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Surabhi Gupta

*Management Development Institute, Gurgaon, India*

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# Understanding Sustainable Practices within Global Compact and CSR Policy Framework: Through the Lens of Indian Corporations

## **Abstract**

United Nations Global Compact (UNGC) is one of the initiatives by the United Nations for developing and communicating Corporate Social Responsibility (CSR). However, until now very few studies have been conducted evaluating the Global Compact (GC) perception of companies and their CSR strategies. This article, by case study method using three fortune 500 Indian companies, aims to understand how UNGC is used by Indian companies in practice and the role GC has played in influencing their CSR strategies. This article also recommends that the companies' CSR policies require a multi-dimensional strategy while operating within the paradigm of the UNGC. The major reflection from the study is that the GC principles are seen only as the compliance norms and do not provide enough momentum for the companies to perform better in the enlisted areas of practice.

## **Keywords**

strategy, business, language, ethical values

## **Disciplines**

Law | Public Law and Legal Theory

# UNDERSTANDING SUSTAINABLE PRACTICES WITHIN GLOBAL COMPACT AND CSR POLICY FRAMEWORK: THROUGH THE LENS OF INDIAN CORPORATIONS

SURABHI GUPTA\*

## ABSTRACT

United Nations Global Compact (UNGC) is one of the initiatives by the United Nations for developing and communicating Corporate Social Responsibility (CSR). However, until now very few studies have been conducted evaluating the Global Compact (GC) perception of companies and their CSR strategies. This article, by case study method using three fortune 500 Indian companies, aims to understand how UNGC is used by Indian companies in practice and the role GC has played in influencing their CSR strategies. This article also recommends that the companies' CSR policies require a multi-dimensional strategy while operating within the paradigm of the UNGC. The major reflection from the study is that the GC principles are seen only as the compliance norms and do not provide enough momentum for the companies to perform better in the enlisted areas of practice.

## I INTRODUCTION

Corporate Social Responsibility (CSR) as a concept can be traced back to the 1950's but it only recently became part of business language and practice for companies around the globe.<sup>1</sup> There does not appear to be any clear and unbiased definitions of CSR.<sup>2</sup> However CSR is broadly understood to include business practices based on ethical values and respect for communities and the natural environment.<sup>3</sup> In most cases it is seen by the companies as an instrument to justify legitimacy and avoiding negative publicity.<sup>4</sup> Sometimes CSR also acts as an internal driver for holistic and equitable growth.<sup>5</sup>

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\* LL.M, NLU Jodhpur and PhD Candidate, Public Policy, Management Development Institute, Gurgaon, India.

<sup>1</sup> 'Evolution\_of\_Definitional\_Construct.pdf'

[https://www.laurea.fi/dokumentit/Documents/Evolution\\_of\\_Definitional\)Constructs.pdf](https://www.laurea.fi/dokumentit/Documents/Evolution_of_Definitional)Constructs.pdf).

<sup>2</sup> Alexander Dahlsrud, 'How Corporate Social Responsibility Is Defined: An Analysis of 37 Definitions' (2008) 15(1) *Corporate Social Responsibility and Environmental Management* 1.

<sup>3</sup> Abigail McWilliams and Donald Siegel, 'Corporate Social Responsibility: A Theory of the Firm Perspective' (2001) 26(1) *The Academy of Management Review* 117.

<sup>4</sup> Peter Utting, 'Corporate Responsibility and the Movement of Business' (2005) 15(3/4) *Development in Practice* 375; '07SummerSchool - Barkemeyer.pdf' <<http://www.2007amsterdamconference.org/Downloads/07SummerSchool%20-%20Barkemeyer.pdf>>.

<sup>5</sup> Peter Utting and Ann Zammit, 'United Nations-Business Partnerships: Good Intentions and Contradictory Agendas' (2009) 90 *Journal of Business Ethics* 39.

Various legal and non-legal, voluntary and mandatory, national and international initiatives have been aimed at facilitating, enhancing and promoting CSR.<sup>6</sup> Some of the international institutions such as the United Nations (UN), the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD) have been involved in promoting CSR initiatives.<sup>7</sup> The protocol of such institutions contains voluntary initiatives and has been focusing on the monitoring, enforceability and accountability of CSR. Relevant initiatives setting such standards for CSR are:

1. UN Guiding Principles on Business and Human Rights operationalizing 'Protect, Respect, Remedy Framework' to advise companies and other stakeholders on how better to protect individuals and communities from adverse human rights impacts of business activities.<sup>8</sup>
2. Intergovernmental organization standards such as ILO conventions and declarations; OECD guidelines on Multinational Enterprises (2008); UN Principles for Responsible Investment (2006); United Nations Conference on Trade and Development UNCTAD's Investment Policy Framework for Sustainable Development (2012).<sup>9</sup>
3. International Finance Corporation's (IFC) Sustainability Framework has social performance standards for business enterprises to respect human rights.<sup>10</sup>
4. Private and Multi-stakeholder initiatives, such as the Global Network Initiative,<sup>11</sup> International Organization for Standardization (ISO 26000) Guidance on Social Responsibility (2010),<sup>12</sup> the Fair Labor Association.<sup>13</sup>
5. OECD guidelines incorporate standards for enterprises to respect the internationally recognized human rights and carry due diligence to identify, prevent, mitigate actual and adverse risk impacts of their activities.<sup>14</sup>

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<sup>6</sup> Marta De La Cuesta Gonzalez and Carmen Valor Martinez, "Fostering Corporate Social Responsibility Through Public Initiative: From The EU To The Spanish Case" (2004) 55(3) Journal of Business Ethics.

<sup>7</sup> Andreas Georg Scherer and Guido Palazzo, "The New Political Role Of Business In A Globalized World: A Review Of A New Perspective On CSR And Its Implications For The Firm, Governance, And Democracy" (2011) 48(4) Journal of Management Studies.

<sup>8</sup> Nicola Jägers, "UN Guiding Principles On Business And Human Rights: Making Headway Towards Real Corporate Accountability?" (2011) 29(2) Netherlands Quarterly of Human Rights.

<sup>9</sup> Unctad.org <[http://unctad.org/en/PublicationsLibrary/wir2012\\_embargoed\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2012_embargoed_en.pdf)>.

<sup>10</sup> IFC Sustainability Framework (2018) Ifc.org <[http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/sustainability+framework](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/sustainability+framework)>.

<sup>11</sup> GNI's Submission To The UN Working Group On Business And Human Rights | Global Network Initiative (2018) Globalnetworkinitiative.org.

<sup>12</sup> ISO 26000 Social Responsibility (2010) Iso.org <<https://www.iso.org/iso-26000-social-responsibility.html>>.

<sup>13</sup> Fairlabor.org <[http://www.fairlabor.org/sites/default/files/shift\\_summary.pdf](http://www.fairlabor.org/sites/default/files/shift_summary.pdf)>.

<sup>14</sup> 2011 Update Of The OECD Guidelines For Multinational Enterprises - OECD (2018) Oecd.org <<http://www.oecd.org/daf/inv/mne/oecdguidelinesformultinationalenterprises.htm>>.

The World Economic Forum in 1999 led by Kofi Annan (then UN Secretary General) initiated a UN Global Compact (UNGC). Its main objective is to bring the various stakeholders together like corporations, UN agencies and civil societies for environmental and social reasons.<sup>15</sup> UNGC aims to provide:

- a set of 10 normative principles for CSR relating to labour, human rights, and environment and anti-corruption (see Table 1) as guidelines for CSR. These norms have been adopted from the Universal Declaration of Human Rights (UNDHR), the Rio Declaration and the United Nations Conventions against Anti-Corruption;<sup>16</sup>
- an enabling platform that provides a channel for initiatives in support of UN goals in the areas relating to social and environmental progress.

**Table 1**  
**10 UNGC Principles<sup>17</sup>**

<b>Human Rights</b>	Principle 1	Business should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	Make sure that they are not complicit in human rights abuses.
<b>Labour</b>	Principle 3	Business should uphold the freedom of association and the effective recognition of the rights to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labours;
	Principle 5	the effective abolition of child labour; and
	Principle 6	The elimination of discrimination in respect of employment and occupation.
<b>Environment</b>	Principle 7	Business should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>	Principle 10	Businesses should work against corruption in all its form, including extortion and bribery.

<sup>15</sup> Daniel Berliner and Aseem Prakash, "The United Nations Global Compact: An Institutional Perspective" (2014) 122(2) Journal of Business Ethics.

<sup>16</sup> Marinilka Barros Kimbro and Zhiyan Cao, "Does Voluntary Corporate Citizenship Pay? An Examination Of The UN Global Compact" (2011) 19(3) International Journal of Accounting & Information Management.

<sup>17</sup> *The Ten Principles | UN Global Compact* <<https://www.unglobalcompact.org/what-is-gc/mission/principles>>.

Although a wide scholarship exists on CSR and UNGC little has been discussed in the literature about the contribution of the UNGC to CSR strategies.<sup>18</sup> There are articles around this topic however they do not specifically mention the impact of UNGC principles on companies' communication and developmental strategies.<sup>19</sup> The article aims to contribute in understanding how UNGC principles are used in corporate strategies and what has been its impact on Indian companies.

## II LITERATURE REVIEW AND THEORETICAL BACKGROUND

The review methodology followed for this study was the one suggested by Fink.<sup>20</sup> For the purpose of this article Fink is used as a template because it focuses on literature, reflects the discipline of social science research and provides a model which can be adapted to law. Fink's methodology for a thorough literature review is a set of various stages:

1. Selecting research questions
2. Selecting article databases
3. Choosing search terms
4. Applying practical screening criteria
5. Doing the review
6. Synthesising the result.

In order to understand (1) how the UNGC is understood by Indian companies and (2) how the UNGC influences their CSR strategies, various primary and secondary sources were studied. The articles were primarily selected from the following online sources: HeinOnline, JSTOR, EBSCO, ProQuest and Google Scholar. Using combination of keywords (see Table 2), articles were extracted from these databases using advanced search option. In the entire process it was made sure that the extracted articles had the phrases belonging to both Category Type 1 'Corporate Social Responsibility' and Category Type 2 'UN Global Compact'. This step resulted in a total of 120 articles published on or before January 2017.

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<sup>18</sup> Hens Runhaar and Helene Lafferty, 'Governing Corporate Social Responsibility: An Assessment of the Contribution of the UN Global Compact to CSR Strategies in the Telecommunications Industry' (2009) 84(4) *Journal of Business Ethics* 479.

<sup>19</sup> Luis A. Perez-Batres et al, "Stakeholder Pressures As Determinants Of CSR Strategic Choice: Why Do Firms Choose Symbolic Versus Substantive Self-Regulatory Codes Of Conduct?" (2012) 110(2) *Journal of Business Ethics*.

<sup>20</sup> Arlene Fink, *Conducting Research Literature Reviews* (SAGE, 2014).

**Table 2**  
**Search keywords used in this Review**

Type	Category	Search Keywords
1	Corporate Social Responsibility	Corporate Social Responsibility, Corporate Responsibility, Social Responsibility, Socially Responsible Businesses
2	United Nations Global Compact	United Nations Global Compact, Global Compact, Compact

These extracted articles were further filtered on the basis of their titles and keywords. A closer manual look at the titles and keywords of all the articles helped the author to do away with the irrelevant and out of context articles. This step reduced the total peer reviewed articles to 92. In the next step, the abstracts of the articles were read which resulted in the elimination of the review articles, duplicate articles, news, non-English articles, prefaces and the articles which didn't meet the objective of the study but just mentioned the key categories in their text. It resulted in 45 total articles.

In the final step, full text of the selected articles was read so that only those articles were considered which met the following criteria:

- a) the article clearly mentioned the aim of its study;
- b) the fundamental concept of the article included the UNGC principles and their role in a corporation's CSR strategies.

In addition to this, a reference list of the selected articles was scanned and it took the tally to 23 peer reviewed articles. The results are as follows:

*United Nations Global Compact-* UNGC is a voluntary initiative based on corporations' commitments to implement environmental and social principles and to take adequate steps to support the UN.<sup>21</sup> It is a network based initiative with stakeholder participation from the government, civil societies, academia, and the UN. The voluntary nature of the UNGC is preferred because: (a) there is more support for the non-binding nature of regulations, (b) there have been negative experiences in the past for regulations through codes of conduct and (c) a lack of facilities to monitor and enforce compliance. A voluntary approach is believed to have its own perks such as CSR may increase above the threshold level mandated by a regulatory framework due to dialogue, facilitation and learning.<sup>22</sup> UNGC participants usually expect to improve their ethical conduct and gain economically after associating themselves with the UN.<sup>23</sup> Thus in order to discourage the companies from only using the association with UN as a positive influence on their image and not to increase transparency and accountability, the UNGC asks for a yearly 'Communication on Progress' (CoP) to be

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<sup>21</sup> Lothar Rieth et al, "The UN Global Compact In Sub-Saharan Africa" (2007) 2007(28) Journal of Corporate Citizenship.

<sup>22</sup> Ruggie, above n 6.

<sup>23</sup> Stefan Schembera, "Implementing Corporate Social Responsibility: Empirical Insights On The Impact Of The UN Global Compact On Its Business Participants" (2016) 57(5) *Business & Society*.

maintained by the participants.<sup>24</sup> The CoP documents how effectively the companies are adopting the UNGC principles in their business strategies.

The UNGC not only acts as a catalyst for businesses to align their operations with the 10 universally accepted sustainability principles but also gives a learning platform to companies regarding their CSR strategies. UNGC is an important milestone in the history of global corporate social responsibility and is considered the largest and only one of its kind when compared to other non-legal CSR promoting mechanisms.<sup>25</sup>

*UNGC for the Development of CSR*- The pyramid of CSR<sup>26</sup> summarised the questions regarding the responsibilities for corporations and has generated considerable public attention in business discussions. Since its inception, the UNGC has helped companies in realizing these responsibilities.<sup>27</sup> UNGC is viewed as a role model for global governance initiatives and has contributed to making CSR visible globally.<sup>28</sup> This voluntary initiative has established local networks and spaces to facilitate dialogue among stakeholders that keeps the fire of business responsibility ignited.

In the last 10-15 years the UNGC has exponentially gained importance for businesses worldwide. The countless articles on UNGC's homepage summarises the attention directed by the researchers towards the initiative.<sup>29</sup> The scholars have recently begun to study the impact of the UNGC focusing on the inter-relationship between the UNGC and CSR implementation,<sup>30</sup> internal and external drivers influencing participation<sup>31</sup> and the global spread of the UNGC. It has contributed to CSR in numerous ways: (1) it provides for the integration of ten universally accepted principles for CSR norms;<sup>32</sup> (2) it has induced learning platforms for the companies to share experiences that may later form part of company strategies;<sup>33</sup> (3) it may also be used for publicity both positively

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<sup>24</sup> Andreas Rasche, "'A Necessary Supplement'" (2009) 48(4) *Business & Society*.

<sup>25</sup> James E. Post, "The United Nations Global Compact" (2012) 52(1) *Business & Society*.

<sup>26</sup> Mark S Schwartz and Archie B Carroll, 'Corporate Social Responsibility: A Three-Domain Approach' (2003) 13(4) *Business Ethics Quarterly* 503.

<sup>27</sup> Rodrigo Lozano, "Towards Better Embedding Sustainability Into Companies' Systems: An Analysis Of Voluntary Corporate Initiatives" (2012) 25 *Journal of Cleaner Production*.

<sup>28</sup> Voegtlin, Christian and Nicola M Pless, 'Global Governance: CSR and the Role of the UN Global Compact' (2014) 122 *Journal of Business Ethics* 179.

<sup>29</sup> UN Global Compact (2018) [Unglobalcompact.org](http://unglobalcompact.org)

<sup>30</sup> Dorothee Baumann-Pauly and Andreas Scherer, 'The Organizational Implementation of Corporate Citizenship: An Assessment Tool and Its Application at UN Global Compact Participants' (2013) 117(1) *Journal of Business Ethics* 1.

<sup>31</sup> Berliner, Daniel and Aseem Prakash, 'From norms to programs: The United Nations Global Compact and global governance' (2012) 6 *Regulation & Governance* 149.

<sup>32</sup> Urša Golob and Jennifer L. Bartlett, "Communicating About Corporate Social Responsibility: A Comparative Study Of CSR Reporting In Australia And Slovenia" (2007) 33(1) *Public Relations Review*.

<sup>33</sup> Mariëtte van Huijstee and Pieter Glasbergen, "The Practice Of Stakeholder Dialogue Between Multinationals And Ngos" (2008) 15(5) *Corporate Social Responsibility and Environmental Management*.

and negatively (blue washing);<sup>34</sup> and (4) it gives rise to collaboration between companies and their stakeholders with respect to CSR strategies.<sup>35</sup>

However, limited literature is available on the Indian perspective of the UNGC except a few relevant scholarships such as Chahoud,<sup>36</sup> Ghosh and others.<sup>37</sup> This article through the three case studies highlights the fact that even though the companies are following the dicta, they do not rigorously evaluate quantified performance information in their CoPs and sustainability reports.

### III RESEARCH METHODOLOGY

This article focuses on the UNGC enabling CSR in India. With the latest amendment in CSR laws (Companies Act, 2013), every company with an annual turnover of INR<sup>38</sup> 1000 crore (10000 million) or more, or a net worth of INR 500 crore or more (5000 million) or a net profit of INR 5 crore (50 million) or more in a financial year have to spend at least 2% of their average profits over the previous three years on CSR activities.<sup>39</sup> Since India now has a law for compulsory CSR spending, there is an increasing concern regarding social responsibility and its importance from an Indian perspective.<sup>40</sup>

King and Epstein note that a critical step in research is to identify the target population. This is important in order to ensure that the data sample corresponds to the research target.<sup>41</sup> King and Epstein's first two rules of legal research are: (1) identify the population of interest, and (2) collect as much data as is feasible. In this study the population of interest was the Indian companies falling under the mandatory CSR ambit. When choosing these companies, a set of three selection criteria were utilized. Firstly, the company needed to be a front-running company within their industry, as these companies can be expected to have the most explicit CSR strategies. Secondly, the selected company needs to be registered in India. Thirdly, the companies had to be a participant of the UNGC.

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<sup>34</sup> Rafael Currás Pérez, "Effects Of Perceived Identity Based On Corporate Social Responsibility: The Role Of Consumer Identification With The Company" (2009) 12(2) *Corporate Reputation Review*.

<sup>35</sup> Daniel Arenas, Josep M. Lozano and Laura Albareda, "The Role Of Ngos In CSR: Mutual Perceptions Among Stakeholders" (2009) 88(1) *Journal of Business Ethics*.

<sup>36</sup> Tatjana Chahoud, *Corporate Social And Environmental Responsibility In India - Assessing The UN Global Compact's Role* (DIE, 2007).

<sup>37</sup> S.N. Ghosh, Romit Raja Srivastava and Palak Srivastava, "Un Global Compact and Millennium Development Goals: The Indian Perspective" in *Sustainability Ethics: Ecology, Economics and Ethics* (2014).

<sup>38</sup> Using the exchange rate of 1 AU\$ = 51 INR as on 27 July 2018, this equates to an annual turnover equivalent to approximately AU\$ 19,57,54,844 or more, or a net worth of approximately AU\$ 9,75,72,500 or more or a net profit of approximately AU\$ 9,75,725 or more in a financial year.

<sup>39</sup> Companies Act, 2013 s 135; Companies (Corporate Social Responsibility Policy) Rules, 2014.

<sup>40</sup> Sandeep Gopalan and Akshaya Kamalnath, "Mandatory Corporate Social Responsibility As A Vehicle For Reducing Inequality: An Indian Solution For Piketty And The Millennials" [2014] SSRN Electronic Journal.

<sup>41</sup> Lee Epstein and Gary King, "The Rules Of Inference" (2002) 69(1) *The University of Chicago Law Review*.

The sampling for this study involved the iterative selection of positive cases of Indian companies in Fortune top 500 lists that are UNGC participants. Three companies fulfilled these criteria, Indian Oil Corporation Ltd. (IOCL), Hindustan Petroleum (HP) and Tata Motors. The objective of the study requires interaction with many stakeholders from different disciplines and an analysis of their approach towards complex CSR strategies. This cannot be conducted using a survey-based method.<sup>42</sup> Therefore the research has been conducted making use of multiple case study methods, within a constructive paradigm.<sup>43</sup> As suggested by Lisa Webley multiple case studies were used to analyse the causal relationship between dependent and independent variables so that the interaction of variables in different environments can be comparatively examined in different contexts.<sup>44</sup> Such exploratory research is best suited for understanding the strategies of businesses in emerging markets.<sup>45</sup>

Case study methods usually involve an array of research methods to generate a spectrum, of numerical and non-numerical data that when triangulated provide a means through which to draw reliable and valid inferences about law in the real world.<sup>46</sup> Case study protocol is important to maintain reliability and robustness of the research.<sup>47</sup> The key parameter of such a research design is involvement of multiple data sources and techniques.<sup>48</sup> Also the nature of the case, its boundaries, features and reasons for inclusions should be clearly set out.<sup>49</sup>

A linkage needs to be established between the various stages of data collection, familiarization of data and analysis.<sup>50</sup> In this study the data was collected from both primary and secondary sources. Secondary data sources were the company websites, sustainability reports, annual reports and other information available in the public domain. This data was triangulated by primary data from stakeholders like the CSR heads, CSR managers and CSR advisors of the company through interviews, telephonic interviews and field observations. The data was then conceptualized by comparing the events, actions and interactions with each other for similarities and differences. The similar themes were bundled together to form categories and sub-categories. The result of the analysis is discussed in next section in detail.

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<sup>42</sup> Kathleen M Eisenhardt, 'Building Theories from Case Study Research' (1989) 14(4) *The Academy of Management Review* 532.

<sup>43</sup> Dubois, Anna and Lars-Erik Gadde, 'Systematic combining: an abductive approach to case research' (2002) 55 *Journal of Business Research* 553

<sup>44</sup> Lisa Webley, *Stumbling Blocks In Empirical Legal Research: Case Study Research* (Boom Juridische Uitgevers, 2016).

<sup>45</sup> Robert E Hoskisson et al, 'Strategy in Emerging Economies' (2000) 43(3) *The Academy of Management Journal* 249.

<sup>46</sup> Gary King, Robert O Keohane and Sidney Verba, *Designing Social Inquiry* (Princeton Univ. Press, 2012).

<sup>47</sup> Lisa Webley, *Stumbling Blocks In Empirical Legal Research: Case Study Research* (Boom Juridische Uitgevers, 2016).

<sup>48</sup> G David Garson, 'Case Study Research in Public Administration and Public Policy: Standards and Strategies' (2002) 8(3) *Journal of Public Affairs Education* 209.

<sup>49</sup> John Gerring, "What Is A Case Study And What Is It Good For?" (2004) 98(02) *American Political Science Review*.

<sup>50</sup> 'Charmaz\_2008-B.pdf' <[http://www.sxf.uevora.pt/wp-content/uploads/2013/03/Charmaz\\_2008-b.pdf](http://www.sxf.uevora.pt/wp-content/uploads/2013/03/Charmaz_2008-b.pdf)>.

## IV DISCUSSIONS AND FINDINGS

The narrative of the findings of the study is presented in two stages:

- a) The presentation of the budding themes and the strategic choices of the companies on the basis of the data collected (Table 3);
- b) Analysing the strategic choices influenced by the UNGC and mapping the link between UNGC and the company's strategic CSR choices.

The analysis was based on CSR themes, activities and strategic choices made by these companies. The table below enlists the extent of coverage that each case study company devoted to its CSR initiatives to distinguish the extensive attention by the companies from the ones which consider it more cursorily.

### ***A Contribution of UNGC to CSR Strategies of the Indian Case Study Companies***

Table 3 projects the major aspects of the CSR strategies of the three selected case study companies as well as CSR instruments implemented by companies within the areas of human rights, labour, environment and anti-corruption. Analysis of the research indicates that CSR for the three companies is only seen as necessary for legislative compliance and for safeguarding bad publicity and stakeholder satisfaction. The project selection for CSR activities is mostly similar for the three companies. With their main focus on initiatives relating to education, other projects were mainly driven out of companies' own products and services.

The CSR strategies for the three companies more or less cover the UNGC themes (Table 1). However the extent to which UNGC supports CSR strategic development in the three companies is characterised in the following ways: a) Legitimacy and effectiveness, b) Local networks and regional development, and c) Transparency and accountability. The basis of the analysis will be the interviews of the company representatives.

**Table 3**  
**Sampling (list of Fortune 500 Indian companies & UNGC participants)**

	<b>IOCL</b>	<b>HP</b>	<b>Tata Motors</b>
<i>Company Background</i>			
<b>Industry Sector</b>	Oil & Gas	Oil & Gas	Automotive
<b>Headquarters</b>	New Delhi, India	Mumbai, India	Mumbai, India
<b>Products &amp; services</b>	Fuel, lubricants, petrochemicals	Oil, natural gas, petroleum, lubricant, petrochemical	-Automobiles, construction equipment, automotive parts -Automotive design, vehicle licensing and service, engineering and outsourcing service

<i>CSR Dimensions</i>			
<b>Campaigns and contribution</b>	Education scholarship, Industrial training centre, AOD Hospital, Swarna Jayanti Samudaik Hospital, Indian-Oil Multi skill development institute	Nanhi Kali (girl child education), Akshay Patra (food in school to underprivileged), Unnati (e-literacy), ADAPT (children with special needs), mobile medical units	Arogya, Amurtdhara (Safe water drinking project), Vidhyadhanam (education), school infrastructure programs
<b>Thematic Areas of CSR initiatives</b>	Carbon management, water management, waste management	Childcare, education, health, skill development	Health, education, employability, environment
<b>Motivational determinants of CSR</b>	Market reputation Licensing Demands	Employee satisfaction Reputation	Reputation Demand from Investors
<b>CSR objectives cover 10 UNGC principles?</b>	Yes The Sustainability Reports cover all 10 principles	Yes The Sustainability Reports and general practices cover all 10 principles	Yes With focus on Human Rights and Labour all 10 principles are covered
<i>UNGC as CSR strategy</i>			
<b>Human Rights</b>	-Compliance with applicable laws and internationally recognized human rights -remediation for those affected by companies activities -non-discrimination policy	-Provides training to schools and local communities -alliance for inclusive growth -follows high industry standards for protection -aid after accidents/calamities -codes of conduct for employees	-Policies on Human Rights; -policy on equal opportunities and non-discrimination -monitoring and evaluation mechanisms for human rights integration
<b>Labour</b>	-Compliance with principles of ILO -Promotes gender equality -Recruitment of disabled people in the company	-Promotes gender diversity in workforce - Equal remuneration -compliance with labour laws -applies all these	-Prevents discrimination (equal pay for equal work) -Gender diversity (age, gender, caste) - Recruitment of disabled people

		principles throughout areas of operations	-do not allow/encourage forced or child labour
<b>Environment</b>	-Energy conservation, water conservation -Sustainable sourcing, water management	-Environment Management System accepted areas of operations -Pollution control facilities like effluent treatment plants, water disposal facility -Bioremediation technology for recycling waste water	-Tool 'Legatrix' for compliance of regulatory and safety requirements -Compliance with Central Motor Vehicle Rules of India and Bureau of Indian Standards -Ensures falling in line with increased fuel economy, reduced greenhouse gas and other emissions, vehicle safety
<b>Anti-corruption</b>	-supports international anti-corruption organization	- Codes of conduct for employees -Rules and regulations for fair trade practices	-Prevention of corruption and fair trade practices -disciplinary committee working on principles of natural justice -regular training on anti-corruption to the employees
<b>Use of CSR</b>			
<b>CoP Report</b>	Yes (last published on 08/2015)	Yes (last published on 05/2016)	Yes (last published on 10/2016)
<b>How is UNGC perceived by the companies?</b>	-Gives a list for the companies to do CSR (but it is not an exhaustive list)	- GC directly included in CSR guidelines	-Relates GC to all the sustainability work
<b>Use of UNGC in CSR strategies</b>	Yes, in sustainability reports	Provides principles for CSR activities	Information for projects to be undertaken (related to 10 UNGC principles)

Legitimacy and effectiveness: The three companies do not have specific criteria from the 10 principles for their CSR strategy and claim that the 10 UNGC principles have been the core of their already existing CSR strategies. For instance, the companies have been supporting the UDHR and ILO principles on Human and Labour Rights. For them the UNGC is the minimum adherence norms and their ambition is to do more than the mere UNGC norms. UNGC principles are not the only principles these companies adhere to. The Companies' sustainability reports follow the Global Reporting Initiative (GRI) guidelines on sustainability issues like climate change, human rights, governance and social well-being.

Local networks and regional development: The three companies have been positively active in local UNGC networks. Both HP and Tata Motors are very keen participants in the networks and are seen as one of the strengths of the UNGC. To IOCL, it is seen as a learning platform and experiences of peer companies for regional development. The frequency of the meetings however is low, once or twice a year. The interviewees of the companies also believed that a more frequent and smaller meeting with companies from the same industry will be more helpful since the companies from the same industry encounter similar issues.

Transparency and Accountability: A pre-requisite for UNGC membership is the delivery of Communication on Progress (CoP) reports. All three companies in the case study meet this condition, but the reports are mainly CSR performance reports. The reports do not explicitly follow the UNGC guidelines but use them for communicating CSR activities, such as Global Reporting Initiative (GRI), ISAE3000, AA1000 (Assurance standards developed for accountability). The reports also view the UNGC as only part of the CSR mechanism and as an assistance tool to communicate their CSR activities to other actors in the society. The publication of the CoP reports for the companies does not seem to be updated on an annual basis.

For the three companies examined, the analysis indicates that the UNGC is considered as one of the many existing initiatives that contribute in the direction of development of CSR. The role of UNGC is marginally considered in CSR strategies by the companies. One major reflection of UNGC is that the ten principles are looked at as compliance norms and do not encourage the companies to perform better in the enlisted areas of practice. Thus, so far the role of the UNGC for Indian companies has been weak. In support of Runhaar and Lafferty's work,<sup>51</sup> the analysis suggests that 'good standing' and 'reputation' are the major drivers for the UNGC (in terms of adhering to the 10 principles and reporting on them).

## V RECOMMENDATIONS

The predominant aim of the study is to understand how UNGC as an initiative is used by Indian companies in practice and the role the UNGC has played in influencing their CSR strategies.

The analysis has helped us identify the four possible ways in which the UNGC can be used (and is not being used) in CSR communication and development by the companies: (1) adopting the ten UNGC normative guidelines in their CSR activities; (2) engaging in collaborative learning experiences through local networks; (3) structuring partnerships with other stakeholders, individuals and companies for implementing specific aspects of CSR; and (4) implementing a positive attitude towards timely reporting of CSR.

As indicated in the previous section, the companies are barely utilizing these opportunities. No direct evidence is found relating to companies' efforts towards learning in networks.

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<sup>51</sup> Runhaar and Lafferty, above n 8.

The impact of the UNGC could be more if the companies used it to index its performance on the touchstone of the ten principles. Thus a paradigm shift in adopting a *two way approach* is required. It is submitted that industry specific and issue specific separate networks can help in complimentary initiatives to the UNGC local networks. A pre-requisite for entering the specific networks should be that the CoP reports will be critically examined in adherence to the 10 UNGC principles. The companies can use it to develop more ambitious CSR strategies in the areas of Human Rights, Labour, Environment and Anti-Corruption and also form a network for discussing how to better operationalize norms through shared experiences. The UNGC would serve its purpose only if there is effective implementation and enforcement.<sup>52</sup>

It is also suggested that the UNGC should implement different mechanisms of reporting (checks and balances) or mandating the annual reporting on the success and challenges of the 10 UNGC principles.

## VI CONCLUSION

When it comes to discussing the growth and impact of UNGC principles on companies, there is a big gap between theory and practice. The evidence obtained from the three case studies demonstrates that the usage of the UNGC in companies' CSR strategies is primarily impressionistic. While the adherence of 10 UNGC principles in general by the companies in their CSR activities, projects and initiatives, local and regional networks may seem impressive, the true impact of the UNGC is marginal. The article further proposes recommendations in which the UNGC can be more strategically used in communication and development by the companies. Overall these assessments of the UNGC reflect that the 10 principles are seen only as compliance norms by the companies and do not provide enough momentum for the companies to perform better in the enlisted areas of practice.

In the words of former Brazilian President, Fernando Henrique Cardoso:

“The legitimacy of civil society organizations derives from what they do and not from whom they represent or from any kind of external mandate. In the final analysis they are what they do...”<sup>53</sup>

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<sup>52</sup> Georg Kell, ‘The Global Compact Selected Experiences and Reflections’ (2005) 59.1-2 *Journal of Business Ethics* 69.

<sup>53</sup> Shepard Forman, Derk Segaar, “New Coalitions for Global Governance: The Changing Dynamics of Multilateralism” (2006) 12(2) *Global Governance: A Review of Multilateralism and International Organizations*.