative approaches for reasonable and effective CSR spending & more impactful engagement of corporate & society. (Awareness)

In Chapter 2, we have arrived at the research gaps. We identified the significance of developing a method that incorporates the novelty dimension of innovation and its various parameters, similar to the work by Louche et al.

---

(2017). We demonstrated that our research contributes to policy studies by analysing the impact of social policies on companies' innovative approaches, particularly in their social responsibility dimension. We adopted a more qualitative research design to combine these two, identifying the underlying mechanisms using thematic content analysis and semi-structured interviews. This in detail is explained in this Chapter 1.

Objective 1 is exploratory; however, objective 2 requires an explanatory analysis. Hence, we adopt a thematic analysis of the annual reports and a semi-structured interview that identifies the mediating variables and accounts for the confounding factors. The themes related to the CSR initiatives are obtained through qualitative coding, followed by network analysis, considering the interaction of the codes to arrive at the clusters. These clusters are analysed for their similarities and interactions with the subsequent clusters, using the codes to derive the themes behind these interactions. This process is very systematic compared to studying random interactions between the codes. We coded the annual reports using MAXQDA Analytics Pro. The interactions are illustrated by using a mind-map. The central idea for the questions to be asked to the CSR Heads is arrived at using this mind map.

### **3.1 Sampling and data collection**

For our analysis, we considered the top 100 listed and unlisted companies based on their CSR expenditure. They contribute 56 percent of the overall CSR expenditure ('National CSR Portal' 2021). We used the purposive sampling approach. We chose individual companies from a list provided on the National CSR Portal to gain insights from high-CSR spending companies without using any tool to ensure random selection. We then analysed the annual reports of these 200 companies using the software, MAXQDA Analytics Pro-2022, to derive insights based on our objectives. We used semi-structured online interviews with 8 CSR heads selected from these chosen firms to further develop the criteria and preconditions obtained from this secondary data analysis. The interview is conducted over the phone, and the response is

---

recorded with an external recorder after obtaining the interviewee's consent.

## **3.2 Thematic content analysis**

In the literature review, we saw the need to develop a scale that considers the novelty of the CSR initiatives and the parameters. To view this, we had four levels. They are,

1. No innovation
2. Innovative in the CSR domain in India
3. Innovative in the national domain (country as India)
4. Innovative in the world domain

After that we had considered two key parameters as considered by the literatures of Preuss and others, which are,

1. Innovative project
2. Innovative process

Combining these two, we formed the seven innovative CSR categories. They are,

We performed manual coding to identify innovative CSR activities. We then categorised these CSR initiatives into one among the above categories. We were cautious that these categories' elements define them as mutually exclusive. The categorisation of the innovative activities was done on multiple stages. Most of the CSR initiatives adopted by the companies fell into the category of "no innovation". These include construction, donation, and awareness creation, which the companies have adopted for many years. There are no innovative elements in them.





Figure 3.1: Word cloud for “no innovation”

From the Figure 3.1, we can see that the no-innovation primarily caters to educating and developing facilities.



Figure 3.2: Word cloud for the innovative CSR initiatives labelled LD

In contrast, the CSR initiatives for complete novelty have an entirely different word cloud. This is given in Figure 3.2. Mainly, we have considered patented initiatives, used for the first time globally, introduced through CSR.

In the manual coding, after the categorisation stage, we mapped the innovative elements to the items of the Schedule VII of the Act. After that, we identified central themes; these themes are nothing but factors that can act as moderators or mediators in the relationship between the 12 elements of Schedule VII and innovative CSR elements.

The data analysis is sequential, combining the empirical strength of clustering algorithms and more qualitative thematic analysis of the secondary

---

and primary data collected, as mentioned above. The clustering algorithm that we used is hierarchical clustering. Clustering, as opposed to Boolean minimization techniques and graph methods, allows for better visualisation and, to a large extent, eliminates subjectivity, thereby reducing threats to internal validity.

Like any clustering algorithm, hierarchical clustering creates distinct groups similar in their domain-specific considerations. For hierarchical clustering, we first represent the data frame as a  $d \times c$  matrix, where  $d$  represent the documents, which are the annual reports of the companies we use to analyse the innovative CSR initiatives. The variable  $c$  represents the codes derived after iterative inductive coding.

Based on the interaction of the various codes, a similarity matrix  $c \times c$  is created. Clusters are formed based on the distance matrix, and projection is made to the two-dimensional space. Hence, it is very important to understand the cluster using an interaction matrix, before analysing for any themes in the subsequent analysis. The clusters are formed s.t. the within cluster variation denoted by  $V(I_i)$ , where  $I_1 \cup I_2 \cup I_3 \dots I_m = 1, 2, \dots, c$ , is minimum.

Also,  $I_m \cap I(m^a) = \emptyset, \forall m \neq m^a$ . Here,  $m$  is the total no. of clusters and  $c$  is the total codes.

In the subsequent research stage, we formed themes by identifying the various hidden facilitators in these interactions. Studying these facilitators under the pre-conditions specified by  $G$  s enables policy learning for better policy design and analysis. The data analysis for the listed and unlisted companies are provided in Chapter 4 and 5.

### **3.3 Interview analysis**

In our research, interview is not the primary research method that is employed. Here, the interview is in that stage of our research, where we address the confounding factors, so that we can justify the mediating variables and their involvement in the linkage between factors and preconditions, which we arrived at from the analysis of secondary data. Unlike structured questions,

---

we give the interviewees more freedom to express themselves. However, we will provide follow-up questions aligning with their responses to bring them back into the realm of the mediating and confounding factors we identified in the secondary research.

We restrict ourselves from asking them objective questions, which surveys will use extensively. We begin by asking the interviewee to introduce themselves, identify the points of intervention, and tailor the follow-up questions that address the various factors. This will make the interview process more engaging, as the interviewee can relate the questions to their work domain and provide examples and stories in their answers.

We have provided the analysis of the interview in Chapter 6.

Table 3.1: The various innovative categories used for coding in this research

<b>Notation</b>	<b>Description</b>
LA	No innovation in CSR initiatives
LB1	Innovation in CSR initiatives- a solution for a problem tried as CSR for the first time as CSR projects. There can be similar solutions tried in India, but not as part of the CSR initiatives. We won't consider them in this category.
LB2	Innovation in CSR initiatives- a solution to a problem, however the underlying process to execute the project is different from the other initiatives tried in the CSR domain in India so far.
LC1	Innovation in CSR initiatives- a solution to a problem tried for the first time in India.
LC2	Innovation in CSR initiatives- a solution to a problem, however the underlying process to execute the project is different from the other initiatives tried in India so far.
LD1	Innovation in CSR initiatives- a solution to a problem tried for the first time in the World.
LD2	Innovation in CSR initiatives- a solution to a problem, however the underlying process to execute the project is different from the other initiatives tried so far.

## **Chapter 4**

# **Thematic Content Analysis of Secondary Resources – Listed Companies**

In this chapter, we explain the innovative CSR paradigm of the listed companies by defining the drivers of innovative CSR. In Figure 4.1, the codes with the same colours are in the same cluster. There are five clusters in this network. Table 4.1 and 4.2 show the characteristics of these clusters and the further steps required in the analysis of the interaction of the codes.

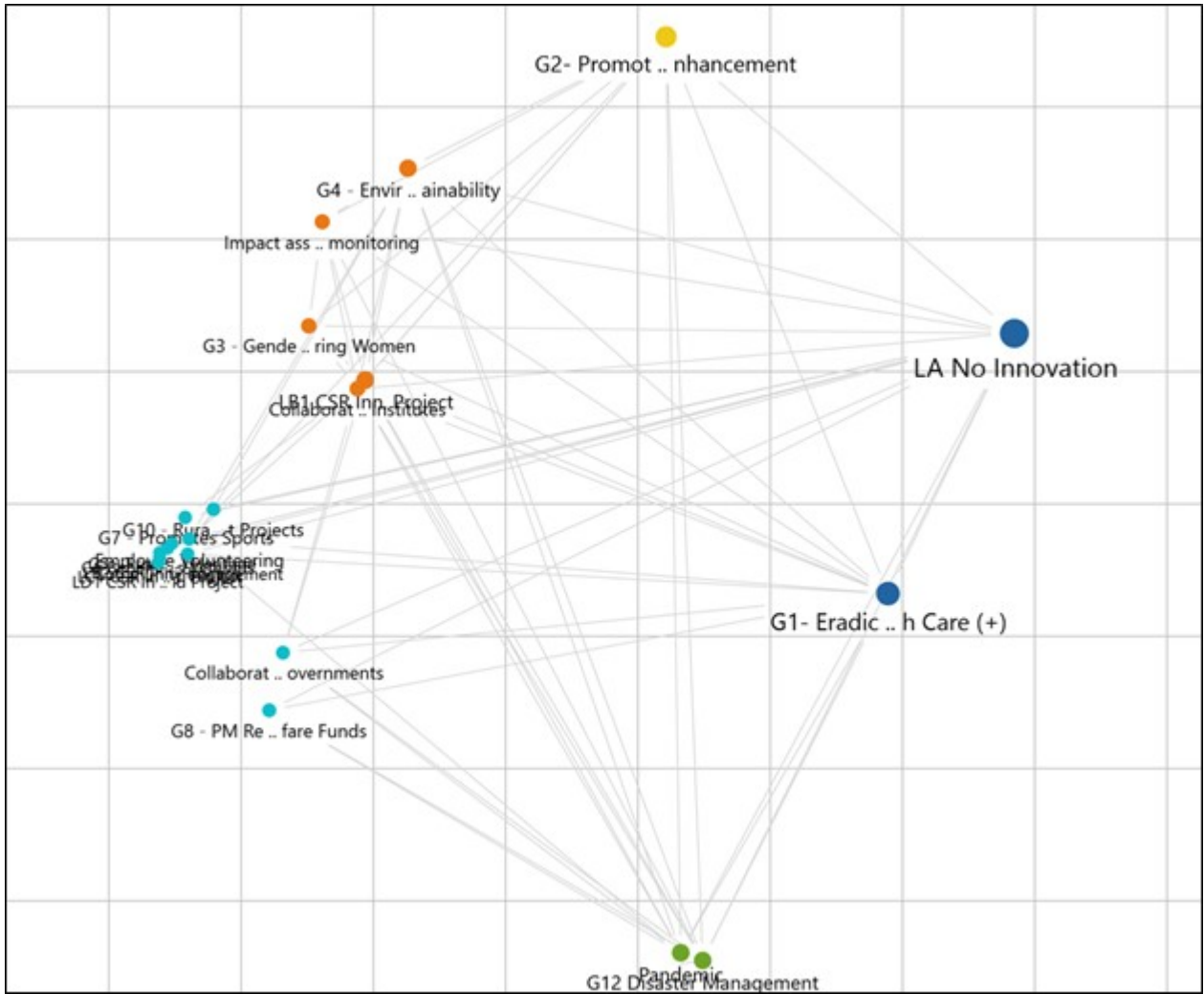


Figure 4.1: Clusters of the codes (listed companies)

To identify the similarity of the codes among these clusters, we proceeded with analysing interactions of these codes in the annual report. From Table 4.2, we can see that there needs to be further investigations on the interaction of the codes for similarity or differences. We have seen greater interaction between LB1, G4 and collaboration with the institutes, which we discuss in the next section.

Table 4.1: Characteristics of the clusters 1, 2 and 3 - listed companies

<b>Cluster 1</b>	Standalone
G2 - promoting education, employee enhancement	
<b>Cluster 2</b>	Very high similarity
G12 - disaster management	
Pandemic	
<b>Cluster 3</b>	No similarity
Collaboration with governments	
Community engagement	
Employee volunteering	
G10 - Rural development projects	
G5 - Protection of national heritage	
G6 - benefits of the armed forces veteran	
G7 - promotes sports	
G8 - PM relief and welfare funds	
LB2- CSR innovation process	
LC1 - CSR innovation national project	
LD1 - CSR innovation world project	

#### **4.1 Interaction of collaboration with institutes, innovative CSR (among the CSR) (LB1), and environmental sustainability element of Schedule VII (G4)**

In this section, we discuss only those insights unique to this interaction. In these interactions, we found that companies collaborate and develop innovative approaches to generate specialisation to perform their CSR initiatives in innovative ways. Glenmark, which is a pharmaceutical R & D

Table 4.2: Characteristics of the clusters 4 and 5 - listed companies

<b>Cluster 4</b>	Need to study within cluster interaction
Collaboration with non- governmental institutes	
G3- gender equality, empowering women	
G4 - environmental sustainability	
Impact assessment and monitoring	
LB1 CSR innovation project	
<b>Cluster 5</b>	Very high similarity
G1 - eradicating hunger and malnutrition, health care	
LA - no innovation	

company, collaborates with the National Environment Engineering Research Institute to find innovative ways to replace the unsustainable cooking methods using wood, animal dung and crop waste that poses a greater health hazard to the children and women in the households (as children and women are always present in the cooking area in a traditional Indian family). Similar collaboration to develop technologies was seen in the example where Pidilite collaborated with the Excel industries and Mamata group, where they identified a "unified interest" to reverse the greenhouse effect and reinstate the environment. For this, they have explored the possibilities of promoting the blue economy by designing creative ways to produce and process seaweeds due to their potential capability of reversing the greenhouse effect. This consortium was created under the guidance of the Indian Centre for Climate and Social Impact Research (which is a not-for-profit organisation incorporated under the provisions of the Companies Act 2013, Section 8). The expertise of such institutes will enable the creation of innovative solutions and processes, such as training to facilitate the diffusion of innovation. We can see such interactions towards these themes of enhancing specialisation to promote innovation in the collaboration of the company Coromandel with the East



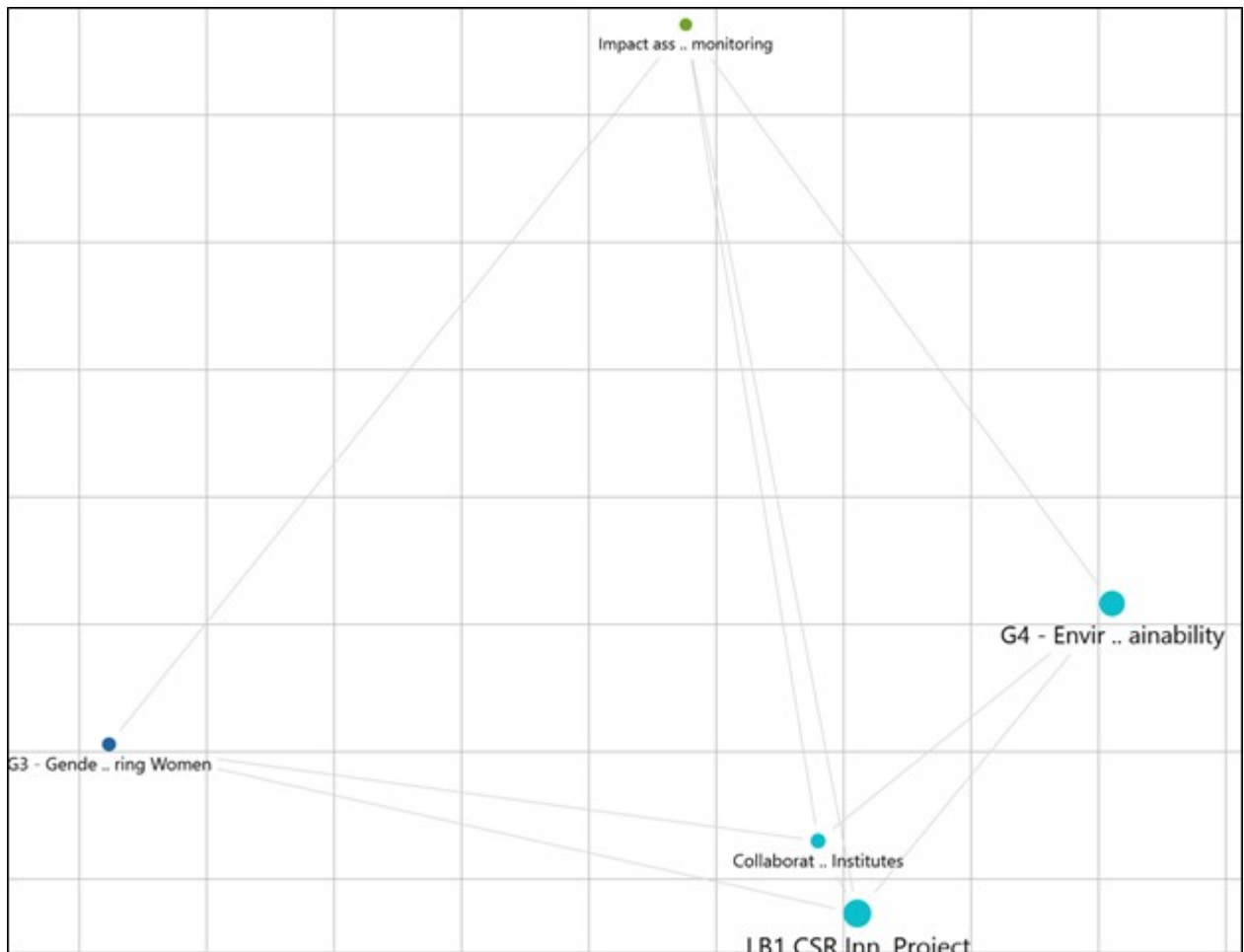


Figure 4.2: Clusters of the codes in Cluster 4 (listed companies)

Godavari River Estuarine Ecosystem (EGREE) foundation, Godrej Consumer Products with a social enterprise in Guwahati and Power Finance Corporate with Rajasthan Electronics and Instruments Limited.

However, we found instances where the companies collaborate and innovate without having a specialisation route. For example, the pioneering project named Suvridha, which is a community centre to provide clean water and better sanitary and laundry facilities to the slums in India is one such instance. The partnership that facilitated the creation of the Suvridha project is between Hindustan Unilever Limited and HSBC. Health, well-being, and livelihood are the key sustainability motto of HUL. However, their core specialisation is FMCG goods development and distribution. Its collaborator, HSBC, is a banking institution. This indicates that the specialisation route is an unnecessary route for innovative CSR, i.e., getting specialisation to

---

execute a project is optional for companies to collaborate for innovative CSR. However, from our analysis of these instances, we have found that enhancing specialisation facilitates innovative CSR whenever the companies collaborate with the institutes.

We further analysed the interrelation between LB1 and G4 to see if any drivers are omitted that have facilitated the innovative CSR where G4 is involved.

## **4.2 Interaction between LB1 (CSR innovation project within CSR) and G4 (environmental sustainability element in Schedule VII)**

In analysing this interaction, we observed that it is extremely difficult to explain the innovative CSR and interaction with only one schedule VII elements without the mediating themes, which are the drivers. On interactions with only G4, there has to be a driver. At least two schedules VII elements are involved in those interactions where no drivers are involved. For example, the CSR initiative by Havells, which involves recycling waste wood into tables and benches and donating to schools, belongs to the LB1 category of CSR initiatives. This addresses the CSR Schedule VII element of education and sustainability alike.

Similarly, the initiatives by HUL in developing sustainable sources, though that support their operational strategies, address the G4 and educational, skill and employment element (G2). Hence, in instances where G4 alone is involved, and there are no drivers as mediating themes, it is probabilistically impossible for companies to have innovation in their CSR initiatives. Companies that address more than one Schedule VII element are inclined to design innovative ways to execute their CSR initiatives without collaborating for specialisation.

This interaction analysis also opens up another route for linking the collaboration of institutes with innovative CSR. Collaboration of companies

---

with the institutes enables them to identify potential beneficiaries and reach out to them, thus facilitating the diffusion of innovation in their CSR initiatives. By partnering with NGOs, Reliance provided food and care to animals and birds throughout India. Here, the beneficiaries are the animals and birds across India, and to reach them, Reliance had to collaborate with the NGOs. Specialisation doesn't matter in this particular case. Companies that perform their CSR initiatives in areas of their specialisations in Innovative ways also collaborate with others for the diffusion of innovation in their CSR initiatives. This also proves our early point of specialisation as not a prerequisite for the companies to collaborate and innovate in their CSR initiatives.

Analysis of the interaction of G4 and LB1 doesn't provide insights into the interaction of other drivers, which we arrived at inductively. We will discuss the other facilitators, after completing the driver "collaboration". In the next section, we identified other Schedule VII element in the interactions with "collaboration".

### **4.3 Interaction between LB1 (CSR innovative project) and collaboration of institutes**

In this interaction, we can see numerous instances that prove the point of intent to collaborate to innovate.

In this interaction, we have seen instances that support and extend insights into the interaction of the companies to have innovative CSR initiatives by collaboration through the route of enhancing the impact by identifying the potential beneficiaries and reaching out to them. The All India Transporters Welfare Association can enhance innovation diffusion of the CSR initiatives of Mahindra Finance. This pertains to G2 (education and employment element of Schedule VII), enhancing the driving skills of the drivers. Mahindra Finance, a part of the Mahindra Group, has a specialisation pertaining to automobiles, enabling them to identify or acknowledge the needs. Similarly, Glenmark's innovation in CSR initiatives reached the maximum number of

---

children community when they collaborated with NGOs. Another example is collaborating with the non-profit organisation PSI India to design and reach out to 400 villages; their behaviour change model is an innovative approach to increasing toilet usage and promoting hygiene.

Also, there are instances where the companies collaborate to innovate by enhancing the specialisation of the process and diffusing their innovative CSR initiatives to the required beneficiaries. Here, the specialisation and enhancement of the impact come into the picture. For example, HUL collaborates with various educational platforms to provide career guidance to women. The innovative element is their vision in itself. They want to create an identity for women and make it happen through skills development by identifying the persisting problems that Indian women face. Though Indian women have been facing these issues for time immemorial, HUL designed a way to address the societal issue by offering expensive skill development courses through online platforms, collaborating with them, as their tagline goes, "Glow and Lovely Careers". Here, HUL identified a CSR opportunity and addressed the societal issue; however, we have to assume HUL don't have that specialisation to operationalise as that is not their daily operation. Hence, they collaborated with various online educational platforms enhancing the specialisation required to facilitate innovation in CSR initiatives. Also, by conducting this in an online platform, there is an increase in the impact of their innovative CSR initiatives.

From the above example, the line between having specialisation and not is very thin; hence we cannot make solid comments or remarks on that. We cannot comment on the policy interventions to increase a company's specialisation; what we can do from a policy perspective is to promote ways to increase the collaboration of the companies with the various institutes. Hence, whether the companies have a specialisation is not something we worry about precision.

In another example, with the instances involving Reliance, we can say that with a higher degree of certainty the collaboration of the various organisations with Reliance in the development and circulation of the Newspaper with Braille

---

style, it is highly likely that the NGO don't have the specialisation and Reliance is the key player of gaining the specialisation. Here the collaborators of Reliance are eye-care foundations and associations. Hence, a transfer of specialisation is required for Braille's development from these foundations. However, the technology required to create a newspaper out of it and distribute it to the impact groups requires Reliance's financial capacity. Such instances are examples of companies co-existing to design and develop innovative CSR initiatives. From a compliance standpoint, the companies must adhere to Section 135 of the Act. And they might have met the requirements in any manner. Nonetheless, teamwork may have enabled a new aspect of CSR. Or, Reliance may have innate innovation that was strengthened by cooperation. Using the interview, more discussion is necessary on these points.

#### **4.4 Interaction of the collaboration of the institute with G4 (environmental sustainability).**

In this analysis, we are looking for some directionality between the institute's collaboration and G4, whether collaboration enables the companies to address a particular G, in here G4, or whether addressing G4 promotes collaboration (need to consider from the interview). To some degree of certainty, it is always the law and not the other way around, as we observe the annual reports after the inclusion of CSR in the Company's Act. We don't know exactly the reason for the formation of the law. And hence, collaboration with the institutes by the companies facilitates the manifestation of G4 of the Schedule VII of the Company's Act in their CSR initiatives. In this case of interaction, we can see that Pidilite collaborated with a few organisations with a unified interest towards the environment. Here, collaboration with the institutes enables addressing G4 of the CSR activities. However, we cannot say that the intent to collaborate is obtained from the presence of G4 (that we have to obtain from the interview).

Code System	Collab...	Emplo...	Comm...	LD1 C...	LC1 CS...	LB2 CS...	G10 - ...	G8 - P...	G7 - Pr...	G6 Be...	G5 - Pr...
Collaboration with Governments											
Employee Volunteering						1		1			
Community engagement											
LD1 CSR Inn. World Project											
LC1 CSR Inn. Nat. Project											
LB2 CSR Inn. Process		1									
G10 - Rural Development Projects											
G8 - PM Relief and Welfare Funds		1									
G7 - Promotes Sports											
G6 Benefits of the Armed Forces Vetera											
G5 - Protection of National Heritage											

Figure 4.3: Interaction matrix of the codes of Cluster 3

After the analysis of cluster 4, we moved to the analysis of other clusters, such as cluster 3. From the interaction matrix of the codes in cluster 3, as shown in the Figure 4.3, there are no similarities.

In this case, we will be analysing the interactions of Cluster 3 with the other codes of the other clusters.

## 4.5 Interaction of employee volunteering in Cluster 3 with Cluster 1

On analysing the interaction of employee volunteering in cluster 3 with cluster 1, we can see that incorporating some elements in Schedule VII can enable a favourable environment for companies to involve their employees through innovative CSR ways. For example, Glenmark ensured employee volunteering by involving them in creating educational materials such as audio stories, which are to be shared with the children who are visually impaired. This instance has an innovation parameter code attached to it. Creating audio stories as educational materials is not innovative; however, getting it done by their employees by ensuring employee participation is an innovation in the CSR process.

Numerous confounding variables prevent us from conclusively stating that a certain G enables employee volunteering to assure innovation. Unlike the drivers, which have a certain degree of tangibility, it is extremely difficult to

---

demonstrate the effect of a particular law provision on a company's behaviour by examining its annual reports. This is only feasible once the interview has been analysed.

#### **4.6 Interaction of collaboration with Governmental institutions in Cluster 3 with Cluster 2**

In most instances of this interaction, there is no innovation in the elements of CSR initiatives. In those interactions having an innovative element, there is no interplay of specialisation in promoting innovation in the CSR initiatives. Here, the collaboration intends to identify and reach the beneficiaries. For example, the collaboration of the Power Finance Corporation with the government is to reach potential beneficiaries.

Collaboration with the government through the route of increase in impact doesn't ensure an innovative CSR if it addresses only G12 (disaster management) or G1 (hunger, sanitation). Here, G12 and G1 and all those elements are becoming factors of some sufficient condition. Therefore, in the condition that involves G12 and G1 alone, collaboration with the government for an increase in impact doesn't ensure innovative CSR. And there are no instances where the collaboration of the government to gain the required specialisation; hence, we can conclude that collaboration with the government doesn't promote innovative CSR if it addresses only G1 and G12.

#### **4.7 Interaction of LC1 (innovative CSR concerning the population area) in Cluster 3 with the collaboration of institutes.**

On analysing this interaction, we can see that the collaboration increases the specialisation by "leveraging the technology", which enabled them to have

---

"innovative tech-enabled facility-based interventions" for quality healthcare for new-born and maternal health. This clearly states that the collaboration led to innovation, to be more precise, technology innovation. The Schedule VII element that is involved here is G1. Hence, we can have insights such as collaboration such as those activities that involve only G1, innovation in the CSR initiatives is only possible with the drivers' involvement. This is because there is considerably less scope for innovation in this particular element of CSR initiative. India is a developing country with a considerable population in the bottom line. Hence, there is always scope for construction and others that are less innovative to address the issues of poverty and hunger. And companies tend to address these with ways such as donations and providing building facilities, which is less innovative. Here, the scope is health care, and there is innovation in the technology used in health care, making it an innovative CSR initiative. There is no innovation in addressing the problem or finding a societal solution that they must address. However, there is an innovation in the technology used to address this element in Schedule VII. That is how the provision of a particular element in the CSR schedule of the Companies Act 2013 influences the companies to have innovative CSR initiatives. Innovation in CSR projects that correspond to the remaining parts of Schedule VII may be less influenced by the drivers. Therefore, policy initiatives that solely address G1 may have a big impact if they only target these factors. This can be a prominent method for promoting innovative CSR if only G1 is addressed.

#### **4.8 Interaction of G7 (promotes sports) in Cluster 3 with innovative CSR initiatives concerning CSR only (LB1)**

This subject of encouraging sports has generated just 43 coded segments which is 2.8 percent of the total coded segments. There is a single instance of G7 and LB1 interacting in which government participation enabled businesses to reach the highest number of beneficiaries. Glenmark collaborated with the



---

Sports Authority of India to broaden the reach of its distinctive CSR initiatives. Since G7 is less explored in the CSR domain, it is possible to have more innovative design and implementation.

#### **4.9 Interaction of Collaboration with Governments (in Cluster 3) with LB1 (innovative CSR (among the CSR))**

In instances where we analyse the collaboration with Governments and LB1, there is an indication of the increase in the impact due to the collaboration. For example, the collaboration with Dabur and the Ministry of Ayush and All India Institute of Ayurveda (AIIA) facilitates the Ayuksha programme, where the Ayurvedic immunity-boosting for the Police personnel is administered. Similarly, Reliance collaborated with the; National Association for the Blind to reach the maximum of blind people related to the circulation of the Braille newspaper. In these instances of interactions, we haven't seen an example where there will be collaboration to facilitate gaining the required specialisation for Innovative CSR.

#### **4.10 Interaction of Employee Volunteering (in Cluster 3) with LB1 (innovative CSR (among the CSR))**

In the instances where we analysed the interactions between G4 and employee volunteering, we have shown that companies, in various innovative ways, tend to ensure innovation in their CSR initiatives. We have also stated that, in many instances, incorporating a particular element of Schedule VII will enable a favourable environment for employee volunteering. Companies over the years have been encouraging their employees to participate in voluntary activities, some as part of their CSR initiatives. For example, companies like Glenmark

---

explicitly state that encouraging employee volunteering is a "cornerstone" of their "corporate citizenship programs". Various initiatives with eye-catching slogans, such as the "One Glenmark Once Voice" campaign, create a sense of belonging among employees to their community and company.

In the event of COVID, companies involved their employees in addressing various pandemic needs, such as preparing hand-made masks by the employees of Glenmark. Distributing or preparing the masks is not innovative; however, ensuring employee participation as their CSR initiative is innovative. In certain instances, COVID acted as a barrier to specific CSR projects in which the corporations required employee participation. In these cases, firms secured employee engagement in their CSR projects through creative approaches like as "virtual volunteering" (by Mahindra Finance), allowing their workers to spread their compassion through different CSR initiatives. In these two situations, the availability of this specific G12 enables new CSR initiatives to include staff volunteers.

#### **4.11 Interaction of community engagement (in Cluster 3) with LB1(innovative CSR (among the CSR))**

In an earlier instance, we have seen that specialisation is not necessary for companies to collaborate and innovate. In this interaction of community engagement, though there is no specialisation with the company that performs the CSR initiatives, they innovate by engaging the community. This can be considered a collaboration with the community; however, we tend not to use the term collaboration, as in many instances of community engagement, the engagement happens involuntarily. There are some instances in which the companies don't deliberately try to get the community engaged; however, the community gets engaged when they seem to be more interested in the CSR initiatives, facilitating the innovative CSR (an instance involving L & T, where there is some leadership program, and the senior students volunteer to take

---

it into a higher dimension of utilisation).

In this instance of interaction, REC, through their CSR initiatives, train the community to manufacture affordable sanitary napkins and create awareness of menstrual hygiene among the women and girls in the rural part of the country. The innovation comes in the fact that the company is not creating and distributing affordable napkins, but rather educating and involving the community in the process. This provides a higher degree of independence. In addition to handling related Gs such as G1 and G3, the critical G2 is also addressed. Thus, a purposeful effort to solve numerous G enhances the creativity of organisations' CSR programmes, which must be investigated further via the interview.

## **4.12 Analysis involving No Innovation**

To arrive at some conditions, we first observed the interactions between the various schedule VII elements and the innovative CSR elements.

In our analysis we found a very high degree of overlap between no-innovation and G1 and with G2. Here, we analysed the instances where there is only G1 and an absence of no- innovation. In all those instances where there is some innovation, there is always the presence of a driver, such as collaboration, employee volunteering, etc. Thus, we have the insight that, in instances that address the G1, there shall be at least one driver involved. Similarly, we couldn't identify instances that lack drivers and address only G2 in the analysis of the annual reports. Hence, the companies cannot innovate on CSR initiatives if they address only G1 and nothing else if no drivers are involved.

The question now is whether the presence of drivers guarantees innovative CSR. Therefore, we must examine the relationship between the drivers and the lack of innovation. Based on our examination of the annual reports, especially of these publicly listed companies, we have determined that they are always vocal about explaining the drivers and expanding on their creative CSR activities. Since G1 and lack of innovation are intertwined, we solely

---

analysed the relationship between lack of innovation and G1-related causes (there can be G4 and others in the same selection). When drivers address G1 and G12, we discover no innovative CSR element exists. Therefore, innovative CSR for drivers is not guaranteed when these two Schedule VII requirements are addressed.

In the next chapter, we discuss the clusters and interactions of the unlisted companies.

## **Chapter 5**

# **Thematic Content Analysis of Secondary Resources – Unlisted Companies**

In this chapter, we explain the innovative CSR paradigm of unlisted companies by defining the drivers of innovative CSR. Unlike listed companies, many have not revealed their CSR initiatives in detail in their annual reports. It isn't easy to uncover innovative elements of CSR initiatives in annual reports if CSR activities are not well described. Consequently, of the 100 unlisted firms we sought to examine to discover new CSR features, we only analysed those having a substantial description of the unique, innovative element in their annual reports. Figure 5.1 depicts the clusters produced by employing the same method as the listed firms.

Here there are six clusters formed from the content analysis of the annual reports of the unlisted companies. Comparing this network with the one we obtained above for the listed companies, we can see many standalone codes. Also, from Table 5.1, we can see that G4, G1, G2 and LA are standalone codes. G12 and the pandemic formed a cluster.

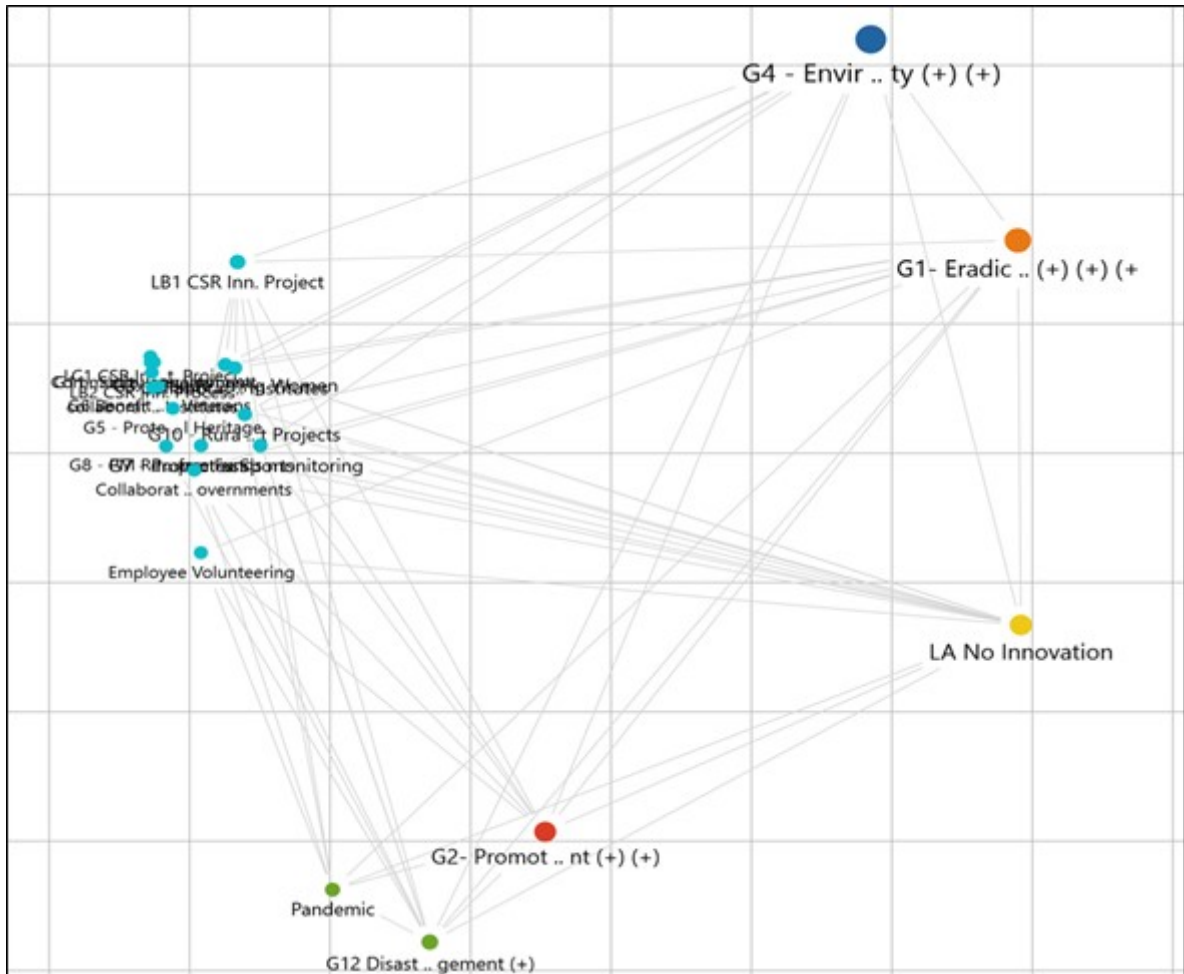


Figure 5.1: Clusters of the codes (unlisted companies)

Table 5.1: Characteristics of the clusters and codes of unlisted companies

<b>Cluster 1</b>	Standalone
G4 - environmental sustainability	
<b>Cluster 2</b>	Standalone
G2 - promoting education, employment enhancement	
<b>Cluster 3</b>	Standalone
LA - no innovation	
<b>Cluster 4</b>	Standalone
G1- Eradicating Hunger and Malnutrition, Health Care	
<b>Cluster 5</b>	Standalone
G12 Disaster Management	
Pandemic	
<b>Cluster 6</b>	Standalone
Collaboration with governments	
Collaboration with institutes	
Community engagement	
Employee volunteering	
G10 - rural development projects	
G11 - slum area development	
G3 - gender equality, empowering women	
G5 - protection of national heritage	
G6 - benefits of the armed forces veteran	
G7 - promotes sports	
G8 - PM relief and welfare funds	
Impact assessment and monitoring	
LB1 CSR Inn. project	
LB2 CSR Inn. project	
LB1 CSR Inn. Nat. Project	

---

In contrast to the establishment of two different populated clusters, clusters 3 and 4, in the network diagram of the listed firms, there is only one populated cluster, Cluster 6, which is predominantly a cluster of dissimilar codes.

Hence, we analysed the codes of Cluster 6 by further clustering and analysing as in Figure 5.2.

The description of the analysis of the clusters and codes is given in Table 5.1.

Here we can see considerable interactions between G3 and LB1 and hence, we have started our analysis of the interactions by examining those instances.

## **5.1 Interaction of collaboration of institutes with G3 (gender equality and empowering women) and LB1 (innovative CSR (among the CSR))**

The instances that are observed in these interactions are innovative in many ways. For example, Honda, known for automobile manufacturing, provided women's self-help groups with training on water conservation and water storage and conservation infrastructure. The innovation lies in identifying the key stakeholders equipped to handle this problem, the women and the children. Being the key interest groups, due to the country's prevailing social structure, the initiative's success is guaranteed. Honda doesn't specialise in water conservation; however, their collaboration with the NGO Centre for Social Research enabled them to identify the key stakeholder who can make this initiative a grant success, thus making it an innovative CSR initiative. Also, this driver facilitated community engagement, which we consider as a driver. Thus, one driver (collaboration with the institutes) enabled innovation in CSR, which manifests when the community is actively engaged in the CSR initiative.

Also, in this case with Honda, we can see two Gs involved, G4



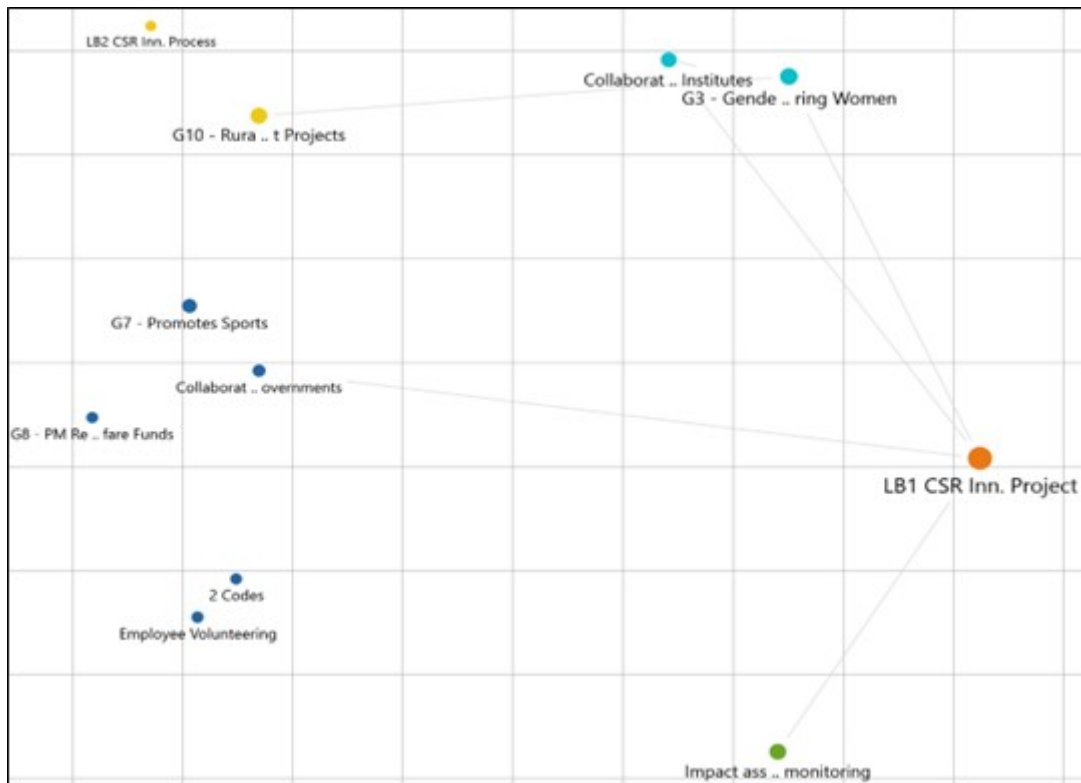


Figure 5.2: Clustering in cluster 6

(environmental element) and G3 (women and children). Community engagement (women and children are involved) addresses the G3 aspect of the Schedule VII element, along with the conservation of water (G4), facilitating its innovative CSR element. There are no other ways to involve these two Gs in addressing this persistent societal problem. And for its success, the company collaborated with the NGO centre.

There are no further within-cluster interactions of the codes in cluster 6 that interest us. Hence, we analysed the interactions of the various elements of this cluster with the codes in the other clusters.

In such analysis, we found the same insights that we observed earlier. None of the standalone clusters has drivers in it. The drivers are only there in cluster 6. Analysing the interactions between the codes in Cluster 6 and the codes in the other clusters enable us to understand the relation between the drivers and the schedule VII element and the drivers and the innovative elements and the innovative elements and the schedule VII elements. This is in the subsequent sections.

---

## **5.2 Interaction of G2 (promoting education and enhancing employment) and LB1**

This interaction has the same finding as in the listed companies. Apart from one instance, where no drivers are found in the interaction of the G2 and LB1, all other instances show some interaction between the drivers and G2 and LB1. The one instance in which we didn't find an interaction involves BALCO. BALCO employed innovative capacity-building programs for the farmers without involving a single driver. Balco may have gained the required specialisation for conducting such a capacity-building program.

In all other instances, there is the presence of the drivers in instances of innovation in the CSR initiatives. The BA Continuum India has successfully ensured community engagement for their "Young India Initiative" to promote sports and holistic adolescent growth. Here, innovation comes with identifying a solution for a cause, promoting sports for adolescents' holistic development, which is unique in the CSR thought process, and addressing multiple elements of Schedule VII.

However, we need to see whether the presence of the drivers is a sufficient factor for innovation in the CSR initiatives in instances that involve G2. This is explained in the next section.

## **5.3 Interaction of the Employee Volunteering with G2 (promoting education and enhancing employment)**

Out of the five instances we have identified in this interaction, we have seen, except in one instance, a need for more innovation in the CSR initiatives. In that instance, where there is an innovative CSR initiative, other Schedule VII elements are involved besides the G2 (education and skill development). For example, in the instance of CSR initiatives involving Toyota Kirloskar, facilitating education and skill development, multiple Gs such as

---

G4 (environment), G1 (hunger), and G12 (disaster) is involved in the process.

We have also seen an instance where G1(eradicating hunger and malnutrition and promoting health care) and G2 are involved with employee volunteering, and there is no innovation. Balco's safety training initiatives address G1 and G2; however, they lack innovation. Therefore, employee volunteerism is inadequate if just G2 is engaged. There must be more drivers or Gs. We did not previously conclude that innovation is impossible if only one driver and G1 or G2 are involved. This new result is made possible through the examination of unlisted firms.

Extrapolating this, in instances that involve G2 and G1, it is only possible to have innovation in the CSR initiatives with only one driver and the other Gs involved. To check this, we would like to analyse the instances where there is an overlap between the G1 and only one driver.

## **5.4 Interaction of community engagement and G2 (promoting education and enhancing employment)**

In this interaction of community engagement with G2, there is the presence of innovation in the CSR initiatives. In this instance of interaction, BA-Continuum-India engaged the community sports coaches for the holistic development of the adolescents. The innovation element in this was discussed earlier. Here, two drivers are involved, G2 and G7 (sports). Here, the involvement of more than one element in the CSR initiatives triggered the innovation.

## **5.5 Interaction with no-innovation**

From analysing the unlisted companies for innovative CSR, we have seen that there needs to be an adequate explanation from which we can identify the instances of innovative CSR. There are very few companies that have

---

their annual reports maintained properly, and fewer are the ones that have explained the CSR activities in detail. Therefore, it is not a good idea to equate the absence of innovation in CSR activities described in annual reports with the absence of innovation itself. Analysing the interconnections between the drivers and the lack of innovation would produce a wrong picture of the same. This is a threat to internal validity. Hence, we won't be analysing the interactions of no-innovation with the drivers for the unlisted companies. However, that was possible with the listed companies, where we analysed the innovative element in the CSR activities in instances of the no-innovation. We must rely on the interview with the unlisted companies to explore much on these interactions.

## **5.6 Interaction of G1 (hunger malnutrition, sanitation and so on) and LB1 (innovative CSR element).**

We have identified many instances, and analysing them, suggests that it is impossible to have the innovative element in the CSR initiatives when there are no drivers when only G1 is involved. As we observed earlier, the drivers include collaboration with institutes, even in areas without specialisation with the firms. Asianet Communications, who have no experience in involving with the recovery and improvement of the life of cancer patients, collaborated with Asraya Voluntary organisation, which has been doing such initiatives for many years. Here, the company partners with a NGO that has worked in this field for decades to gather expertise and expand its reach. There are also additional elements involved, such as employee volunteering, where employee participation is guaranteed in all CSR projects in order to increase the effectiveness of the CSR efforts and also to boost employee happiness by giving them an "extra reason" to work for the organisation.

---

## **5.7 Interaction of collaboration with governmental institutions and G1 (eradicating hunger and malnutrition and promoting health care).**

By analysing these incidences, we may infer that innovation in CSR activities is difficult when only government collaboration is present in the circumstances involving G1.

## **5.8 Interaction of employee volunteering and G1 (eradicating hunger and malnutrition and promoting health care)**

By analysing these instances, we can see that, in instances that involve G1, G12 and G2, irrespective of the presence of this driver called employee volunteering, there needs to be more innovation in the CSR initiatives. G4 is present in one instance of innovative CSR observed in this interaction between employee volunteering and G1 in addition to G2 and G12.

This indicates that there are two types of Schedule VII elements, those that are reactive and those that are proactive. G2, G1 and G12 are reactive in a sense; they are perceived as a problem that requires immediate attention, and their solution is the need of the hour. G4, though that is also a need of the hour, is more on a proactive scale. In an Indian context, sustainability and others are always of lower interest than hunger, malnutrition, education, and of course, pandemics (on a global scale).

Thus, along with the drivers, the particular element of Schedule VII that the CSR initiative addresses also plays a crucial role in defining the innovation in the CSR initiatives.

---

## **5.9 Interaction of LB1 (innovative CSR (among the CSR)) and G12 (disaster management)**

Only two documents qualify this interaction, and in those instances, there has been the presence of more than G12 as the Schedule VII element. Other elements, such as G1, G4 and G2, are found in these interactions. To check which drivers have the highest significance, we checked for the combinations of the various drivers with G12 in instances of innovation.

The successful interactions of G1, G4 and G12, to have an instance of innovation in CSR, also has employee volunteering as the driver. We have seen numerous instances where companies ensure employee participation using various innovative means. The iCARE initiative by the Toyota Kirloskar team aims to ensure employee volunteering by introducing various categories to divide the volunteers into reactive, proactive and leading, motivating them to be one in that category. The ATE Chandra foundation, which is in the other transaction, is already known for its CSR initiatives. The instance of this Schedule 8 company with innovative CSR has no drivers attached to this. Here, G4 acts as a facilitator for innovative CSR.

## **5.10 Interaction of collaboration of government institutes with G12 (disaster management)**

There is no aspect of innovation in the situations that have these relationships. This validates our prior claims that innovative CSR requires more than government involvement. We have already seen that the partnership between the institutes has not produced any innovation. Certain aspects of Schedule VII (such as G4) must be present for the innovative CSR to materialise for drivers to facilitate it. In the instances above, we have seen that there was innovation in the CSR initiatives without the drivers (facilitators). That was there for the ATE foundation. This redundancy of the drivers is checked using the interview.

---

## **5.11 Interaction of employee volunteering and G12 (disaster management)**

There are no innovation instances in this interaction involving employee volunteering and G12. The two instances found in this interaction have G1 along with G12. Irrespective of the collaboration with the institute as the driver, there needs to be more innovation in the CSR initiatives when G2 and G12 are involved. This is due to the reactive nature of the Schedule VII elements.

## **5.12 Interactions involving impact assessment and monitoring**

It is impossible to understand the influence of impact assessment and monitoring on innovative CSR, as a reduction in code frequency doesn't mean that impact assessment doesn't happen. It's merely that some businesses expressly mention them and provide extensive detail in their yearly reports. Therefore, the influence of impact assessment is beyond the scope of secondary data analysis, and a questionnaire will be required to supplement or even completely comprehend it.

The aforementioned qualitative analysis of the annual reports and the resulting insights enable the qualitative interview with the CSR Heads of the listed firms.

# Chapter 6

## Primary Data Analysis

We systematically analysed the interaction between the various codes in Chapters 4 and 5 to derive the following facilitators of innovative CSR,

1. Collaboration with government and non-governmental organisations.
2. Employee volunteering
3. Community engagement
4. Impact assessment and monitoring

The elements of Schedule VII act as preconditions facilitating the influence of these factors as moderators or mediators. Hence, it is required to see how the various CSR initiatives exist in the different elements of the Schedule VII of the Act. This is provided in Figure 6.1. The items of Schedule VII as Gs with short descriptions are given in the Table 1.

G1 (health, sanitation and so on) and G2 (education) are the two key areas the companies consistently spend highly over the three years, whereas G11 (slum area development), G6 (spending on research institutes) and G9 (expenditure on veteran) has the least spending pattern by the companies. The expenditure on G8 (sports) has increased over the years, as visible from the bar plot. Even though the cumulative expenditure of G8 is less than that of G1 and G2, the increase in expenditure on Sports, where there is a decrease in almost every Schedule VII element due to COVID, is worth examining. Such differential spending patterns can be due to various factors,



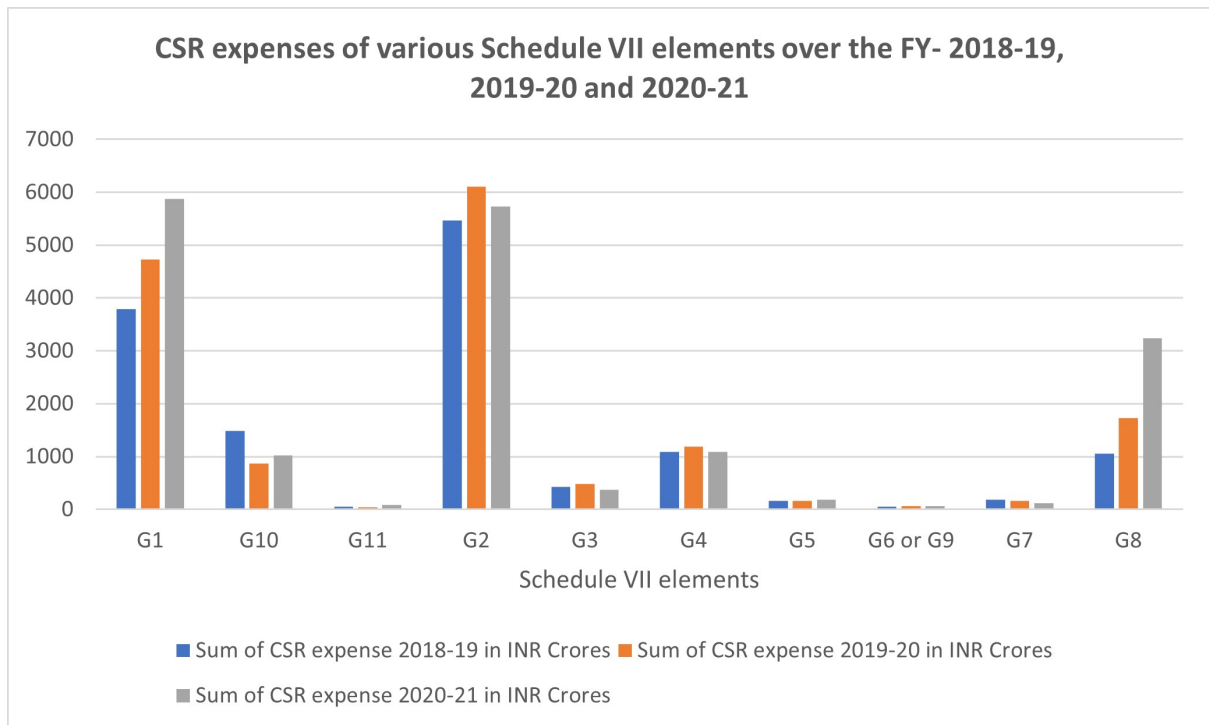


Figure 6.1: Distribution of CSR expenditure by various companies among the Schedule VII elements

which qualifies as confounding as we examine the influence of the factors amidst these preconditions. We address this through Questions Q1, Q2 and Q3.

## 6.1 Insights for the questions

The findings derived from the secondary data analysis is used to derive the following insights, which we analyse through a survey and interviews with the CSR Heads and committee members through questions Q6 to Q9.

For community engagement, it is

*I1: Companies ensure community engagement by bringing various innovative ways to execute their CSR initiatives.*

For employee volunteering, we have

*I2: Companies try innovative ways to include their employees in their CSR initiatives that motivate them.*

We have two definite paths for collaboration with the institutes and government

Table 6.1: Items of Schedule VII and short description

Items of Schedule VII - Gs	Short description
G1	Eradicating hunger and malnutrition, health Care
G2	Promoting education, employment enhancement
G3	Gender equality, empowering women
G4	Environmental sustainability
G5	Protection of national heritage
G6	Benefits of the armed forces veteran
G7	Promotes sports
G8	Prime Minister relief and welfare fund
G9	Contribution to R& D and public universities
G10	Rural development projects
G11	Slum area development
G12	Disaster management

– the “specialisation route” and “maximising the reach”. When companies innovate on CSR initiatives in areas aligned with their specialisation,

*I3: Collaboration with institutes and the government enables the firm to identify and reach out to the beneficiaries – maximising the reach.*

In those CSR areas and projects where a particular firm lacks specialisation,

*I4: Companies collaborate and develop innovative approaches to match their specialisation to perform their CSR initiatives innovatively.*

In instances of G1 (hunger, sanitation, health dimension of the Act) and G12 (disaster management component of the Act),

*I5: Companies don't innovate in their CSR initiatives if they address majorly G1 (and sometimes with G12), even after collaboration.*

If the companies address other Gs' CSR initiatives, collaboration can facilitate innovative CSR as

*I6: Collaboration enables companies to gain specialisation to address multiple*

---

*Gs in innovative ways*

Only for unlisted companies, we have seen that

*I7: Companies don't innovate in their CSR initiatives if they address only G2 (as in those cases, they are majorly scholarships)*

Apart from the above two routes, only for the un-listed companies, we found,

*I8: Companies collaborate with institutes with a shared interest in a societal issue to innovate in their CSR initiatives*

The preconditions facilitated by the elements of Schedule VII also contribute to certain insights related to the drivers, such as,

*I9: Companies don't innovate in areas that address only G1 if they don't consider one or more of the identified drivers or mediating themes.* However, it is only for the listed companies that we have seen that

*I10: Companies can innovate on areas that only address G1 if they have considered or executed a process that addresses one or more mediating themes.*

Similarly,

*I11: Companies don't innovate on areas that address only G4 if they don't consider one or more of the mediating themes.*

We have mentioned the reason for not finding considerable insights from the secondary analysis on impact assessment and monitoring of the Chapters on secondary data analysis. However, we have incorporated questions to explore its impacts on innovative CSR initiatives.

We have identified various factors that influence the decisions of the CSR initiatives (identified from various sources), called confounders. Based on those, we have arrived at the following open-ended questions and follow-ups for our semi-structured interviews. The first question asks the respondents to introduce themselves. As mentioned in the Table, the subsequent questions will follow based on this introduction. This questionnaire is initially designed with very specific questions that fall into the purview of survey analysis, as mentioned in the mindmap. Later, they are modified for an interview analysis. As in the Table 6.2, questions Q1 to Q5 addresses the factors that influence the decision of CSR initiatives (identified from multiple sources), which are identified as confounding to the intervention.

---

The remaining questions are designed considering the insights I1 to I11. This is provided in Table. Based on the answers to the Questions Q1 to Q5, we asked the remaining questions (as in Tables 6.3 and 6.4).

Table 6.2: Interview questions addressing the confounders

<b>Q.No.</b>	<b>Open-ended questions</b>	<b>Instruction to the interviewer</b>
Q1	<p>There can be many considerations, such as addressing a persistent problem or your company's expertise in designing CSR projects. What are your considerations when designing CSR projects?</p>	<p>Follow up with - are you deliberately aiming to consider your CSR initiatives to address multiple elements of Schedule VII?</p>
Q2	<p>Have you observed any monetary or non-monetary benefits for your company resulting from CSR initiatives?</p>	<p>Prompt with harmonious relationships, reputation etc.</p>
Q3	<p>Which schedule VII elements do you find difficult to address and why?</p>	
Q4	<p>What do you look for while reviewing the CSR funding proposals from NGOs/ trusts/ foundations/other bodies?</p>	<p>Follow up with points such as the nature of the projects, agency credibility, element of innovation etc.</p>
Q5	<p>What, in your opinion, makes a CSR project innovative?</p>	<p>Follow up by asking whether such initiatives were implemented by their organisation or by others he/she is aware of. Follow-up with the novelty levels, identified and mentioned in Chapter 3</p>

Table 6.3: Interview questions considering the drivers “collaboration” and “impact assessment and monitoring”

<b>Q.No.</b>	<b>Open-ended questions</b>	<b>Instruction to the interviewer</b>	<b>Relation to the secondary data analysis</b>
Q6	Have you collaborated with governmental or non-governmental institutions in designing and implementing your company’s CSR projects?	<p>Follow up with - If yes, do they increase the effectiveness of the CSR initiatives? If yes, how (follow up with the factors as in the mindmap).</p> <p>Follow-up with the question of whether such collaborations foster an innovative culture. Follow up with the question of what are the significant issues that you consider in collaborating with these institutes (consider the factors mentioned in the mindmap).</p>	I3 to I8
Q7	How do you/the team engage with the assessment of the impact of the project? How do you consider the usability of the CSR impact report?	<p>Follow up the impact assessment modes to see whether it is through their CSR team (and they use some innovative methods), or a third party (and they use some innovative ways).</p> <p>For the useability part, follow-up for brand value, compliance measures and congruence with their business strategies</p>	

Table 6.4: Interview questions considering the drivers “employee volunteering” and “community engagement”

Q8	Does your company ensure employee participation in their CSR initiatives? If yes, how?	Follow up with - questions on financial support, motivation and innovative elements.	I1
Q9	Does your company ensure community engagement (community acting beyond the beneficiaries) in their CSR initiatives? If yes, how?	Please see whether they deliberately try to address community engagement. Follow up with the factors mentioned in the mind map.	I2

---

Before conducting the interviews, we circulated the above insights in the form of a survey questionnaire to the CSR Heads and the committee members. The respondents of the survey and the interview are different. The survey responses and interviews address the missing links with the secondary research. We obtained nine survey and eight interview responses, which we analyse in the next section.

## **6.2 Data analysis**

First, we will address the various considerations of the CSR team of various companies in designing their CSR initiatives. Most of them address a pertinent issue that they identify by various means, such as need assessment surveys to consider for a CSR initiative. The impact assessment of the previous cycle also influences them in designing their CSR initiatives. They don't restrict themselves to a particular issue area such as health, education and so on. They will try to address the issue areas as per the government's preferences.

Even though the firms didn't put their core competencies as pre-requisite to initiate a CSR project, many have their CSR initiatives aligned with their expertise. This competency component will facilitate better efficiency of CSR initiatives as the companies are in a better position due to technology access.

As per the law, the companies can address the elements provided in the Schedule VII of the Companies Act 2013 to plan for their CSR spending. So, a tech company can perform their CSR initiatives related to digital education as they are provided as item ii of the Schedule VII of the Companies Act 2013. Hence the insights attempting certain preconditions in terms of the elements of Schedule VII remain valid after the analysis of the interviews.

One confounder that we considered was the monetary and non-monetary benefits. An increase in brand value is a benefit that companies frequently notice due to CSR initiatives. Employee satisfaction and market awareness, and increased performance were observed when employee volunteering was ensured in the CSR initiatives.

The companies align their CSR initiatives according to the themes



---

communicated by the government, which may vary annually. The focus of a particular year will be aligned with the directions of the various ministerial bodies (such as the Department of Public Enterprises under the Ministry of Finance for the Central Public Service Enterprises). This can be proxied as the influence of the various Schedule VII elements, as the elements of Schedule VII are the governmental priorities.

Regarding the term innovative CSR, there is a consensus with the two different types of CSR initiatives that we considered: innovation on the process and the outcome of the initiatives. There is also agreement that an innovative CSR initiative has to target the dimension of a problem that was not addressed before. With various examples, the CSR Heads explained the rationale behind their considerations. Even if the problem addressed is the same, the method should be unique, wherein the resources will be utilised more effectively to provide a greater impact. The CSR leaders reject innovating only for the sake of doing something new. To qualify for innovative CSR, the novelty component should address an issue with maximum efficiency creating a larger positive impact on the community. One such campaign successfully got included in the Guinness book of world records. Such innovations are facilitated by impact assessment and monitoring, enabling companies to identify and rectify the gaps in the subsequent cycle.

### **6.2.1 Collaboration**

We have seen from the secondary data analysis that there is an element of innovation in the world domain in the CSR initiatives. Most companies collaborate with NGOs, foundations and various state governments in implementing their CSR initiatives. From the interview, we saw an instance in which there was an interplay between collaboration and employee volunteering to gain the maximum reach related to CSR initiatives. In that circumstance, the plan for collaboration was decentralised.

When we were trying to analyse the impact of the collaboration for innovative CSR in the secondary data analysis, we considered the route of specialisation and the impact. Companies acknowledge the significance

---

of the expertise and experience in collaborating with various agencies in executing projects. The specialisation route for innovative CSR is discussed in Chapters 4 and 5. The companies collaborate in areas that align with their specialisation. The companies gain the required specialisation to design and implement through the experts of the same organisation or their CSR foundations. These institutions have the required expertise and experience to design such initiatives. For those companies that don't have the collaboration through a specialisation route, their CSR Heads and the committee members acknowledged that collaborating with institutes, such as the research institutes, will enable them to create more innovative solutions to persisting problems. They think such collaboration can enable the firms to gain specialised skills and knowledge, which we identified in the survey and the secondary data analysis. However, we don't have sufficient evidence to show that such collaborations can create an innovation culture by themselves.

### **6.2.2 Employee volunteering**

All the firms ensure employee volunteering in their CSR initiatives. The companies provide a platform for the manifestation of the socially responsible behaviour of the employees. We learned from the respondents that there is an inherent interest among the employees of these organisations to work for various social initiatives. Companies realise this and promote employee participation. They are given proper recognition towards such efforts. Rather than big projects, employee volunteering is ensured through small, easily manageable initiatives involving the employees and their family members. There are campaigns designed to attract employees' focus towards CSR initiatives. The companies recognise the positive impacts of such initiatives using feedback from their HR department. The employees who volunteer at the ground level implementing the CSR initiatives know the market well, which will reflect in their performance.

Employee volunteering enables companies to use their expertise to execute CSR initiatives better. Companies with small-scale units throughout the country enable them to increase the impact of CSR initiatives. Those fall

---

in the category of innovative CSR process, where the employer identifies and engages the employees in such a way, using campaigns, where the frames play a key role, to increase the impact. Here, the act of facilitating employee volunteering in itself is an innovative approach towards CSR initiatives. Certain CSR initiatives are completely employee-driven, and their success is attributed to the innovative process in those CSR projects.

The companies were successful in capturing the expertise of the employees of the CSR initiatives; those are highly visible in the CSR initiatives that address item ii (of Schedule VII), which is related to education and skill development.

We have seen that companies employ innovative ways to promote employee volunteering among CSR initiatives. Employee volunteering is ensured through the following steps:

1. Identifying the core competencies and the level of willingness among the employees.
2. Framing the CSR initiatives innovatively to reach the employees for their participation.
3. Provide recognition wherever required.

By doing these, the companies or their foundations act as the platform for connecting the employee with society. The innovative element is especially in framing the CSR initiatives, which fall into the innovative process. Such innovative frames aim to connect the employees with society through the respective implementing agencies of the companies (such as the foundations of the various companies). Feedback mechanisms enabled the companies to acknowledge that their employee volunteering motivational initiatives create employee satisfaction.

### **6.2.3 Community engagement**

The companies acknowledge that ensuring the engagement of the community in the area of CSR initiatives is inevitable to ensure their success. Ensuring

---

the beneficiaries of the CSR initiatives will enable such projects to continue without the requirement of stringent monitoring by the companies. This requires educating the community regarding the significance of the CSR project and motivating them to get involved in the various CSR initiatives. Such awareness sessions are done multiple times a year.

The greatest challenge in addressing poverty and unemployment is the fragmentation of the impact groups. According to one of the respondents, poverty, especially in rural India, is highly fragmented. They addressed the issue of poverty through skill development by creating a platform including numerous small groups of farmers and providing them with the necessary support. The impact was tremendous in this initiative, and such groups became self-sufficient in many ways, forming their firms. They have also managed to be part of the governmental programs in elevating the standard of living of such fragmented groups of people.

The companies ensure community engagement by creating awareness and necessary training and support. According to one respondent (as mentioned above), ensuring community engagement improves sustainability. The companies need not hand-hold in the subsequent developmental initiatives, as the community undertakes them.

Here, we can see that, though there are these programs for enhancing the lives of these marginalised poor people, the solution proposed to the problem is innovative. The process of community participation is innovation in and of itself. This is an insight that is not derived from the secondary data analysis. Also, the companies ensure community engagement using innovative ways comparable to employee volunteering, in which firms assure staff volunteering through innovative employee engagement methods in their CSR projects.

#### **6.2.4 Impact assessment and monitoring**

The companies employ impact assessment and monitoring by their internal CSR team and/or a third party. The respondents acknowledged how the above facilitators positively impacted their CSR initiatives using impact assessment and monitoring. Some firms have incorporated innovative means to monitor

---

their CSR initiatives properly using agile platforms such as various portals, where they monitor the CSR progress, amount spent and community feedback. A less technologically innovative intervention is making the key decision makers and funders visit the issue areas that the CSR had addressed, witness the transformation, and gain feedback from them. Such qualitative approaches motivate them to monitor and fund accordingly for the future CSR initiatives of the firms.

Thus, the interview and secondary data analysis provide light on certain key elements, which we call facilitators of innovative CSR initiatives in light of the Companies Act 2013. We conclude the research in the next chapter.

# Chapter 7

## Conclusion

This research captures the innovative elements of CSR initiatives and identifies their enablers in light of the Companies Act 2013. We identified various innovative CSR initiatives in a two-stage research approach and arrived at their facilitators. This research also tried to identify the impact of the Government of India Companies Act 2013 in promoting innovative CSR.

For this, first, we categorised the construct of innovative CSR concerning novelty and processes. Derived from the existing literature, we identified various levels of novelty in innovative CSR and innovative CSR parameters. The annual reports were coded based on these and the various elements of Schedule VII of the Act to arrive at the drivers of innovative CSR. The insights from the secondary data analysis were used to design questions for the survey and interviews.

We restrict our research to considering the most CSR spending companies in the listed and unlisted categories as they account for more than half of the total CSR expenses. We identified collaborations with institutes (and/or governments), employee volunteering, community engagement and impact assessment and monitoring as the key drivers of innovative CSR.

Prior to the enactment of this law, companies allocated their CSR operations to specific sectoral demands following their social responsibilities. And various big players have considerable reputations for their socially responsible initiatives. This has been happening for ages, as mentioned in the literature on CSR, with significant advantages to them, such as increasing

---

their brand value by showing their presence as a responsible corporate.

The Schedule VII elements set the preconditions for what qualifies as CSR initiatives. We identified the interplay between these issue areas mentioned in Schedule VII to arrive at some preconditions for the drivers to act as facilitators for innovative CSR from the thematic content analysis of the annual reports. Our analysis shows that it is not imperative to have innovation on a patent level or new product or project development. Innovation in a lesser grade of novelty has greatly impacted society.

Identification of the nature of the problem is key in designing innovative CSR initiatives. For instance, acknowledging the fragmented nature of poverty and unemployment enabled the company to design a platform to unite the farmers in groups and provide them with the necessary support. Similarly, recognising the challenge of reaching the most remote parts of the villages prompted a business to engage its employees and decentralise its collaborative techniques. Our research went into detail about many of these scenarios mentioned in the annual reports and through interviews and survey responses to state the influence of the four drivers.

For employee volunteering, the companies innovate on articulating and reaching out to the employees to motivate them to participate in CSR initiatives. Innovative ways of addressing societal problems can manifest using various ways to ensure community engagement. Community engagement by creating a common platform for addressing societal issues is an innovative way of addressing social problems. The process of community engagement in itself is innovation. With 'collaboration', we have found a path for these drivers by increasing the impact to facilitate innovative CSR. The companies are positive about the specialisation route; however, wide-scale adoption is yet to happen.

We couldn't identify any striking differences between the listed and unlisted companies' perceptions and mechanisms of innovative CSR initiatives. This is due to the lack of impact of this variable as a key factor, as other latent mechanisms come into play when we analyse these drivers, which explains the innovative CSR initiatives.

The third objective of this research is to create awareness of innovative

---

CSR projects to enable companies to direct their CSR funds. Instead of offering descriptive insights, this research will help firms focus on these drivers to facilitate innovative CSR actions. The CSR Heads and the committee members we consider are part of the high-CSR spending companies and are known for executing highly impactful CSR initiatives. Some of these companies have their foundations and in-house expertise to conduct research and apply innovative ways to engage with socially responsible initiatives. They have emphasised the importance of the drivers that we have identified from our secondary research.

We have seen a greater connection between the company's innovative culture and the innovative nature of the CSR initiatives. This becomes more evident with the analysis of the primary data. Companies known for their innovative approaches tend to approach a problem innovatively. And they do that by engaging the community and their in-house experts and collaborating if required. And they are keen to understand and improve based on these CSR initiatives' impact assessment and monitoring.

## **7.1 For the corporates**

Concentrating only on patents or utilising new technologies through CSR makes it impossible to address the motivators and enablers of innovative initiatives in the CSR domain. Recognising this, corporates should outline the strategies that they can use to implement their CSR initiatives. Businesses can leverage their creativity in CSR efforts by concentrating on innovative CSR facilitators.

Discussing these drivers in light of the various elements of the Act enabled us to understand the preconditions of these drivers. Since most of the CSR initiatives in the period of consideration are towards items i and ii of Schedule VII, we were able to analyse the inevitability of these drivers in those issue areas. Since the focus on the various social initiatives is related to items i and ii, the drivers become a significant component of the innovative CSR initiatives. As we found in the secondary data analysis, on instances of items i especially, there needs to be a driver for the innovation to happen. The analysis of the



---

secondary sources enabled us to understand the instances of the Schedule VII elements, other than items i and ii.

However, the presence of a driver doesn't guarantee innovative CSR. From the interviews, we found that understanding the problems from an entirely different perspective enables innovative approaches towards enabling these drivers to promote innovation in the CSR initiatives. That depends greatly on the expertise and experience of the CSR team. Such teams can see through the problems and design cost-effective solutions increasing the impact and employing the drivers we identified creatively (eg. decentralisation of collaboration and engaging employee volunteering).

## **7.2 Policy perspective**

Above, we have seen the positive spill over-effect, one being the impact of the preconditions set by the various elements of Schedule VII. Also, employing a CSR committee institutionalises this whole process of developing and implementing CSR initiatives, where a dedicated team tries various ways to innovate on the CSR initiatives through community engagement, collaboration and employee volunteering, which aligns with the existing research on innovative CSR. This was evident from the interviews; the respondents referred to the law. Creating stringent rules reduces the room for creative compliance; however, it has the reputation of restricting innovation. Aligning the CSR initiatives with their core specialisation enables the companies to incorporate their in-house expertise to facilitate innovation in CSR initiatives through employee volunteering. Also, this will enable the companies to search for collaborative options.

Strict guidelines promoting certain focus areas will reduce the scope for such employee volunteering and collaboration options. However, it is important to streamline the CSR initiatives with the immediate requirements of the nation. The Department of Public Enterprises instructs the CPSEs by publishing guidelines to streamline their CSR initiatives. According to the guidelines for CSR expenditures of the CPSEs, the utilisation of the CSR funds

---

has to be focussed on the ‘national priorities’ in a particular year. Such a theme-based approach puts an inevitable constraint on the CSR members of the CPSEs, making them consider CSR an exercise of mere compliance.

Even though the items of Schedule VII elements are vast and provide flexibility, such guidelines constrain the initiatives of the companies. The negative impacts can be greatly reduced by avoiding sudden changes in the impact areas. In the public policy process, evaluating the existing interventions and, if required, amending or terminating them based on the feedback is important. After many years of making CSR mandatory, the companies have set up their team and gained the required expertise. A hand-holding exercise by governmental bodies will reduce the innovative tendencies of the firms if continued further. Therefore, the annual guidelines should leave room for innovation by allowing corporations to select a large number of CSR projects (say, 25 percent), regardless of the target areas (especially with the Public sector enterprises).

A better approach could be towards positive reinforcement, as what happens with the recognitions and awards emphasising the immediate issue area requirements, than stringent guidelines and regulations.

In this research, we don’t advocate making these drivers mandatory by law. That will invariably lead to creative compliance. Besides, we suggest providing greater freedom and enabling them to keep sustained focus by limiting interventions that radically change focus areas (which is only necessary in the event of a shock, such as a pandemic).

### **7.3 Limitations and future research**

The drivers and facilitators of innovative initiatives in the CSR domain cannot be addressed by focusing solely on patents or using new technologies through CSR. The significance of this research lies in acknowledging this and defining ways that the companies can adopt to make their CSR initiatives. Companies can leverage their innovation of CSR initiatives by focusing on innovative CSR facilitators. That is something that this research focuses on.

---

This research doesn't provide any causal description of the impact of the Act on facilitating CSR initiatives. We acknowledge this limitation, which becomes more evident after analysing the primary data. For example, the degree of deliberateness to address the multiple items of Schedule VII cannot be stated from the interviews. In the interview, we discovered that government directives served as 'moderators' in many of these situations, which lessens the impact of this linking of the corporations' explicit attempts to address various Schedule VII elements. This restricts us from addressing the confounders in the current analysis. Hence, this research should not be taken as something that evaluates the effectiveness of the Companies Act 2013 because of its limitations.

These causality arguments call for either temporal analysis or, in the most extreme case, experimental design employing frames created after analysing numerous policy initiatives. Future studies in this area may go in this direction.

# References

- Alvarado-Herrera, A., Bigné-Alcañiz, E., Currás-Pérez, R., and Aldás-Manzano, J. (2017). Does corporate social responsibility really add value for consumers? In *Innovative CSR*, pages 173–195. Routledge.
- Boons, F. and McMeekin, A. (2019). *Handbook of sustainable innovation*. Edward Elgar Publishing.
- Chhaochharia, V., Sen, R., and Xu, J. (2021). Regulation-induced CSR.
- Gangopadhyay, S. and Homroy, S. (2023). Do social policies foster innovation? Evidence from India's CSR regulation. *Research Policy*, 52(1):104654.
- Greenhalgh, C. and Rogers, M. (2010). Innovation, intellectual property, and economic growth. In *Innovation, Intellectual Property, and Economic Growth*. Princeton University Press.
- Hart, K. P. and L., S. (2002). The fortune at the bottom of the pyramid.
- Hockerts, K. (2007). *Managerial perceptions of the business case for corporate social responsibility*. CBS Center for Corporate Social Responsibility Frederiksberg.
- Homroy, S., Li, W., and Selmane, N. (2020). Corporate governance and corporate social responsibility. *SSRN Electronic Journal*.
- Kramer, M. R. (2005). Measuring innovation: Evaluation in the field of social entrepreneurship.
- Louche, C. and Idowu, S. (2017). *Innovative CSR: From risk management to value creation*. Routledge.

---

Maas, K. and Boons, F. (2017). CSR as a strategic activity: Value creation, redistribution and integration. In *Innovative CSR*, pages 154–172. Routledge.

Masulis, R. W. and Reza, S. W. (2015). Agency problems of corporate philanthropy. *The Review of Financial Studies*, 28(2):592–636.

Pavitt, K. (1984). Sectoral patterns of technical change: towards a taxonomy and a theory. *Research policy*, 13(6):343–373.

Preuss, L. (2011). Innovative csr: A framework for anchoring corporate social responsibility in the innovation literature. *Journal of Corporate Citizenship*, (42):17–33.

Sawhney, M., Wolcott, R. C., and Arroniz, I. (2006). The 12 different ways for companies to innovate. *MIT Sloan management review*, 47(3):75.

Sharma, J. P. (2013). *Corporate Governance, Business Ethics and CSR:(with Case Studies and Major Corporate Scandals)*. Ane Books Pvt.

Violo, M. (2018). 25 companies carrying out corporate social innovation.