**HOW DIFFERENT ARE CSR MOTIVES IN A DEVELOPING COUNTRY? INSIGHTS FROM A STUDY OF INDIAN AGRIBUSINESS FIRMS**

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More discoveries have arisen from intense observation

than from statistics applied to large groups.

W. I. B. Beveridge

**Executive Summary**

Against the backdrop of increasing foreign direct investment flows in the developing economies in Asia the investigation of topical aspects of corporate social responsibility (CSR) in the region increases in importance. We examine the CSR motives of four large indigenous agribusiness firms in India with a view to assess the validity of the claim that CSR in this country, compared to developed countries, is influenced substantially more by moral, cultural and religious considerations and less by self-interest and profit seeking. Unlike numerous other investigations of CSR that rely on questionnaires and company reports, our data are drawn from in-depth interviews and theme analysis revealing some intricate motives behind CSR behavior and business conditions that inspire them. Our findings challenge some previously reported results and indicate that the degree to which such behavior is affected by the state of economic development and cultural differences may be smaller than is often argued.

## Introduction

In 2017, developing Asia regained its position as the largest FDI recipient region in the world, followed by the European Union and North America (UNCTAD, 2018). As the activities of multination companies (MNCs) in the region intensify, analysis of some under-researched aspects of the business environment that they face acquires a new urgency. One such aspect is the set of informal relations between business and society that extend beyond normative obligations and belong to the realm of corporate social responsibility (CSR). In the literature there is growing understanding that further progress in the practices of CSR by MNCs and its conceptualization may be hampered if due attention is not paid to the dynamism and multiplicity of CSR contexts (Rasche *et al*., 2017). In this respect, one of the notable concerns is the absence of systematic studies of CSR in developing countries despite realization that frameworks and conclusions drawn from experience in developed countries may not necessarily be applicable everywhere (Jamali & Karam, 2016). Repeated calls are heard urging to overcome the limitations of the 'western' bias in CSR research (e.g., Park & Ghauri, 2015; Pasani *et al*., 2017). This requires a meticulous build-up of primary evidence on the instances of CSR in the developing countries and analysis thereof as there are visible gaps in the knowledge on and the evidence of CSR behaviors in these countries (Pasani *et al*., 2017)

In this paper we address some of the shortcoming highlighted in the literature by investigating one essential aspect of CSR (motives) in a major developing country in Asia (India) using original micro-level, that is company-level, data from an important but under-researched economic sector (agribusiness). We have chosen CSR motives as our focus because they have emerged as a central and much debated theme in the literature on corporate strategy and public-corporate relations (Gautier and Pache, 2015; Ghobadian *et al*., 2015). This topic is becoming more prominent in international business research in response to MNCs' request for extensive local knowledge as they increasingly use CSR and sustainability investments to mitigate their broader liabilities in foreign locations (Buckley *et al*., 2017; Kolk & Van Tulder, 2010).

Prior research (Aguilera *et al*., 2007; Janssen *et al*., 2015) indicates that for businesses the pay-off on CSR initiatives depends on perceived motives that stakeholders attribute to their involvement in such initiatives. It is argued (Du *et al*., 2010; Janssen *et al*., 2015; Skarmeas & Leonidou, 2013) that stakeholders tend to make a distinction between CSR based on egoistic (extrinsic) motives driven by anticipated economic gains and ethic based (intrinsic) motives reflecting a genuine concern for societal needs. Stronger attributions of intrinsic motives lead stakeholders to make positive inferences about the firm and render CSR activities an effective instrument for building a positive societal image. By contrast, if stakeholders suspect extrinsic motives this undermines the credibility of CSR performance, leading to less favorable stakeholder attitudes and behavior s toward the firm. Hence, the discussion of CSR motives bears more than just scholastic interest.

In relation to CSR motives, the literature generally characterizes CSR in developing countries as *inherently intrinsic* in character (Mohan, 2001; Jamali & Neville, 2011) that tend to be inspired by moral considerations (Nalband & Al-Kelabi, 2014). Cultural norms (Jamali & Mirshak, 2010) and religious expectations (Du *et al*., 2016) are frequently quoted as reasons for the philanthropic bias of CSR in these countries. By contrast the CSR activities of Western multinational firms operating in developing countries are often depicted as motivated by legal obligations and anticipated economic gains (Kuada & Hinson, 2012), either tangible, e.g., improvement of financial results, or intangible such as reputation, prestige, or greater freedom for self-regulation (Patten, 2008; Wang & Qian, 2011). Focusing on India, we examine the claim that comparable in terms of size and industry affiliation foreign and local firms differ substantially with regard to their motives. Our research may help international companies to recognize expectations regarding the social profile of large businesses that exist in the country.

A particular feature of our research is that it moves the debate from a macro to a micro level of analysis. There is a recognized shortage of interpretive scholarship designed to add fine-grained texture and depth to our understanding of the motives for CSR in developing countries (May, 2011). To bridge this gap we draw our research from in-depth case studies of the actual experience of CSR. For many IB problems, case studies may prove more reliable and valid (Yang *et al*., 2006) because they reveal the particulars that investigations based on selfreported questionnaires and company reports are unable to grasp. We build our cases on company documentation and detailed interviews with 28 company executives in charge of CSR in four major Indian firms involved in the principal stages of agribusiness: growing of seeds, the production of fertilizers and pesticides, food processing and the manufacture of agricultural machinery. An inductive approach to the analysis of the data has helped to produce a cluster of qualitative evidence and identify observable patterns that point towards micro determinants of CSR motivation.

Our study makes a number of contributions to the current debates on CSR in the context of developing economies. First, it focuses on the micro level of CSR decision making, of which evidence in the literature is scant. By revealing the nuances of CSR motives, it attempts to expose sector-specific characteristics of CSR in the industry that plays a key role in India and attracts increasing foreign investments. Second, our analysis draws on a field-based investigation of a major segment of the Indian economy that so far has not received the degree of academic scrutiny it deserves. Third, our study paves way for future researchers to enrich the analysis of CSR in developing countries by investigating industry-related variations in the Indian context. Finally, for practitioners, the study's implications may be significant by providing evidence and methodological cues that point towards the need of taking into account the industry specific relations between the firm and their stakeholders when developing a CSR strategy. For multinational agrifirms investing in India this research may help to better understand the dynamics of business-society interaction in the strategically important industry and the country on the whole.

Our findings point towards two important trends that challenge the opinion often expressed in the literature. They indicate the presence of strong commonalities between CSR motives of firms operating in business environments characterized by notable differences in cultural traditions and levels of economic development. First, certain specific characteristics of a business (e.g., the nomenclature of products; technologies used; the profile of suppliers) may play a greater role in determining the shape of CSR activities than sector-wide or even national factors such as culture and tradition. Second, despite some local tint, the CSR behavior of the firms that we investigated matches closely the theoretical schemes that originally were created through the investigation of Western firms in the high-income developed countries. This suggests that although local conditions matter there are fundamental relational issues between businesses and their stakeholders that transgress national borders.

**CSR in Developing Economies: Conceptual Perspectives**

Within the CSR literature, there is a variety of perspectives on CSR based essentially on the scrutiny of business practices in developed countries. What they have in common is that CSR is presented as a combination of actions by which businesses seek to negotiate their role in society (Kuznetsov & Kuznetsova, 2012). The westernized interpretation of CSR assumes that firms will make a rational and pragmatic strategic response to the public expectations in order to maintain some sort of a social compact with society (the so-called 'strategic CSR'). Such a response is motivated by the realization that compliance with societal expectations is necessary to safeguard some space for the freedom of action of business in the pursuit of profit. This 'enlightened self-interest' thesis is one of the pillars of CSR literature in the West (Garriga & Melé, 2004). It implies that although it is not impossible for firms to engage in CSR on largely moral or ethical grounds, normally they do so to enhance corporate profit or shareholder gain.

In recent years, the literature (for an overview see Jamali & Karam, 2016) has emphasized the need for analyzing CSR from a perspective that gives full consideration to the context that exists in developing economies where culture, traditional values and national politics provide a unique backdrop for CSR activities. As a result, it is argued, the meaning, orientations, relevance, and practice of CSR across the developing economies may differ significantly compared to Western countries. Sharma (2013) studied ten Asian economies, including India, and identified cultural influences and classical philanthropy among key elements that define the practice of CSR by companies there. Similarly, the monograph 'Corporate Social Responsibility in Asia' (Low *et al.*, 2014) emphasizes the role of Confucian ethics, Hinduism and Islam in the formation of the ethos and practice of CSR in major Asian countries such as China, India and Indonesia.

Alongside culture, believes and traditions, the literature points at the institutional environment as a source of the unique characteristics of CSR in developing countries (Jamali, 2014). There institutions are often retrograde, tendentious and corrupt. This creates the ambience of permissiveness in which laws are abused and rules are either feeble or not enforced (Khavul & Bruton, 2013). In this context, CSR is likely to acquire new dimensions compared to a standard Western interpretation as a response to a different set of societal expectations. However, while variations of the institutional environment in which CSR is implemented in Western countries are relatively well documented (Jackson & Apostolakou, 2010), less is known about the impact of institutional constraints on CSR in developing economies (Chapple *et al.*, 2014).

The recognition of the peculiar and often unique condition in which CSR is implemented outside the developed economies has led to conceptual models of CSR that reflect these conditions. One of the more notable efforts was undertaken by Visser (2008). He revised Carroll's (1991) well-established model that depicts CSR as a pyramid of four layers of responsibilities: economic responsibilities at the bottom, followed by legal, ethical and philanthropic. This hierarchy, argues Visser, reflects the practice of CSR in the West and is not suited for the emerging markets. In Visser's version of the 'pyramid', economic responsibilities still get the most emphasis in developing countries. However, philanthropy is given the second highest priority. Visser argues that because poverty, hunger and unemployment prevail in developing countries, philanthropy as an element CSR is more ubiquitous there than in developed countries. He also suggests that there is ample evidence that CSR in developing countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddedness (Visser, 2008: 480-481). Beliefs, values and assumptions are also characterized by a more recent redesign of Carroll's pyramid by Nalband and Al-Kelabi (2014).

In the literature, India is presented as a country with an established practice of corporate benevolence (Balasubramanian *et al.*, 2005; Jaysawal & Saha, 2015; Sundar, 2013). The Indian context, therefore, offers an apt opportunity to scrutinize the influence of CSR motives that represent peculiar national cultural and social conditions against those that the literature identifies as generic in the sense that they are energized by firms' self-interest and the focus on corporate value added. Businesses in the country are believed to have been profoundly influenced by the concept of sharing of wealth – daana – which makes an intrinsic part of Hinduism, Buddhism, Jainism and Sikhism. During the colonial period, patriotic industrialists saw corporate giving as a means to contribute to building a modern India (Balasubramanian *et al.*, 2005; Sundar, 2013). In the 20$^{th}$ century this tradition acquired its strongest voice in Gandhi's social teachings advocating the stewardship philosophy. The cornerstone of Gandhian ethics is Sarvodaya - service to others (Walz & Ritchie, 2000), emphasizing the need to use wealth for the larger benefit of the society, not merely the shareholders.

Not all authors, however, share the view that modern CSR in developing countries has moralistic and philanthropic roots, India including. Dhanesh (2014) maintains that the key motives for CSR in India go through the period of change and acquire ever more strategic orientation since the liberalization of the regulatory regime in 1991. According to Tyagi and Sharma (2013), the onset of globalization and liberalization of the Indian economy has resulted in the shift of the corporate goals from socio-economic objectives towards the welfare of various stakeholder. The increasing importance of stakeholder relations as a focus of CSR activities of Indian firms has emerged as a strong theme in the literature (Balasubramanian *et al*., 2005; Sharma, 2013). There is growing evidence that Indian firms are engaging into CSR for reputational, financial, and relational benefits and in this sense replicate the behavior of their counterparts in the developed countries.

As this brief literature overview indicates, there is no agreement among academic commentators on the relative importance of different motives for CSR in developing countries and India in particular. Furthermore, extant research tends to cluster around macro-level aggregations disregarding growing evidence that CSR practices are circumstantial and contextual. Accordingly, the research problem this article focuses on is to gain a better understanding of the motive of CSR by examining the considerations that determine CSR at the organizational level.

**Methodology and data collection**

Although the accumulation of data remains an important and topical task when investigating CSR in developing regions such as India, our purpose is to advance the discussion not just by offering evidence from yet another case, but more importantly by using it to make a methodological comment on the production and analysis of data sought in relation to the discussion on CSR motives. This has been achieved by following a particular approach to choosing an object to study. A case of CSR was selected that bore characteristics which, according to the literature, could be seen as predictors indicating that the motives of CSR should be expected to be intrinsic in nature. We subsequently scrutinized the case to see if the reality met the expectations and conceptualized the implications of our findings.

Our search for a case has led us to India's agribusiness sector. It was chosen because we sought to apply a more nuanced approach than is usual in the literature as we responded to the argument that the motives for corporate benevolence and returns on corporate social performance might vary across different industry sectors (Amato & Amato, 2007; Hull & Rothenberg, 2008). This potential discrepancy in behavior across industries is rarely accounted for in studies on CSR in developing countries. In India, for example, the research sample would usually include either companies of the same size or firms operating in a particular geographical area with little regard to the nature of their business (Balasubramanian at al., 2005; Mishra and Suar, 2010). By contrast, this study focuses on firms functioning within the same sector – agribusiness – a major but under-researched segment of the Indian economy that also has limited exposure in the international business literature. A further consideration was that this sector has seen in the recent years an influx of foreign investment spearhead by such giants as PepsiCo and Nestlé (Singh, 2002).

The notion of agribusiness was introduced by Goldberg and Davis (1957). In modern reading agribusiness includes agrichemicals, breeding, crop production, distribution, farm machinery, processing, and seed supply, as well as marketing and retail sales. The choice of agribusiness for our investigation is not incidental. The actors in this sector share commonalities as far as their interests relate to the manufacture and distribution of agricultural produce, but at the same time they make part of different industries (petrochemical, engineering, transportation, etc). This makes evidence drawn from this sector more generalizable and diverse than that drawn from a more homogeneous sector. In addition, agribusiness is an industry whose operation has significant environmental and social consequences, making it a natural object for public scrutiny. The Indian agribusiness sector makes an interesting example to examine because it may help to find answers to two important questions. Are firms operating in a highly visible sector in a developing country susceptible to the same motivation as their counterparts in the West, i.e., improving the quality of business environment through CSR activities to achieve competitive advantage (Porter & Kramer 2002; Frynas, 2005)? Or instead, are they influenced primarily by moral imperatives as suggested by some literature on CSR in developing countries?

Agribusiness is very important for India both in terms of economic and social development, making it a prime focus for an investigation centering on CSR. It is not only a source of food supplies for one of the most populous countries of the world, it is also an industry paying for the livelihood of nearly 65 per cent of the population (Yogesh & Chandrasekhar, 2014). Some of these people belong to the most depraved strata in Indian society. Such situation creates certain expectations within the society and stimulates the growth of interest in the role and motives of agrifirms as CSR agents. Yet the topic remains fundamentally under-researched. This article offers data and analysis that redresses this imbalance to some extent.

For this investigation we have chosen an inductive qualitative approach because it allows to build a rich, detailed picture about why people act in certain ways (Creswell, 2014). Specifically, through interview data, we explored managerial perceptions regarding the motives for CSR in four Indian agribusiness companies coded as A, B, C and D. These are large companies with long history controlled by the founder's family, as is the case of most big firms in India (Table 1). Each is a leader in one of the major sub-segments of agribusiness: the production and supply of fertilizers and pesticides (firm A); herbal medicine and food processing (firm B); the production of tractors and farm machinery (firm C) and the production and supply of urea, bioseeds and sugar (firm D).

Table 1 about here

During a field trip in India in 2014 we interviewed 28 company executives, senior and middle level managers in charge of CSR and branding who were identified as individuals most likely to provide information that we sought. Alongside the interview transcripts, a portfolio of fieldtrip logs was created, containing notes from working with the companies' documents and media accounts of related topics. These supplementary materials provided a valuable context for construing the interview data both semantically and conceptually. The use of multisource inputs helped to introduce the elements of what is known in the literature as 'ethnographic interviewing' (Heyl, 2014) because it allows a deeper engagement with the communicated messages and the meaning of actions and events from the position of the interviewees.

The interviews were conducted in English, recorded and later transcribed. The transcripts were subjected to inductive content analysis through the systematic classification process of coding and identifying themes and patterns carried out in multiple steps following Elo and Kyngäs (2008). A number of themes have emerged from our analysis: the interpretation of community as a stakeholder; CSR as a means of strategic communication; CSR as an instrument of stakeholder management; legitimacy seeking and altruistic giving. They are discussed in the following section.

## Findings and Discussion

### *Community as a Stakeholder*

In a seminal work, Freeman (1984) argues that the firm has relationship with many constituent groups of stakeholders and that systematic attention to their interests is critical to its success. This proposition laid the foundation of stakeholder theory in the West and contributed to the development of the debate on CSR motivation. The instrumental part of the stakeholder theory deals with the ways in which the corporation can manage its relationships with the stakeholders in order to achieve economic objectives and, ultimately, wealth creation (Garriga & Melé, 2004). It has become a corner stone of the firm perspectives on the CSR motives in the Western management literature (McWilliams & Siegel, 2001). From this perspective, CSR is seen as a form of investment that allows the firm to take advantage of stakeholder relations and undertake initiatives that maximize the 'payback' from society in response to CSR initiatives. In addition, because CSR initiatives generally compete for corporate resources, companies are expected to demonstrate that their investment in CSR is financially justified (Inoue *et al.*, 2017).

Literature on CSR in India tends to regard this pragmatic approach to CSR as being outside the national tradition (Kumar *et al.*, 2001). As late as 2008, according to a survey by KarmYog Foundation, an Indian NGO, the majority of large Indian companies claimed that they were not purposefully targeting their stakeholders and were implementing their CSR in a manner, unconnected with their business process (Gautam & Singh, 2010).

Our study has produced data that are in dissonance with this perspective, although at first glance many of the remarks by the interviewees seemed to be supportive of it. Not surprisingly, in the interviews rural communities repeatedly figured as the main targets of the CSR activities of our case firms. The agribusiness sector depends heavily upon local communities for the provision of land and the supply of necessary inputs, and for selling their own produce. Given the high incidence of poverty and deprivation, rural communities are a natural choice for charitable giving and indeed the interviewees reported that in some of their policies their firms were motivated by the need to 'give back to the society'. However, the overall manner in which in many instances the interviewees referred to rural communities did not agree well with a notion of altruistic giving. They consistently linked support to the community to the business interests of their companies. The following statement by the Vice President (Marketing and Sales) of firm C summarizes well this shared attitude: '*CSR is a consistent effort by the firm to develop a community and give back to the community <u>which is bringing you profit</u>* [our emphasis – authors]'. At some point, it also became clear that the very notion of community as perceived by our interlocutors was far more ambiguous and inclusive than the term itself suggested.

Considering the importance that Western theory of CSR allocates to stakeholder relations, we had anticipated a frequent use of the word *stakeholder* during the interviews. In reality, talking about the addressees of the CSR efforts of their companies, the interviewees used this word only 15 times, which we initially interpreted as evidence of limited interest in stakeholder relations. By contrast, the word *community* was used 268 times, apparently suggesting a narrow focus on a particular kind of a stakeholder. However, further analysis led us to the conclusion that we were dealing more with a variation in terminology rather than in substance.

Community studies identify place or space and the feeling of belonging as fundamental constituents of community (Christenson & Robinson, 1989). From the very inception of community studies, rural or agricultural settlements have stood as a proxy for community (Bhattacharyya, 2004). At the same time, critical development scholars point out that in real life situations in developing countries business practitioners often struggle to define and delimit 'communities' (McEwan *et al*., 2017). Our interviews revealed the validity if this observation: the managers used the language that acknowledged the spatial dimension of the term community; however, for them this dimension was determined not so much by the geographical borders of a particular village, but by the functional relationship that a territory and the people living in it had to their firm. In the words of the Associate Vice President (Corporate Affairs) of firm A, '*Community could be the people residing near the manufacturing plant, the people who have lost their land to the firm for setting up the manufacturing plant, farmers doing cultivation in the vicinity of manufacturing plant. When CSR is done in a marketplace, the community can comprise the laborers engaged in the supply chain, sales people and the customer*'. Other interviewees echoed this perception of the community as essentially a conglomerate of constituents affected by and contributing to the operation of a firm. In effect, in the discourse of the participants of our study the term 'community' has acquired a meaning very close or similar to that of the term 'stakeholder' as used in Western management literature.

Historically community in the Indian context refers to village or caste (Freitag, 1989). That the term has become more inclusive and transcended the boundaries of a single rural settlement may be a reflection of changes in the scope of activities of major agrifirm, which have diversified functionally and geographically, and have caught in their orbit new categories of stakeholders. Their CSR discourse, however, seems to be slow to catch up with these changes and may be confusing for outsiders with its apparent focus on the rural community, thus creating impression that the values pursued by agrifirms are more traditionalist than they really are. That the term 'community' in the CSR discourse of interviewed managers tend to acquire connotations that take it beyond its traditional usage is further evident from the fact that occasionally the interviewees employed it as a substitute for 'society', and some managers even used the words 'CSR' and 'community development' interchangeably. This suggests that untangling the traditional and more inclusive usage of the term 'community' in managerial discourse in developing countries is important for the literature on CSR to obtain a more authentic picture of CSR motives in these countries, which incorporates a wider and more diverse set of stakeholders than is sometimes assumed in the literature.

*CSR as Strategic Communication*

When the interviewees talked about community in a narrow sense, i.e., the inhabitants of a village, it was apparent that the community focus of the CSR efforts of the case firms had rational foundations. Research has shown that by emphasizing shared values and behaviors, participants of any group of people simultaneously define their own community and create an 'Other', encompassing those outside the boundaries they drew (Freitag, 1989: 13). This division between 'us' and 'them' may have as its consequence resistance on the part of the members of community to changes that originate outside the community, in particular if the community has limited contact with the external world, which is often the case in rural India. It transpires from the interviews that all four firms regularly have to confront the challenge of overcoming such resistance. In the words of the Associate Vice President (Corporate Affairs) of firm A, '*there will be a lot of aggressive behavior of local community... when you start doing something different, which actually impacts their daily routine life*'.

In these circumstances, Indian firms in our study employ CSR activities strategically and very much as their Western counterparts do: as a communication tool and as a legitimation tool. Corporate communication theory defines corporate communication as a method by which corporations align stakeholder's interests with company interests (Argenti & Druckenmiller, 2004; Gray & Balmer, 1998). CSR activities may fall into this category if the corporation uses CSR to convey a certain benevolent image of itself to the stakeholders to influence their behavior (Blombäck & Scandelius, 2013; Chaudhri, 2014). Premised on stakeholder theories, the relational approach to corporate communication emphasizes the role of the dialogue. The objectives of this approach is to gain understanding of stakeholder interests and concerns, develop mutually agreeable solutions, foster shared meanings and increased level of trust all of which are important determinants for the success of implementing CSR as a strategic tool (see Golob & Podnar, 2011).

Our findings reveal that the case firms actively use CSR as a form of communicative action. When agrifirms start to involve local communities in their business operations, they face the need to understand many concerns and engage across often conflicting viewpoints. In rural communities, there are multiple barriers to behavior change in the form of knowledge base, skills, social and cultural factors sustained by a complex network of relationships within the community. CSR programs as described by the interviewees were instrumental in finding shared understandings based on a participatory process of community engagement. As a senior manager of firm C put it, '*CSR is helping to connect with the community, understand their lifestyle and their difficulties in day-to-day life*'.

The importance of involving communities as partners in CSR projects was repeatedly emphasized by the interviewed managers: '*We also make it a point that CSR activity is participatory. What 'participatory' [means] is if I am investing, let us say, 100 rupees then at least 20 rupees should be contributed by the community or beneficiaries. If they don't have money then we say give labor*' (Associate Vice President, Firm A). Insistence on community participation in CSR projects brings many advantages to donor firms in terms of both relations building and defending own interests. First, they gain better understanding of the real needs of the community because its members will refuse to participate with their resources in irrelevant projects. This makes the CSR efforts better targeted and help to avoid pursuing social issues that are not directly related to the relationship with primary stakeholders. Second, participatory programs instigate close co-operations between community and the donor, helping to build the bond of trust. Third, firms are able to offload some of the financial burden onto the beneficiaries and reduce the cost of CSR. Participatory programs are beneficial for the communities as well. They are able to influence the selection of the beneficiaries of CSR. By supplying a share of resource, they develop a sense of ownership and involvement that makes the project more sustainable in the long term. As donors withdraw from a particular CSR activity, the community that has a stake in the project is more likely to accept the responsibility for taking it forward. This is compellingly evidence of a pragmatic and business-like approach to CSR on the part of Indian agri-business firms that is not characteristic of corporate benevolence driven by the philanthropic motives.

*Social License to Operate and Stakeholder Management*

Engagement with the community achieved through effective communication makes the foundation for building mutual trust. Good corporate reputation has strategic value for the firm and 'ensures acceptance and legitimacy from stakeholder groups, generates returns, and may offer a competitive advantage as it forms an asset that is difficult to imitate' (Cornelissen, 2008: 69). The importance of such acceptance and legitimacy has been summed up in the literature in the concept of a 'social license to operate' (Moffat & Zhang, 2014). It links the success of companies with their ability to meet the expectations of local communities, the wider society, and various constituent groups. Agribusiness is particularly sensitive to external resources, making stakeholders controlling these resources a force to be reckoned with. According to resource dependence theory, the power of external stakeholders comes from their ability, real or perceived, to constrain firms' access to critical resources. Shirodkar et al (2018) propose that CSR as a form of stakeholder management may be a mechanism to reduce external dependence on critical resources alongside more traditional instruments such as diversification, interlocking directorates and collective action.

The social license to operate may be in essence a metaphoric concept, but in India, where rural communities often have control over land, water sources and the provision of manpower, it acquires a very particular meaning for agribusiness firms. Safeguarding the co-operation of the local community becomes critical. It transpire from our research that CSR activities have indeed become a major instrument of securing this goal for the case firms. The director of CSR of firm B made this clear when he stated that 'without CSR' his company would not have been able, for example, to build a new plant near the city of Delhi.

Using CSR policies to create bridges with local communities was reported by the interviewees as especially important for the producers of chemicals and fertilizers and other environmentally hazardous materials. According to the managers of firms B and C, on many occasions intensive campaigns of localized CSR initiatives were a necessary preparatory stage of any large investment projects. Such CSR initiatives take place before any construction work starts and are seen as necessary to secure the smooth operation of new and old installations. In our study, the two firms manufacturing potentially environmentally hazardous chemical products, pesticides and fertilizers, were particularly conscious of concerns of the communities near their production sites regarding the protection of soil, water and the environment in general, and sought to align their CSR activities with the environmental issues as perceived by the community. According to Vice-President Marketing and Sales of firm C, '*There are companies [that are environmentally not so safe], which have got their acceptance in the community just because of CSR initiatives*'. The application of CSR initiatives by the case firms as a deal-sweetener indicates that they are prepared to use them as a strategic and competitive tool. In this context, for the donor firm a CSR project becomes a value-creating exchange with some key groups of stakeholders by way of negotiating operational hurdles through ensuring community participation. This kind of transaction, as was showed earlier, involves investments by both parties and thereby add a time dimension to the resulting relationship that other transactional forms, i.e., of a philanthropic nature, may not produce. These relationships are difficult for other firms to duplicate, at least in the short run (Hillman & Keim, 2001).

In a similar vein, for firms dependent on the supply of raw materials by farmers, investment in CSR may be a means of achieving resource sustainability. '*CSR is a key thing for sustainability. For example, timber companies cannot survive if they do not get the raw material from forest. That is true for us also. For resource sustainability, you must do CSR*' (Head of CSR, Firm B). Against the backdrop of strict forest regulations, it is very difficult for firms in India to procure natural resources such as exotic herbs and medicinal plants. Hence, firm B, for example, seeks to put farmers who grow difficult to procure rare herbs on production contracts, which in essence are a commitment on the part of the farmer to deliver an agricultural commodity at a time and price, and in the quantity required by the buyer. Although contracting may lead to a jump in incomes and employment in agriculturally backward regions and brings a break from low levels of productivity and instability in production (Singh, 2002), it also requires changes in the established ways of life in the affected communities and therefore sometimes may encounter some resistance. Firm B response is to implement as part of CSR extensive community development programs such as literacy drive, skill development and agriculture development training.

The interviewees demonstrated awareness of the importance but also of the limitations of this type of stakeholder management. According to the General Manager (CSR) of firm C, '*If there is a crisis situation, then CSR can do nothing. CSR is a preventive mechanism, not a corrective mechanism*'. Despite its involvement in CSR, a firm may not be able to offset the dissent and resentment of the community if their expectations are not met. '*The community is not 'foolish'. We have a chemical plant and if we are polluting the area and the company wants [to] stop the protest of the community because company is giving something in [the form of] CSR... No. It [does not work] that way. No, it is not that way'* (Head of CSR of Firm A). In fact, clumsy attempts to pacify communities with CSR money, as one manager of firm A put it, '*might boomerang*': CSR actions as a crisis response are likely to be viewed by the community as the firm being 'opportunistic', consequently damaging its reputation. It follows from the interviews, therefore, that in the experience of the case firms strategic CSR that aims at establishing long-term trustful relationship with the stakeholders works better when it is proactive and takes into account the pragmatic interests of all parties involved. It is also notable that, similarly to their Western counterparts (Price *et al.*, 2017), our case firms demonstrate awareness that avoiding doing any harm may be a more efficient form of corporate social performance than reactive compensatory CSR.

*Altruistic Giving and Religious Bias*

Although strategic considerations as CSR motives loomed large in the data that we collected, the interviewees were at pains to emphasize the relevance of charitable and altruistic motives. Our analysis of the published corporate annual reports found firm C to be the most committed to selfless philanthropy out of the four investigated companies. It runs an orphanage, old age homes and drug rehabilitation centers. It is noteworthy that as a producer of farm machinery C is the only case firm that does not depend on the direct supply of agricultural inputs and does not use environmentally hazardous technologies that raise concern of society and therefore, apparently, is less preoccupied with legitimizing its activities with the farming community. All case firms were found to be making donations to a variety of good causes such as health care, hygiene awareness, education, empowerment of women, environment protection, water management, land and agriculture development, animal husbandry. Through employee volunteering and corporate giving in cash and kind, they supported on their own or in collaboration with industrial associations and NGOs programs aimed at eradicating hunger, poverty and malnutrition. However, despite a strong corporate rhetoric, at the time of the interviews in 2014, only two of the four firms were meeting the official target of CSR spending set by Indian law at 2 per cent of the average net profits over the preceding three financial years. Firm D, in fact, had allocated on CSR activities only 0.48 per cent of its net profits.

As was noted earlier, the literature consistently emphasizes the powerful interplay of religious experience and CSR in the context of developing countries. India is a country that is deeply rooted in its rich spiritual tradition. Despite this, according to our interviewees large agrifirms were avoiding any religious emphasis in their CSR programs. When asked if companies link CSR with religious sentiments, the response of the Senior Vice President of one of the firms was '*Good companies don't'*. This person further explained that this approach was the best way not to antagonize any of the stakeholders: '*It is very important that CSR is unbiased of caste, creed, religion, ethnicity... It has to be as fair as possible and it has to stand for what it is supposed to do*'. Our interview data prompt us to deduce that the tendency of linking CSR with religion fades as firms grow in size and increase their market reach to encompass all diverse groups populating the country, making it important to avoid policies that may alienate certain sections of the society.

*Summary*

Modern agribusiness in India has become a vast and complex system that reaches far beyond the farm. Managers of the four case firms mentioned a range of motives of CSR activities in their companies. Some of them may be characterized as intrinsic, i.e., driven by corporate self-interest, and some as extrinsic and normative, i.e., related to a sense of responsibility or duty. In this latter case, firms may not expect returns on their good deeds. To an extent, both categories of motives could be observed in all studied firms, but the balance between the two varied suggesting that specific business conditions may be more important than the general cultural and historical background. This is not always evident in research based on surveys because of the idiosyncrasy of the corporate discourse that only interviewing may reveal. Thus, in our study all managers characterized special relations with the 'community' as the main beneficiary of their CSR efforts. This discourse might create the impression that, considering the destitute state of many rural communities, the agrifirms were concerned with poverty alleviation in the spirit of the Gandhian tradition of trusteeship, an ethics driven teaching of the welfare for all. In fact, it transpires from our analysis that the interviewees often used the term 'community' to refer to a whole network of individuals and groups who contributed to and depended on the commercial success of the case firms and designated as 'stakeholders' in the Western literature. This was particularly evident in regard to firms A and B. These were the two firms that were either heavily dependent on good and stable relations with farmers for the supply of critical inputs (firm B) or keen to lessen the negative externalities from their operation (firm A). There, according to the interviewees, such extended 'communities' were increasingly recognized not as recipients of corporate philanthropy but as partners with a legitimate stake in company operations. Intrinsic motives were strongly in evidence as the interviewees repeatedly referred to ‘resource sustainability’ and ‘smooth running of business’ as reasons for CSR. Interestingly, it emerged that in these firms the separation of strategic and philanthropic CSR had had gone far enough to be institutionalized: funds in support of their business activities were assigned through the dedicated in-house units whilst charitable donations were put at the disposal of NGOs.

In turn, because of the nature of its business - the manufacture of agricultural machinery - firm C did not depend on the goodwill of the communities to the same extent as firms A and B. In its approach to CSR this company appeared to be motivated predominantly by extrinsic and moral (‘returning to society’) motives, although the pressure of meeting the statutory requirements and possible tax saving were also acknowledged as motives. Firm C was CSR active and implemented CSR programs on its own as well as in collaboration with industrial associations and NGOs. It provided resources for public infrastructure projects, health care, women empowerment and environment and employee welfare. However, participation in these programs had an ad-hoc nature and the firm did not have well-laid internal CSR guidelines or coherent plans. Firm C was the only company here that did not have a dedicated unit to manage its CSR activities. The CSR operation was small scale, which also suggest that it was not seen as a means of achieving strategic aims. The general manager stated in the interview that for his firm CSR was a pure philanthropic kind of activity: ‘*We are not seeing any commercial benefit, [it is not] any long term or short term image building kind of exercise*’.

The CSR profile of firm D is somewhere in between those of firms A and C. In terms of its product mix, firm D was not dissimilar to firm A: although it was an important producer of sugar and bioseeds, the core of its business was the production of urea, a widely used component of nitrogen-release fertilizers. Urea requires ammonia for its manufacture. Ammonia can be highly toxic to a wide range of organisms, including humans. The firm produced other hazardous substances such as caustic soda. Similar to firm A, it appeared that firm D was conscious of the potential of CSR activities as an instrument of stakeholder management and preferred to focus its efforts on communities in the vicinity of its chemical plants and sugar mills. The important difference between firm A and firm B was the scale on which they applied their CSR programs. If the expenditure of firm A exceeded the legal minimum of 2 per cent set in a new Company Act in 2013, the figure for firm D was four times below the mandatory threshold at the time of the interview.

## Conclusions

This article reports findings on some specific contextual features faced by a selection of agrifirms in India that shape their motives for engaging with CSR. As any research that uses cases, ours has limitations related to the generalizability of the findings. The choice of a method, however, was driven by a desire to provide an empirically rich context-specific account that adds depth and detail to the analysis of CSR motives in emerging economies such as India that quantitative methods cannot deliver. Although our four cases are not representative of the entirety of the corporate involvement in CSR in India, they highlight some significant trends that contradict the view of the prevalence of extrinsic motives of CSR in this country expressed in the literature (e.g., Arora & Puranik, 2004; Jamali & Neville, 2011). Although India has an established tradition of corporate benevolence deeply rooted in history and culture, according to our study, large businesses demonstrate attitudes to CSR that are only too readily recognizable to scholars of CSR in the developed economies. Self-interest, aspiration to manage negative externalities, reputation building, stakeholder management and search for competitive advantages have emerged from our research as strong aggregated motives of CSR involvement of Indian agrifirms. Overall, the vision of CSR and the approach to it demonstrated by the firms that we investigated fit well the theoretical schemes developed by Western academics as a reflection on the experience of firms in the high-income developed countries. One such paradigm is the instrumental stakeholder theory that predicates that to maximize shareholder value managers ought to pay attention to key stakeholder relationship (Jones, 1995; Freeman, 1999). Our research suggests that large firms in India engage in CSR primarily due to intrinsic instrumental reasons and that there is a correlation between the scale and scope of CSR and the level of exposure, negative externalities and the size of the company. This behavior is no different from the pattern in the developed countries as described in the literature (Aguinis & Glavas, 2012). Resource dependence theory has also demonstrated a strong explanatory facility, in particular, not surprisingly, in the context of agribusiness with its fundamental reliance on natural resources and the farming community.

The evidence collected for this study adds to the growing pool of data coming from a variety of sources that supports our proposition that as far as large corporations are concerned strategic CSR and intrinsic motives rather than philanthropy-led CSR and extrinsic motives may be in fact prevalent in modern India. One such source is the representative survey of Indian managers by the Indian Institute of Management Bangalore in late 2001: a large majority of respondents (72 per cent) agreed that CSR expenses should be seen as a 'cost of operations, not as an appropriation of profits' (Balasubramanian *et al.*, 2005:17). This contradicts an established view on corporate philanthropy as voluntary reductions in corporate income competing with profitable returns to shareholders (Stroup & Neubert, 1987). In the same vein, the 2013 Companies Act that mandates that profitable companies should spend a share of their profits on CSR activities may be seen as an attempt to promote corporate philanthropy over strategic CSR: although the definition of CSR in the law is broad and open to interpretation, it clearly leans towards corporate philanthropy (Kumar, 2014). There is, therefore, an apparent concern on the part of the state in India that the business case for CSR begins to overshadow motives associated with delivering development, the situation so familiar for scholars of CSR in the West (Frynas, 2005).

The findings of this article and their analysis indicate that motives for CSR in developing countries are diverse and the best way to understand them is to investigate the actual practice and discourse of CSR at the micro-level, making specific industries, firms and circumstances forming the immediate business environment the focus of analysis. This paper makes a statement that if CSR research does not penetrate the 'black box' of the firm by looking beyond appearances, all it has to deal with are seemingly voluntary and positive behaviors for which the motive is unspecified. As illustrated by this exploration, even firms bearing many similarities and exposed to the same social, cultural and institutional environment may differ substantially in their motivation. Understanding the causes of these differences is not just a matter of scholarly interest; there are important implications for business practitioners and policy makers. Increasingly MNCs employ CSR activities as strategic tools supporting their growth in the emerging markets (Zhao, 2012). In doing so, they have to deal with conflicting opinions that exist in academia regarding the compatibility of the CSR model practiced by firms in developed countries and the CSR model in developing countries. We suggest that this conflict may not be resolved unless attempts to generalize are first preceded by more detailed and nuanced investigation of CSR practices around the world. Although this kind of research has been conducted in respect of firms in the developed countries, firm-level analysis of CSR in developing countries and emerging markets remains a major research challenge.

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**Table 1: Profile of case firms**

| *Firm* | *Key businesses* | *Number of Employees (2014)* | *Turnover in Rs 10 million* (2014)* |
|---|---|---|---|
| A | Fertilizer, insecticides, pesticides | 4,752 | 8,892 |
| B | Packaged food and juices, herbs, Ayurveda medicines, health care products | 6,382 | 4,979 |
| C | Tractors and farm machinery | 10,483 | 6,372 |
| D | Seeds, fertilizer, sugar | 2,553 | 6,133 |

* Rs 10 million = $166,667 (26.06.2014)