Corporate social responsibility practices in a developing country: Empirical evidence from Sri Lanka

A thesis

submitted in fulfilment
of the requirements for the degree

of

Doctor of Philosophy

at

The University of Waikato

by

Susith Jude Fernando

THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

2013

I dedicate this thesis

to my wife

Judy

for her caring support

and

to my daughter and son,

Sashini and Sashith

for filling our life with joy

Abstract

The purpose of this thesis is to extend the understanding of Corporate Social Responsibility (CSR) performance and disclosure practices, particularly from a developing country perspective. The study captures deeply rooted sociocultural influences affecting the CSR practice by managers of Sri Lankan companies, and makes a comparison with findings from those of a developed country, New Zealand. It also provides empirical insights into how CSR practices are shaped by both local and global forces.

The empirical study of this thesis was carried out in two phases, adopting a mixed methodology approach. In the first phase, a questionnaire survey of listed companies was conducted to examine the current status quo of CSR practices. The questionnaire was adapted from one used in New Zealand, for comparative purposes. Following an interpretive paradigm in the second phase, follow-up interviews with senior managers were conducted and analysed to explore their own perspectives of adopting CSR practices.

In the questionnaire survey, it was found that environmental CSR practices are disappointing compared to socially-related CSR practices; corporate managers' personal values significantly drive the adoption of CSR practices and such values are more significant than other drivers in Sri Lankan-owned companies than in foreign-owned companies. The results of the comparative analysis led to the conclusion that the level of economic development of a country could be a possible predictor for the level of CSR practices, although further research evidence would be required to confirm this conclusion. Through analysis of in-depth interviews, five defining characteristics pertaining to the CSR practices in Sri Lanka were identified as themes. Legitimacy theory, stakeholder theory, and institutional theory were drawn on to explore these themes and the interview evidence was explained through these multitheoretical perspectives. The CSR behaviour of the companies with international connections can be explained by employing these mainstream CSR theories to a greater extent than is the case with local companies. The thesis argued that Sri Lankan managers are inspired and influenced by the Sri Lankan culture and traditions of philanthropic giving (dana) which historically flourished within Buddhist teachings and ethics. In Sri Lanka, what was once referred to as "philanthropy" has now been refashioned as "sustainability" or "corporate social responsibility".

There have been few studies of CSR practices in developing countries. Those that have been conducted have lacked engagement with the organisations involved and have rarely tested the applicability of mainstream CSR theories. As a response, this thesis contributes to the literature by extending theoretical and empirical understanding of CSR practices.

Acknowledgements

The entire thesis process was supplemented by contributions from various people without whom the completion of the thesis would never have become a reality. Most importantly, I thank my supervisory panel, Professor Stewart Lawrence, Associate Professor Martin Kelly and Dr Murugesh Arunachalam, for their invaluable guidance, encouragement, and insightful comments. I am extremely grateful to my chief supervisor, Professor Lawrence, for the way in which he offered his time and ideas throughout the project. I feel exceptionally fortunate to have associated with him as my chief supervisor. I am also grateful to Professor Carol Adams, for her guidance during the initial stages of the thesis.

Special thanks go to Dr Chandana Alawattage for his intellectual support. Long and frequent discussions on various issues related to the study greatly helped me to bring the thesis to its completion.

I am immensely thankful to all those people who responded to the questionnaire survey and participated in the interviews. They provided their time so willingly to make this study possible. Special thanks are due to Ms Gillian O'Neill, and Mr Grant Harris of the Language and Development unit in the Management School, for their expert support in proofreading. I thank the co-chairpersons of the Department of Accounting, Dr Mary Low and Professor Howard Davey, and the Department Administrator, Ms Maxine Hayward, for providing me necessary institutional and infrastructural support. I also thank my friends and colleagues at the University of Waikato, the University of Sri Jayewardenepura and the La Trobe University, for their moral support. I sincerely thank the University of Waikato for its award of a doctoral scholarship. I am also thankful to the University of Sri Jayewardenepura for arranging the required study/sabbatical leave for me.

I offer my heartfelt gratitude to my mother, Bridget Fernando, for her lifelong support, encouragement and prayers until she was laid to rest. My gratitude is also offered to my mother-in-law, Suwarnamali Fernando, who long waited to see the completion of my doctorate, but had to obey God's will and left us a few days before my oral examination. My sister and brother, Sukitha and Jagath, and all relatives and friends are gratefully remembered here. Finally, I express my love and indebtedness to my dearest wife Judy (Oshanganie), daughter Sashini, and son Sashith, for all the sacrifices they made for this project.

Table of Contents

List of Tables

List of Figures

List of Terms and Abbreviations

AA1000AS	AA1000 AccountAbility Assurance Standard
AA1000PS	AA1000 AccountAbility Principles Standard
ASEAN	Association of Southeast Asian Nations
CBSL	Central Bank of Sri Lanka
CCC	Ceylon Chamber of Commerce
CEC	Commission of the European Communities
CEPAA	Council on Economic Priorities Accreditation Agency
CERES	Coalition for Environmentally Responsible Economics
CSBA	Colombo Stock Brokers Association
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
EAPS	Environmental Activity Percentage Score
EMAS	European Union Eco-Management and Audit Scheme
GHG	Green House Gas
GRI	Global Reporting Initiative
HCI	Head Count Index
ICASL	Institute of Charted Accountants, Sri Lanka
IIRC	International Integrated Reporting Committee
ISEA	Institute of Social and Ethical AccountAbility
ISO	International Organization for Standardization
MDGs	Millennium Development Goals
MENR	Ministry of Environment and Natural Resources
SA8000	Social Accountability 8000
SAI	Social Accountability International
SAPS	Socially-related Activity Percentage Score
SLFP	Sri Lanka Freedom Party
SVT	Shareholder Value Theory
UN	United Nations
UNDP	United Nations Development Programe
UNEP	UN Environmental Programme
UNGC	UN Global Compact
UNP	United National Party
WBCSD	World Business Council for Sustainable Development

Chapter 1:
An overview of the thesis

1.1. Introduction

This thesis examines the nature and extent of Corporate Social Responsibility (CSR) practices and their global and local influences in Sri Lanka and, hence, provides empirical insights into how CSR practices are shaped by both local and global forces in a developing country. It adopts an organisation engagement-based approach (Adams & Larrinaga-González, 2007) which involves collecting empirical data by personally visiting and engaging with organisational actors with a cultural proximity. Such an engagement enables the researcher to collect primary data using questionnaires and in-depth interviews but with an increased reliability and high sensitivity towards the organisational specific and culturally bound practices. Adoption of this approach is a response to the calls that Adams and Larrinaga-González (2007), Gray (2002), and Parkers (2005) made for organisation engagement-based CSR research studies as an alternative to previous popular approaches, which are conducted without such an organisational engagement and being distanced from the organisations as a research field.

CSR is a broad concept which basically asks: What is the role of business in society? How do organisations fulfil their responsibilities to their employees and to society? And how/why do businesses publicly disclose CSR information? (Carroll, 2008; Crane, McWilliams, Matten, Moon, & Siegel, 2008; Handy, 2002). Since

the early 1950s, the different ideologies underpinning CSR have been discussed, argued, debated, and researched (Bowen, 1953; Carroll, 2008) (See section 1.4 for details.). However, CSR's "phenomenal rise to prominence in the 1990s and 2000s suggests that it is a relatively new area of academic research" (Crane et al., 2008 p. 3). Nevertheless, researchers still do not share a common definition or set of core principles for CSR (See, Aaronson, 2003; Carroll, 1999; Dahlsrud, 2008.), because of its vagueness and subjectivity (Crane et al., 2008). One of the most frequently cited CSR definitions comes from Carroll (1979): "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). This definition of CSR emphasises societal expectations of organisations and, it implies that the nature of CSR depends on the business context and also the evolutionary phase (the time) of society in which the business operates. The Commission of the European Communities (2006), on the other hand, tries to be more explanatory in terms of to whom and regarding what a business should be responsible:

> Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis; it is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs (p. 2).

For the purpose of this thesis, CSR is defined as businesses engaging in voluntary social and environmental endeavours that exceed the existing legal requirements (McWilliams, Siegel, & Wright, 2006; Van Marrewijk, 2003). These endeavours include charity/philanthropy, environmental activism or any organisational activity related to the uplifting of social or environmental conditions. However, this is only an ostensive guidance and the researcher keeps the meaning of CSR open throughout this research, while trying to understand the performative meanings that the corporate managers attach to the concept of CSR (This concept is further elaborated in Chapter Two, section 2.2).

CSR reporting is the other area that this research study focuses on and is considered to be a part of CSR: the communicative element of it. CSR reporting can be identified as the provision of corporate disclosure of nonfinancial information in addition to traditional accounting information, even when it is not a mandatory requirement (Mathews & Perera, 1996). Generally, these nonfinancial disclosures cover information on employees, products, contribution to the society, the organisation's attempts to prevent or reduce environmental pollution, and all the other social and environmental interactions and activities (Mathews & Perera, 1996). Globally, companies tend to disclose their CSR issues in their annual reports, standalone reports, or integrated reports (KPMG, 2005; UNEP, 2006).

1.2. Background of the research

Sen (1999) contends that the world consists of different complications such as poverty and unfulfilled elementary needs, shortage of food and widespread hunger, disparity of wealth, environmental pollution, and unsustainability of economic and social lives. These complications are societal as well as environmental. Finding solutions for such problems has been a major issue for national governments and trans-governmental organisations like the United Nations (UN) and the World Bank. One of the arguable issues here is to determine who is responsible for finding solutions for these common problems and whether it is the sole responsibility of the government or whether the responsibility partly rests within business organisations. Furthermore, for various reasons, some businesses engage in irresponsible practices such as child labour, irresponsible wastage dumping, deforestation, and excessive Green House Gas (GHG) emission. These unhealthy business practices aggravate the existing social complications. However, the question is whether business organisations should actively engage in finding solutions to these common social problems. The CSR movement is predicated on the belief that organisations are and should be socially responsible (Bowd, Bowd, & Harris, 2006; Freeman, 1984). Especially in developing countries, this belief has become stronger as there has always been a shortage of governmental capacity to deal satisfactorily with social issues such as poverty and unemployment.

At the global level, the governments of developed countries and trans-governmental organisations such as the United Nations pay considerable attention on societal as well as natural environmental issues in developing countries (See, for example United Nations, 2002.). It is understood that it will be difficult for the developed world to make a positive impact on climate change issues without appropriate support from the developing world (ACCA, 2009). Acknowledging this, the special conditions and needs of developing countries were given a high priority by the Rio Principle Six (United Nations, 1993). All major UN conferences and their publications on sustainability development, along with the Millennium Development Goals (MDGs) of the Millennium Summit 2000, have given much attention to developing countries' common problems such as widespread poverty, overpopulation, external indebtedness, capital inadequacy for development, growing income disparity, unsatisfactory work safety, and social exploitation (UNDP, 2010, 2011).

On the other hand, CSR and CSR reporting have the potential to promote equality, social justice, transparency and accountability, which are, in turn, understood to be the means through which the existing problems of poverty, corruption, inequality and social exploitation can be addressed. Given the fact that the vast majority of the world's population resides in the developing nations, and suffers from their peculiar social, political and environmental issues, developing countries demand more attention to CSR, both in environmental and social dimensions (Reed, 2002). Undoubtedly, the business sector, especially in developing countries, has a major role to play in achieving MDGs[1] (See, UNDP, 2011.). The role of the business sector in developing countries in doing so, one way or the other, relates to their business organisations' CSR activities. Therefore, it is important and interesting to investigate how deeply rooted the CSR movement is in developing countries – an area which is presently, to a greater extent, neglected in the CSR literature (Amran & Siti-Nabiha, 2009; Belal, 2008; Belal & Cooper, 2011; Jamali & Mirshak, 2007).

---

1 MDGs consist of eight measurable goals. For more details, see Chapter Two, section 2.3.1.

The vast majority of the extant CSR research has been focused on developed countries (Bayoud, Kavanagh, & Slaughter, 2012; Belal & Cooper, 2011; Muthuri & Gilbert, 2011) and, consequently, some scholars emphasise the great necessity of exploring, understanding and improving the CSR practices in developing countries (Frynas, 2006; Jamali & Mirshak, 2007; Reed, 2002; Visser, 2008). For example, Reed (2002) argues that companies should hold greater social responsibilities when operating in developing countries. He highlighted two broad factors that tend to increase the responsibilities of corporations operating in developing countries:

> The first of these factors is constituted by the different (economic, political, and sociocultural) circumstances under which corporations have to operate in developing countries. The second is a group of normative principles that are not generally incorporated into the analysis of corporate responsibilities to stakeholders, partly because of the emerging nature of stakeholder analysis and partly because they are not always practically relevant in the context of developed countries, where stakeholder analysis has predominantly been employed. (Reed, 2002, p.167)

Management scholars extensively show that corporate managers, especially top managers, behave differently across countries as they are highly influenced by the local culture (Hofstede, 1980, 2001), organisational culture (Schein, 1992), and/or profession (Sirmon & Lane, 2004) to which they belong. Managerial values and attitudes towards CSR in a given organisation, industry, or national context have a strong influence on CSR practice (Aguilera, Rupp, Williams, & Ganapathi, 2007; Hay & Gray, 1974; Hemingway, 2005; Hemingway & Maclagan, 2004; Vitell & Paolillo, 2004; Waldman et al., 2006). As such, there is a strong necessity to investigate and understand how developing country idiosyncrasies impact on their CSR practices.

Identifying the importance of CSR in developing countries, some academic journals have dedicated Special Issues to explore the state of CSR in these countries. For example, the Journal of Corporate Citizenship dedicated Issues 13, 18, 21, and 24

for developing countries/emerging economies only. Most of these issues and papers investigate peculiar local influences of CSR in these countries and emphasise the importance of country specific case studies on CSR (Frynas, 2006).

Some CSR research studies on developing countries such as India, Malaysia, Thailand, and Bangladesh have been published in international journals (e.g., Amran & Siti-Nabiha, 2009; Belal & Lubinin, 2008; Belal & Owen, 2007; de Villiers & van Staden, 2006; Kamla, 2007; KPMG, 2005; Kuasirikun, 2005; Lodhia, 2003; Rahaman, Lawrence, & Roper, 2004; Raman, 2006; Young, 2004). However, many of these studies focused mainly on CSR and reporting practices of multinational companies resident in developing countries but not on the practices of local firms, a neglected area in CSR literature (Frynas, 2006). Furthermore, akin to the popular research practices of the West, a majority of the CSR studies on developing countries are also based on exploratory type content analysis of sustainability and/or annual reports without meaningful engagement with organisational actors (Belal & Lubinin, 2008; Kamla, 2007). O'Donovan (2002) highlighted the issues of using content analysis alone in CSR research arguing that it limits the explanatory horizon of the field. However, a few studies have made some noteworthy attempts to narrow this gap by moving beyond content analysis using interview methods (for example, Amran & Siti-Nabiha, 2009; Belal & Cooper, 2011; Belal & Owen, 2007; Kamla, 2007). Nevertheless, there is still a very visible gap in the CSR literature in this regard.

Adams (2002) is critical about the fact that CSR reporting theories have been developed without a sufficient degree of active engagement in organisations and without a proper epistemic interaction with the social actors therein. Adams and Larrinaga-González's (2007) understanding is that the "lack of engagement with organisations in social and environmental accountability research might be a consequence of the critiques by and of earlier research in the area" (p. 334). They further argue that this situation influenced CSR researchers to keep their distance

from the research field and to prevent the emergence of theories from the field. Additionally, they go on to assert that "social and environmental accounting and reporting scholars will not realise their desire to see organisational change towards greater social and environmental accountability and responsibility unless this gap in the research is filled" (p. 337).

Further investigations are called for to address these methodological and regional gaps in the CSR literature, especially for countries lacking CSR evidence, because "the tendency towards socially responsible corporate behaviour varies across countries and much more research is required to understand why" (Campbell, 2007, p. 947), and because "CSR practice develops within a specific social context" (Frynas, 2006, p. 17). Jamali and Mirshak (2007), stressed that "we still know too little about practices in ex-colonial, smaller, and emerging countries" (p.244). For Muthuri and Gilbert (2011), "the need for focussed CSR research in developing economies is critical" (pp. 467-68), mainly because non-Western developing nations do not share the same sociocultural and religious values and norms, and priorities that underpin CSR in Western developed nations (Blowfield & Frynas, 2005; Frynas, 2006; Jamali & Mirshak, 2007; Muthuri & Gilbert, 2011; Visser, 2008). Lack of CSR research evidence in the developing world context leaves our understanding of international practice incomplete and renders the Western agenda for a cleaner Earth problematic.

Within this context, this thesis examines the nature and extent of CSR practices and their global and local influences by researching practices in Sri Lanka, a developing country. Prior CSR research in the Sri Lankan context (a detailed literature review is provided in Chapter Two, under section 2.5.4) is very limited and most of the studies are based on annual report CSR disclosures (Senaratne, 2009; Sheham & Jahfer, 2011), content analysis technique (Fernando & Pandey, 2012), or case study approach (Fernando & Almeida, 2012; Rajapakse & Abeygunasekera, 2008). Existing literature on the Sri Lankan CSR practices has focused neither on the

investigation of sociocultural aspects of CSR nor been based on a set of methods seeking for an engagement with organisational actors. Despite their contributions in providing some factual and comparative insights through content-based analysis, by and large, they remain rather descriptive and lacking in appropriate theoretical analysis and interpretations. They hardly contribute to the ongoing theoretical debates in the CSR field along the lines of mainstream theories such as legitimacy theory, stakeholder theory, and institutional theory. So, with an aim of contributing to the CSR literature, this thesis focuses on the regional and methodological gaps in the CSR literature highlighted above. The next section discusses the overall research objective and research questions.

1.3. Research objective and questions

The overall research objective of this thesis is to examine the nature and extent of CSR practices in Sri Lanka and their global and local influences. Operational as well as disclosure practices are examined. In line with this research objective, "examining the nature" means identifying salient and idiosyncratic features of CSR practices in Sri Lanka and explaining them in terms of deeply rooted sociocultural characteristics. As such, this exposition includes identifying the reasoning behind the CSR practices pertaining to a developing country context. The phrase "examining the extent of CSR practices" represents two areas: 1) evaluating the CSR practices in Sri Lanka based on globally accepted CSR-related practices, guidelines and standards and, 2) comparing CSR practices in Sri Lanka against such practices in a developed country context.

The key motivation behind this study is to make an important contribution in bridging the gap in the developing country CSR literature. In addition, the researcher is also motivated to promote and improve CSR practices in Sri Lanka by exploring the current state of CSR. It is the passion of the researcher to promote and improve CSR because "the purpose of research is not just to describe the world but also to evaluate it and then to try to change it" (Gray, Owen, & Adams, 2010, p. 3).

In order to achieve the overall research objective, six research questions are identified and, in line with them, the thesis is divided into two phases. The first phase of the study focuses on the first two research questions, while the second phase concentrates on the remainder of the research questions. These research questions are explained below.

1. What are the features of CSR practices in Sri Lanka, a developing country?

    In answering this research question, the study attempts to explore general CSR practices but with special attention on any salient or idiosyncratic practices pertaining to the Sri Lankan context which then call for further investigation. This research question is addressed in the first phase of the study through a questionnaire survey which tries to explore practices of environmental activities and social engagements in Sri Lankan companies, and barriers and drivers towards these practices. The findings are reported in Chapter Six: An exploratory analysis of CSR practices in Sri Lanka.

2. To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country?

    Through this question the study attempts to evaluate CSR practices in Sri Lanka against such practices in a developed country, taking New Zealand as a benchmark. Drawing on the results of the questionnaire survey (Chapter Six), and a New Zealand-based study, this research question is addressed in the first phase of the study by comparing CSR practices between the two countries. Findings are reported in Chapter Seven: A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand.

3. What is the nature of CSR practices, in terms of defining characteristics, perceived by Sri Lankan corporate managers?

    This question provides the basis to identify and explain defining characteristics of Sri Lankan CSR practices, as perceived by corporate managers. These

characteristics are identified, in phase two of the study, through an analysis of in-depth interviews. This research question is addressed in Chapter Eight: An investigation of CSR practices in Sri Lanka.

4. Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information?

   In the second phase of the study, through this research question, the study addresses the motives behind CSR activities and CSR disclosure, for both their presence and absence. This question is addressed by employing a theoretical framework constructed in Chapter Five. Question four is the leading research question addressed in Chapter Eight: An investigation of CSR practice in Sri Lanka, especially under the section 8.4.

5. Why has CSR practice developed in the way it now has in Sri Lanka?

   The purpose of this question is to relate current Sri Lankan CSR practices to their historical, cultural, and customary traditions. This analysis is done in the second phase of the study, in Chapter Eight.

6. How do mainstream CSR theories such as legitimacy, stakeholder and institutional theories help to explain operational and reporting CSR practices in Sri Lanka?

   The purpose of this final research question is to frame the theoretical analysis and synthesis. It aims to connect the fieldwork and survey findings with the existing theoretical knowledge in the field of CSR. Chapter Eight deals with this theoretical synthesis and explores the efficacy of mainstream CSR theories in explaining CSR practices in a developing country.

Overall, these six research questions frame the overall study and the organisation of the thesis. Figure 1.3-1 illustrates the resulting research design and how this thesis is structured and organised.

Figure 1.3-1: Structure of the research design

Main Research Objective:
To examine the nature and extent of the emerging phenomenon of CSR in the context of a developing country, Sri Lanka and to explain some of the important issues behind the current state of CSR in the Sri Lankan context.

Chapters One to Five

The first five chapters (Overview of the thesis; Literature review; Research methodology; Sri Lankan context; and Theoretical framework) lay the foundation for the study

| RQ 1: What are the features of CSR practices in a developing country, Sri Lanka? | RQ 2: To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country? | RQ 3: What is the nature of CSR practices, in terms of defining characteristics, perceived by Sri Lankan companies and corporate managers? | RQ 4: Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information? | RQ 5: Why has CSR practice developed in the way it now has in Sri Lanka? | RQ 6: How do mainstream CSR theories such as legitimacy, stakeholder and institutional theories help to explain operational and reporting CSR practices in Sri Lanka? |

Phase ONE

Research approach used is positivistic, attempting to establish certain facts about company CSR practices. Data collection method used is questionnaire survey. Provides an exploratory analysis of CSR practices in Sri Lanka	Drawing on the results of exploratory analysis of this study and a New Zealand based study, Chapter Seven attempts to make a comparison of CSR practices between the contexts of developing and developed countries using positivistic research approach.

Chapter Six	**Chapter Seven**
An exploratory analysis of CSR practices in Sri Lanka	A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand

Phase TWO

Drawing on the outcome of phase ONE, phase TWO attempts to understand and explain CSR phenomenon in 26 case companies using interpretive paradigm. Chapter Eight represents phase two of the thesis

Chapter Eight: An investigation of CSR practice in Sri Lanka

Drawing on the outcomes of phase one, Chapter Eight provides further insights on CSR practices in Sri Lanka by explaining and interpreting the results of in-depth interviews with corporate managers.

Descriptive presentation of interview results

Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
Various terms used by participants to signify CSR	Apparent predominance of social issues in CSR	Concentration of CSR activities on employees	Historical, cultural, and customary tradition of philanthropy	Global and cultural influences in the practices of CSR

Reflections on CSR motivations: Discusses the motives of undertaking CSR activities and CSR disclosure, presence and absence, by employing a theoretical framework which was constructed in Chapter Five
Reflections on conclusions: Discusses summarised as well as overall conclusions

Chapter Nine

The final chapter explores the contribution of this thesis by summarising the thesis findings and explaining them relating to the extant CSR literature. Further it discusses significance, scope and implications of the study, reflections upon research methodology, and the potential for future research arising from this study.

1.4. Brief introduction to CSR and its development

CSR is a global phenomenon which began to emerge when Bowen (1953) wrote the seminal text: Social Responsibility of the Businessman. Despite many incongruities, followers of Bowen established a model and definition of CSR as a notion where business organisations have a responsibility to serve society beyond the legal framework (Bowd et al., 2006; Freeman, 1984) (See Chapter Two, section 2.2 for more details.). This movement emphasised the notion that the responsibility of a business should not be limited to financial interest; it should go beyond that and support social causes (Spector, 2008). This argument was countered by Levitt and Friedman in particular (Friedman, 1962, 1970; Levitt, 1958). For example, Friedman suggested that the only one responsibility of business towards society is the maximisation of profit to the shareholders, within the legal framework and the ethical customs of the country (Friedman, 1962, 1970). This argument aligned with the shareholder value theory (SVT) or fiduciary capitalism (Melé, 2008, p. 56). Generally, the agency theory which concerns the relationship between principals (shareholders) and agents of principals (corporate managers), satisfies the SVT which "has been quite common in the USA and other Anglo-Saxon countries, supported by the law, at least until the mid-twentieth century" (Melé, 2008, p. 56).

Regardless of this neo-liberal resistance, an exponential growth of CSR operations and disclosure can be witnessed throughout the past few decades. This upsurge of the CSR phenomenon was accompanied by the supportive actions of Western actors such as the United Nations (UN), on the one hand, and social pressures of business organisations imposed by various stakeholders (Bowd et al., 2006), on the other. Consequently, some Western businesses adopted environmental and social friendly practices. For example, the actions of value-based companies such as The Body Shop (UK), Traidcraft (UK), and the Cooperative Bank (UK), SbN bank (Denmark), and Ben and Jerry's (USA) attracted global attention (Belal, 2008). Following this trend, many business organisations now engage in CSR operations,

and disclose such activities (ACCA, 2010; KPMG, 2011). This trend is supported by global social accounting standards and guidelines such as GRI guidelines, Social Accounting (SA) standards, Millennium Development Goals (MDGs), and ISO certifications. Although the CSR phenomenon was originated in, and was dominated by, the developed Western countries, during the past few decades, developing countries have seen its transfer mainly through large Western-owned multinational companies (Belal, 2008; Belal & Owen, 2007). According to recent global surveys on CSR, for most developed countries CSR has become a mainstream practice. With regard to the world's largest 250 companies, KPMG (2008, p. 14) insists that "the question is no longer 'Who is reporting?' but 'Who is not?' Corporate responsibility reporting is now a mainstream expectation of companies." However, KPMG (2011, p. 2) asserted that "much work remains in some pockets of the world, particularly the Asia Pacific region."

1.5. Sri Lanka as the research context

In this thesis, Sri Lanka is selected as the research site representing a developing country, but due to its relatively unique contextual conditions, sometimes it stands out from other developing countries. Thus, this thesis is about a rather unique CSR story, generated from one developing country. In addition, the researcher is also in a good position to undertake this study in this context. The reasons and justification for selecting Sri Lanka as the research site are summarised below.

First, as Wallace (1990) highlighted, only "specific country studies can provide an in-depth understanding of the accounting situation"; it is, therefore, necessary to make a choice of a developing country. The choice is primarily influenced by the vital concern that a doctoral project should be a manageable scope of study. Although, this particular study broadly aims at CSR practices in developing countries, studying several developing countries for a "manageable" doctoral project is impractical. Thus, a single country is selected.

Second, even in the case of a single country study, especially when one attempts to adopt an organisationally engaged methodology with a cultural proximity to the organisational actors, issues of access come to the forefront. This is where the personal circumstances and strengths of the researcher come to shape the methodological choices. Having been a Sri Lankan university lecturer for more than 15 years enabled the researcher to gain meaningful and culturally close access to former students and colleagues who hold responsible managerial positions in various organisations in Sri Lanka. It could have been much difficult or impossible to gain such access to CSR practices in another country. Furthermore, Sri Lanka is the motherland of the researcher who, as a consequence, has significant knowledge about its socioeconomic culture, history, economic development, political situation, and business sector. When considering the nature of the study, having such knowledge is considered important.

Third, Sri Lanka is a fairly neglected country in terms of CSR research and the topic receives relatively little attention in Asia (Fernando & Pandey, 2012; Khan & Beddewela, 2008; Visser, 2008). For more details, see section 2.5.4 in Chapter Two.

Finally, Sri Lanka has a long history including a colonial period which lasted for a total of 443 years – 1505-1948 (Jayawardena, 2001). This made Sri Lanka a multicultural, a multiethnic, a multireligious, and a multilingual country. As a result, Sri Lanka has unique cultural and religious values. Nearly 70 per cent of the people are Buddhist and more than 99 per cent practise a religion (CBSL, 2012). According to Jones (1997), Sri Lanka is one of the most highly religious countries in the world. Referring to Gombrich and Obeyesekere (1988), Fernando and Almeida, (2012) emphasised the point that "due to a unique cultural system that has been formed by a process of syncretic fusion embedding various religious elements, religion influences almost every aspect of people's lives in Sri Lanka" (p. 5). Nourished by its long traditional and religious background, Sri Lanka has a culture of charitable giving among its people (Simpson, 2004). One way of presenting the

uniqueness of Sri Lanka as a CSR research context is this long-standing tradition of philanthropic giving. This philanthropic tradition is mostly encouraged by the Buddhist teaching and one of its fundamental precepts, dana (alms giving/charity/ generosity). This tradition still exists, and marks it out from most other countries (Dhammapiya, 1999; Simpson, 2004). For example, irrespective of its low income level, according to the World Giving Index 2011, Sri Lanka stands number one among the developing countries and number eight among all countries including developed ones (CAF, 2011). These long-standing rituals have tended to influence and help shape the present Sri Lankan CSR practices (Fernando & Almeida, 2012). Furthermore, in the ancient Sri Lankan villages, the services offered by people such as teachers (gurunnanse) and Ayurveda doctors (veda rala) were considered as honourable services. These people did not expect a wage and they obtained only a nominal voluntary donation (thutu paduru literally meaning payments made to acknowledge the kindness and happiness) for their service. Given this rich historical and cultural background, it is interesting to see how CSR practices in Sri Lanka have been influenced by these factors.

In Chapter Four, the Sri Lankan context will be discussed in detail.

1.6. Research methodology

Combining both quantitative and qualitative paradigms, this thesis employs the mixed methods approach, which consists of two phases. Methodologically, the positivistic/quantitative research paradigm is employed in the first phase of the study, while the interpretivist/qualitative research paradigm is utilised in the second phase. A questionnaire survey is employed to collect data from the largest 200 companies listed on the Colombo Stock Exchange (CSE) for the first phase of the study. Finally achieving a 25.5 per cent response rate, 51 companies responded to the questionnaire survey. Data were collected for the second phase through 26 in-depth interviews with corporate managers who are directly involved in CSR

activities and/or disclosure processes. These 26 interviewees were selected based on the "sample selection strategy for interview case companies" discussed in Chapter Three, section 3.4.3.

For the analysis and discussion of findings, the study adopts a sequential mixed method in which one phase of the study supports the other phase of the study. Creswell et al. (2011) indicated that a sequential mixed approach is useful for research studies that need to elaborate or expand the findings of one method using the other method. Accordingly, in this thesis, the findings of the first phase which adopted a questionnaire-based quantitative approach, are elaborated and expanded in the second phase by adopting an in-depth interview-based qualitative approach. Research methodology is descriptively discussed in Chapter Three.

1.7. Outline of the chapters of the thesis

The thesis is organised in nine chapters. A brief overview of each chapter is given below.

Chapter 1: An overview of the thesis

This chapter provides an overview of the thesis. It discusses the background of the research, research objective, and questions. Further, it delivers a brief introduction to the research context and research methodology.

Chapter 2: Literature review

The objective of this chapter is to review the literature underpinning CSR, firstly as a general concept, then comparing its applications between developed and developing countries, and finally reviewing CSR literature with a special focus on developing countries, and with the aim of locating the existing gaps in the literature.

Chapter 3: Methodology and methods

This chapter explains the research approach or paradigm and research methods adopted by the researcher in conducting this thesis. More specifically, the chapter discusses the philosophical views of the researcher, data collection methods, sample selection strategies, and the methods of data analysis.

Chapter 4: The context of Sri Lanka

This chapter locates Sri Lanka as the research context for a developing country and provides contextual understanding about the research field, Sri Lanka. The chapter gives an insight into the Sri Lankan context and discusses the historical, cultural, religious, sociopolitical, legal, economic, and environmental settings of Sri Lanka.

Chapter 5: Theoretical framework

This chapter attempts to construct a multitheoretical framework, employing and integrating three mainstream CSR theories: legitimacy theory, stakeholder theory, and institutional theory. While integrating these theories, convergent predictions of organisational behaviour and motivations are derived. Drawing on these behaviours and motivations, and the mainstream CSR theories, the researcher finally arrives at three convergent motivations underpinning CSR practices. In Chapter Eight, these theoretically derived CSR motivations are employed to examine how mainstream theories help to explain CSR practices perceived by the Sri Lankan corporate managers.

Chapter 6: An exploratory analysis of CSR practices in Sri Lanka

This chapter deals with the questionnaire survey stage and provides the exploratory analysis of CSR practices in Sri Lanka. As part of phase one, a positivistic research approach is used, here in an attempt to establish certain facts about corporate CSR practices. Further, the chapter describes general CSR practices, subsequently identifying notable phenomena of Sri Lankan CSR practices which call for further investigation.

Chapter 7: A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand

Drawing on the results of Chapter Six and a New Zealand-based study[2], this chapter makes a comparison of CSR practices between Sri Lanka and New Zealand. It examines the extent to which the CSR practices of these two countries differ. Sri Lanka, as a developing country, and New Zealand, as a developed country, are compared here in terms of the nature and extent of CSR practices adopted in the two countries. More specifically, this chapter addresses the second research question of this thesis: To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country?

Chapter 8: An investigation of CSR reporting practice in Sri Lanka

This chapter is highly weighted in terms of its importance as it represents the second phase of the study and aims to provide a holistic CSR view within the Sri Lankan context. Drawing on the outcomes of phase one – reflecting the features of CSR practices in Sri Lanka – this chapter explains and interprets the results of the interviews with corporate managers. The first phase confines its discussions and analysis to the close-ended answers of the questionnaire survey; consequently, further investigation to identify deeply rooted contextual characteristics in the form of rich data is restricted. So this chapter serves that purpose by focusing on the last four research questions (See Figure 1.3-1.).

Chapter 9: Conclusions

This final chapter summarises the thesis findings, discusses how the research questions are answered, and explains them in relation to the extant CSR literature. It concludes the thesis by indicating the significance, scope and implications of the study. It also presents some reflections upon research methodology, and the potential for future research arising from this study.

---

2   A description of this study and the background of CSR practices in New Zealand are given in Chapter Two, section 2.5.3.

1.8. Chapter summary

This chapter provides an overview of the research study. Lack of organisationally engaged research and lack of research in developing countries were the motivations for the study. The country, Sri Lanka, was selected as a case for a developing country and the research utilises the organisational engagement approach to understand the CSR phenomenon in a developing country context. The study employs questionnaire survey and interview methods to collect data and analyse collected data using mixed quantitative and qualitative methods. This study is a valuable addition to the literature as it approaches CSR practices in Sri Lanka, which is a fairly unexplored emerging economy in terms of CSR research. Overall, the study extends our theoretical and empirical knowledge of CSR.

Chapter 2:
Literature Review

2.1. Introduction

The objective of this chapter is to review the literature underpinning Corporate Social Responsibility (CSR), firstly, as a general concept, then comparing its applications between developed and developing countries, and finally, reviewing CSR literature with a special focus on developing countries, with the aim of locating the existing gaps in the literature. The cultural and other contextual differences are discussed and then related to CSR practices. The literature review illustrates a distinction between research studies into CSR in developed countries, which represent the greater part of the research undertaken, and in developing countries which appear to be relatively underrepresented in research studies to date (Belal, 2008; Campbell, 2007; Frynas, 2006; Visser, 2008; Visser, Matten, Pohl, & Tolhurst, 2007). Recent global surveys are also used to illustrate the status and current trends of CSR practices in developing as well as developed countries.

The rest of the chapter is structured as follows. The second section starts by explaining the meaning of the CSR concept and is followed by a discussion of global CSR initiatives in the third section. Based on Visser's (2008) three methods of CSR literature classification, the fourth section classifies and discusses CSR literature underpinning developing countries. The chapter then provides an overall review of the extant CSR research studies in the fifth section. This review includes a general examination of CSR disclosure practices, an analysis of drivers/motives

of and for CSR practices, an overview of CSR practices in New Zealand – for comparison purposes – and a detailed review of CSR practices in Sri Lanka in order to provide a developing country perspective. The sixth section delivers a brief introduction to the theoretical perspectives of the thesis – with the aim of extending these theoretical perspectives in Chapter Five – while constructing the theoretical framework. The chapter then relates the research questions of this thesis to the literature review, in the seventh section. Finally, an overall summary is provided.

2.2. What is CSR?

The term CSR is a relatively recent concept, when we consider the history of the business ethics and the social dimensions of business activities that have been embraced in the Western as well as the non-Western worlds' business practices (Barkemeyer, 2007; Blowfield & Frynas, 2005). Blowfield and Frynas (2005), illustrating many historical instances, emphasise that "from a historical perspective . . ., CSR is simply the latest manifestation of earlier debates on the role of business in society" (p. 500).

In recent history, the term CSR was introduced by the Western developed world; however, its meaning has changed over time since its inception in the 1950s (Bowen, 1953; Carroll, 2008). Researchers in the area still do not share a common definition or set of principles for the concept of CSR (Crane, McWilliams, Matten, Moon, & Siegel, 2008). Thomas and Nowak (2006) argue that "there seems to be an infinite number of definitions of CSR, ranging from the simplistic to the complex" (p. 3). Dahlsrud (2008) shows that although CSR definitions contain different phrases, they are predominantly consistent in terms of overall meaning. However, when considering CSR definitions which have emerged over the years, some CSR dimensions were given priority in some definitions. For instance, generally, the social dimension was given prominence in the early years of CSR definitions.

Some scholars criticised the fact that the CSR concept was defined too narrowly (Wheeler, Colbert, & Freeman, 2003). Conversely, Van Marrewijk (2003) suggests that CSR should not be broadly defined, otherwise it will be "too vague to be useful in academic debate or in corporate implementation" (p. 96). There appears to be no single CSR definition which fits all purposes.

Bowen (1953) was the first to define the concept. He defines CSR as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions which are desirable in terms of the objectives and values of our society" (Bowen, 1953, p. 6). Various definitions for CSR can be observed over the years. Analysing CSR definitions, scholars have identified common CSR dimensions (Carroll, 1999; Dahlsrud, 2008; Moir, 2001; Thomas & Nowak, 2006). For example, by analysing 37 CSR definitions, Dahlsrud (2008) identifies five common CSR dimensions: social, environmental, economic, stakeholder, and voluntariness, and contends that the dimensions are common in most of the CSR definitions. However, Visser et al. (2007) state that "whatever the definition used, CSR is all about business performance in a variety of social and environmental topic areas that usually embrace issues of diversity, philanthropy, socially responsible investing (SRI), environment, human rights, workplace issues, business ethics, sustainability, community development, and corporate governance" (p. 125). This statement explains how broad the scope of CSR is. CSR can represent one or many of these areas, or even some additional areas, depending on how it is perceived in a given context. Thus, CSR can best be considered as an umbrella term referring to organisations' responsibility towards society (Barkemeyer, 2007).

The CSR concept has been developed not only with different definitions but also with terminological variety (Carroll, 2008). Scholars have referred to CSR with slightly different labels; however, it is commonly seen as the same concept as social accounting, corporate citizenship, corporate responsibility, sustainable

business, corporate social and environmental responsibility, and corporate social performance (Crane et al., 2008). The term "Corporate Social Responsibility" (CSR) is used for the purpose of this thesis. However, the terms mentioned above may be used occasionally because of their similar meaning, especially when quoting other scholars' work.

Although the global influences from Western developed countries have spearheaded the drive towards homogeneity of meaning and practice of CSR, that shaping of the concept does not prevent CSR from being interpreted and practised differently in different contexts by different people and institutions. However, there are some common CSR approaches practised by Anglo-Saxon countries, though the notions of CSR may not be unique. Through the Western multinational companies, these common CSR approaches tend to be dispersed to other countries (Fox, 2004).

Simultaneously, some scholars argue that contextual structural differences such as historical, cultural, and customary traditions partly drive people and businesses to perceive CSR in different ways (Azmat & Zutshi, 2012; White, 2008). In other words, the CSR literature across countries of different cultures emphasises that the meaning of CSR is culturally embedded (Chapple & Moon, 2005). Furthermore, evidence exists in the literature about the cultural influences on CSR practices (Amaeshi, Adi, Ogbechie, & Amao, 2006; Azmat & Zutshi, 2012; Waldman et al., 2006; White, 2008; Zhuang, Thomas, & Miller, 2005). For example, White (2008) in an overview of cultural and spiritual influences on CSR in four different nations concluded that, despite all the other influences, cultural and spiritual traditions still continue to influence how managers define the responsibility of their business in society.

Blowfield and Frynas (2005) contend that "continental European, Asian or African societies may not have the term CSR in their vocabularies, yet some of these societies may have had a longstanding social contract whereby business has social

obligations to employees or wider society" (p. 501). Further, they highlighted that, although "the origins of the current CSR concept may have been Anglo-Saxon, the meaning of CSR can differ from one society to another" (Blowfield & Frynas, 2005, p. 502). White (2008) argues that this difference partly causes the deeply rooted cultural and spiritual influences.

With the aim of understanding local perspectives of CSR, WBCSD's (2000) study tried to explore what CSR means to people from various countries and revealed that people from different countries emphasised different issues. Drawing on their comments, WBCSD (2000) generalised and interpreted what issues they mostly highlighted in the form of country perspectives. For example, with regard to Thailand – "CSR must be locally relevant and meaningful only if backed up [by] action"; Taiwan – "CSR is the contribution to the development of natural and human capital, in addition to just making a profit"; The Philippines – "CSR is about business giving back to society"; Brazil – "CSR is about commitment to strive for the best economic development for the community, to respect workers and build their capacities, to protect the environment and to help create frameworks where ethical business can prosper" (WBCSD, 2000, p. 8). While highlighting different CSR perspectives, the study finally summarised CSR as "helping to meet the needs of local society" (WBCSD, 2000, p. 8). Overall understanding is that CSR is contextually driven.

Azmat and Zutshi (2012) investigated Sri Lankan immigrant entrepreneurs in Australia to see how they perceive the term CSR and whether their home-country culture has any influence on their perceptions of CSR. They found that since the immigrants maintain cultural links with their home country, an influence can be expected. However, it is very hard to find any studies which deeply explained and investigated cultural influences drawing on the views of corporate managers. Most of the literature consists not of descriptive empirical results but relates to general overviews of many countries. This thesis, especially in Chapter Eight, descriptively explains how a national culture influences CSR practices in that particular nation.

Regardless of how the CSR concept is perceived, many nations in both the developed and developing world accept this concept and keep practising it (Hopkins, 2003). Since this thesis is mainly focused on CSR in the developing country context, it is considered useful to provide a CSR definition related to developing countries. Visser et al. (2007) define CSR for developing countries as: "the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts" (p. 149).

This definition highlights the fact that CSR is not unique and that it has to consider different contextual structures. However, for the purpose of this thesis, current CSR mainstream initiatives, such as Millennium Development Goals (MDGs), UN Global Compact (UNGC), Global Reporting Initiative (GRI) guidelines, AA1000, SA8000 etc., are considered as a kind of representation for CSR meaning, because these initiatives are increasingly trying to construct a generally accepted/ consistent understanding for CSR. However, the meaning of CSR is allowed to remain open throughout this research, while the researcher is trying to understand the meanings of the aforementioned definitions, and the global initiatives, which are briefly discussed in the next section.

2.3. Global CSR initiatives and their current trends

2.3.1. MDGs and their relevance to CSR in developing countries

The challenges for CSR in developing countries are framed with a vision of achieving the eight Millennium Development Goals (MDGs) which were established at the Millennium Summit in 2000 (UNDP, 2011; United Nations, 2006). These MDGs are to: 1. Eradicate extreme poverty and hunger; 2. Achieve universal primary education; 3. Promote gender equality and empower women; 4. Reduce child mortality; 5. Improve maternal health; 6. Combat HIV/AIDS, malaria, and

other diseases; 7. Ensure environmental sustainability; and, 8. Develop a global partnership for development (UNDP, 2011). The MDGs were derived from the UN Millennium Declaration, and were accepted by world leaders of 189 nations (UNDP, 2010). The vision of the MDGs is to have "a world with less poverty, hunger and disease, greater survival prospects for mothers and their infants, better educated children, equal opportunities for women, and a healthier environment" (United Nations, 2006, p. 3). Achieving the MDGs is not easy for the governments of developing countries without adequate support from their corporate sector. At the same time the governments are encouraged to set up a suitable environment for the corporate sector in order to motivate companies to adopt CSR activities. The governments in developing countries and trans-governmental organisations such as the United Nations (UN) increasingly recognise the role of CSR in the business sector in achieving development targets.

2.3.2. CSR in the development process and the role of corporate entities

Since 1972, when the UN convened a world conference on the natural environment in Stockholm (United Nations, 1972), the UN has shown its commitment to embracing CSR. The UN Environmental Programme (UNEP) emerged from this world conference to deal with global environmental issues. In 1983, the "Bruntland Commission" was established by the UN and later the commission published a report entitled "Our Common Future" (United Nations, 1987). The sustainable development concept was introduced by this report and the report led to convening the UN's next environmental conference, the "Earth Summit", where heads of different countries signed four agreements including "Agenda 21" (United Nations, 1993). Agenda 21 focuses on environmental problems in the development process and it aims to prepare the world for the challenges of the twenty-first century.

The Earth Summit in Rio de Janeiro duly recognised the role of corporate entities with respect to the overall management of the environment, and individual governments were encouraged to establish appropriate national strategies, plans, policies, and processes to protect the environment. Developing countries were also given much attention and support in achieving sustainable development goals (United Nations, 1993).

In 2002, the World Summit on Sustainable Development, held in Johannesburg, proposed some actions to enhance corporate environmental and social responsibility and accountability for business entities (United Nations, 2002). These proposed actions encourage: guidance and improvement of CSR reporting; business entities to improve the relationship with stakeholders towards societal and environmental development; financial institutions to promote sustainable investments; and, the involvement of employees in the sustainability programmes (United Nations, 2002).

2.3.3. Global influences on CSR standardisation

These actions taken by the UN can be considered as important in promoting CSR, especially CSR reporting and improvement of stakeholder relationships. In addition, CSR practice was encouraged by the establishment of the UN Global Compact (UNGC) in 1999 (Antal, Dierkes, MacMillan, & Marz, 2002; Carroll & Shabana, 2010), the introduction of the Global Reporting Initiative (GRI) in 1997, and the introduction of several other local and international voluntary guidelines and standards such as the Coalition for Environmentally Responsible Economics (CERES) Principles[1], the European Union Eco-Management and Audit Scheme (EMAS)[2], Social Accountability 8000 (SA8000), and the AA1000 (Belal, 2008; Gonella, Piling, & Zadek, 1998; Owen, Swift, Humphrey, & Bowerman, 2000).

---

1   In 1989 CERES introduced CERES Principles, a ten-point code of corporate environmental conduct to be publicly endorsed by companies as an environmental mission statement or ethic.
2   EMAS is a management tool for companies and other organisations to evaluate, report and improve their environmental performance and this was introduced in 1995.

2.3.4. UNGC and its relevance to developing countries

The UN Global Compact (UNGC) encourages corporations, especially multinational companies operating in developing countries, to adhere to 10 principles covering human rights, labour, environment, and anticorruption (Prasad, 2004; Visser et al., 2007). The UNGC aims to combat the negative impacts of economic globalisation. Visser et al. (2007) highlight that "many people nowadays are afraid that economic globalisation entails erosion of social, ecological and human right standards, but at the same time are aware that responsible business dealing can make a substantial contribution to the achievement of development policy and social goals" (p. 472). Economic globalisation opens up ample opportunities for developing countries and these opportunities have to be utilised sensibly. According to the former UN Secretary General, Kofi Annan, the companies who join UNGC can make globalisation more humane and environmentally friendly and thus assemble forces, knowledge, and resources to accomplish the UN Millennium Development Goals in developing countries (Visser et al., 2007).

2.3.5. The role of GRI towards the standardisation of CSR disclosure

In 1997, the Global Reporting Initiative (GRI) was established by CERES in partnership with UNEP with the mission of developing globally applicable guidelines for CSR reporting of corporations, governments, and nongovernmental organisations. The GRI has become the voluntary international standard for sustainability reporting since issuing its first sustainability guideline in 2000. Currently there are 20,000 GRI stakeholders from more than 80 countries (Eccles & Krzus, 2010). Now the GRI's Sustainability Reporting Guidelines are in their third generation (G3), which consists of broad principles, guidance, and standard disclosure with performance indicators that should be included in CSR reports (Global Reporting Initiative, 2011). In March 2011, GRI released G3.1, the updated and completed version of G3, that expands the guidance on human rights, gender, and community impacts (GRI, 2011). As part of GRI's commitment to the continuous development of its guidelines, GRI's fourth generation of Sustainability

Reporting Guidelines (G4) is currently in progress. While basing them on the GRI, some countries maintain their own environmental reporting guidelines in order to cater for their local requirements (ACCA, 2005, 2010). According to KPMG (2011), GRI is preparing Generation 4 (G4) guidelines; these are expected to be launched in 2013. KPMG highlights that "the GRI is one of the initiators of the International Integrated Reporting Committee (IIRC) and firmly believes integrated reporting to be the next step in sustainability reporting" (KPMG, 2011, p. 21).

KPMG (2011) concludes that most of the large companies in the developed and developing countries adhere to the GRI sustainability reporting guidelines. In the ASEAN countries, a significantly high majority of companies follow the GRI guidelines with very few companies using other standards such as internally developed standards or the AA1000AS. However, in the Sri Lankan context, out of 34 per cent of CSR reporting listed companies, only 5.2 per cent of companies report based on GRI G3 sustainability reporting guidelines (Fernando & Pandey, 2012). With regard to Bangladesh, Belal and Owen (2007) found that only one respondent company adopted GRI guidelines and AA 1000 standards for CSR disclosures, and none of the organisations expressed their desire to adopt these standards in the near future. On the basis of these results, Belal and Owens (2007) contend that strong doubts exist as to the efficacy of these international standards and guidelines.

2.3.6. SA8000 and its relevance to developing countries

Rising public concern about inhumane working conditions in developing countries led to the creation of the Council on Economic Priorities Accreditation Agency (CEPAA) which developed the SA8000 in 1998. The SA8000 was the result of motivation by the CEPAA to draw up a universal code of practice for labour conditions in the manufacturing industry, so that consumers in developed countries could be confident that the goods they were buying from developing countries – in

particular garments, toys, cosmetics and electronic goods – had been produced in accordance with a recognised set of standards. Later in 2000, the CEPAA became known as the Social Accountability International (SAI), which now governs and certifies the companies who agreed to meet the requirements of SA8000.

2.3.7. ISEA and its CSR standards

In 2008, the Institute of Social and Ethical AccountAbility (ISEA) developed two standards for assurance and reporting for sustainable development and reporting: AA1000 AccountAbility Principles Standard 2008 (AA1000PS 2008) and AA1000 AccountAbility Assurance Standard 2008 (AA1000AS 2008) (AccountAbility, 2008a, 2008b). The AA1000AS deals with verification of the reliability of CSR information (Visser et al., 2007). This assurance standard evaluates and delivers conclusions on: "The nature and extent of adherence to the AA1000 AccountAbility Principles, and where applicable the quality of publicly disclosed information on sustainability performance" (AccountAbility, 2008b, p. 8). According to KPMG's (2011) recent survey, slow acceptance of assurance on CSR reporting is quite shocking, specially "in light of the recent 'crisis of trust' that many companies are currently experiencing" (p. 28). With regard to CSR report assurance in ASEAN countries, 44 per cent of responding companies indicated that they have their report assured and 22 per cent stated that they planned to implement this assurance in future (ACCA, 2010). The majority of the companies, whose report is being assured by a third party, mentioned that they do so mainly to give the report greater credibility (ACCA, 2010).

2.3.8. Current trends in CSR reporting

Within this given context, the current ongoing trend in CSR reporting is that of integrating financial reporting with nonfinancial reporting. Until recently, standalone reports were the most common way for companies to disclose CSR information to their stakeholders (KPMG, 2008); however, increasingly companies are integrating their financial reporting with nonfinancial reporting in order to

provide all stakeholders with a complete picture of the organisation's overall performance (Eccles & Krzus, 2010; Visser et al., 2007). It is claimed in KPMG (2011) that "today, only 20 per cent of G250 companies rely solely on a standalone report; far fewer (10 per cent) rely only on a web-enabled iteration or an annual report. This trend seems to indicate the birth of a new era of 'sincere' CR (Corporate Responsibility) reporting, where companies actively encourage readers to examine and segment corporate CR data to suit their unique needs and interests" (KPMG, 2011, p. 22).

The existing corporate reporting system has evolved with separate reports, disconnected elements, and unclear critical interdependencies between strategy, governance, business operations and CSR performance (IIRC, 2011). Corporate reporting requirements have developed separately and differently in various contexts (Eccles & Krzus, 2010). This situation has made it difficult to compare overall company performance across various contexts. Therefore, there is a growing demand for a framework that brings together "the diverse but currently disconnected strands of reporting into a coherent, integrated whole, and demonstrate an organization's ability to create value now and in the future" (IIRC, 2011, p. 2). Many believe that integrated reporting (or as some call it One Report) will be a solution for the present corporate reporting issues (Eccles & Krzus, 2010; IIRC, 2011). To make it a success, the International Integrated Reporting Committee (IIRC), which consists of world leaders from the corporate, academic, accounting, securities, regulatory, standard-setting bodies, and civil society, drafted a landmark discussion paper called "Towards integrated reporting: Communicating value in the 21st century" and invited comments for further development (IIRC, 2011). According to KPMG (2011), "the concept of integrated reporting has exploded onto the CR (Corporate Responsibility) agenda over the past three years" (p. 23). Thus, the current trend of corporate reporting is towards integrated reporting.

2.3.9. Other developments and perspectives of CSR

Apart from the background presented above which influenced the development of CSR practice in developed as well as developing countries, several reasons can be identified for the increased interest in CSR reporting. During the past few years the context within which the global companies were reporting was shaped by several developments. These developments include: worldwide demand for transparency and accountability at an all-time high; expansion of corporate governance expectations and a renewed commitment to ethics; demand for a more complete picture of the health and stability of a company, where not only financial results are considered but also risk management practices and value creation in the environmental and social arena; and, significant discussions around regulation and mandatory transparency on governance, ethics, and other nonfinancial issues (KPMG, 2008, 2011). Within this given context, this chapter next reviews the prior CSR research studies with special reference to developing countries and identifies gaps in the CSR literature.

2.4. Classification of CSR literature related to developing countries

While some scholars have reviewed CSR literature along different time frames, most of these reviews focused mainly on CSR research in relation to the developed country context. Among these reviews, the articles of Mathews (1997), Lockett et al. (2006), and D'Amato et al. (2009) are considered important as they cover significant amounts of CSR literature.

Mathews' (1997) review can be considered as one of the most important contributions to the field. This article (Mathews, 1997) reviews 25 years of CSR literature from 1970 to 1995, and provides a structure and detailed bibliography for others to use. After a systematic study of the literature, Mathews comments on CSR trends. In answering the question posed in the title of the article (Is there a silver jubilee to celebrate?), he concluded that there is something to celebrate after

25 years. Mathews (1997) further comments that the continued success in the area is dependent on a relatively small number of researchers, academics, writers, and some specialised journals, without which there would be the risk of decrease in interests in CSR, and loss of what has been gained so far. Mathews (2002) further extended his study to cover CSR literature from 1995 to 2000, showing that the additions to the literature during this 5-year period were promising.

Through a literature review, Lockett et al. (2006) investigate the status of CSR research, based on research published from 1992 to 2002 in management journals. They reached three main conclusions: the most popular issues investigated were environmental and ethical; quantitative research overwhelmingly dominated the empirical CSR literature in management journals; and, the field of CSR was becoming more established and distinctive.

Recently, another CSR literature review was conducted by D'Amato et al. (2009) covering the publications from 2000 to 2009. They analysed a wide range of literature such as research papers, popular press articles, books and book chapters, and practitioner and expert writings. D'Amato et al. (2009) identified some themes running through the literature, provided an annotated bibliography, and finally conclude that there is a growing awareness that companies need to manage their relationship with a wider range of stakeholders.

As mentioned earlier, most of the CSR publications reviewed in these articles were based on developed countries. According to the United Nations (2007), national CSR agendas in developing countries have been less noticeable internationally, and have frequently not been labelled as CSR.

Visser (2008) identifies four reasons why it is necessary to focus on CSR in developing countries. First, developing countries are rapidly expanding and,

therefore, these countries offer profitable business opportunities (IMF, 2006). Second, in developing countries, social and environmental crises are usually most acute (UNDP, 2006; WRI, 2005). Third, social and environmental impacts (both positive and negative) due to globalisation, investment, economic growth, and business activities can have a greater effect on developing countries (World Bank, 2006). Fourth, there is a distinctive set of CSR agendas for developing countries, which are collectively quite different to those faced in the developed countries (Visser, 2008). Thus, CSR practices are important not only to developed countries, but also to developing countries, especially in contributing towards their social, environmental, and economic development.

Visser (2008) carried out a study to address the role of business organisations in tackling the critical CSR issues in developing countries. In this study he introduces a literature review classification which includes three different ways to classify CSR literature in developing countries: content theme, knowledge type, and analysis level. This classification is portrayed in Figure 2.4-1. Visser (2008) concludes that in each of these classifications, the literature on CSR in developing countries is different from that of developed countries.

Figure 2.4-1: Classification of literature on CSR in developing countries
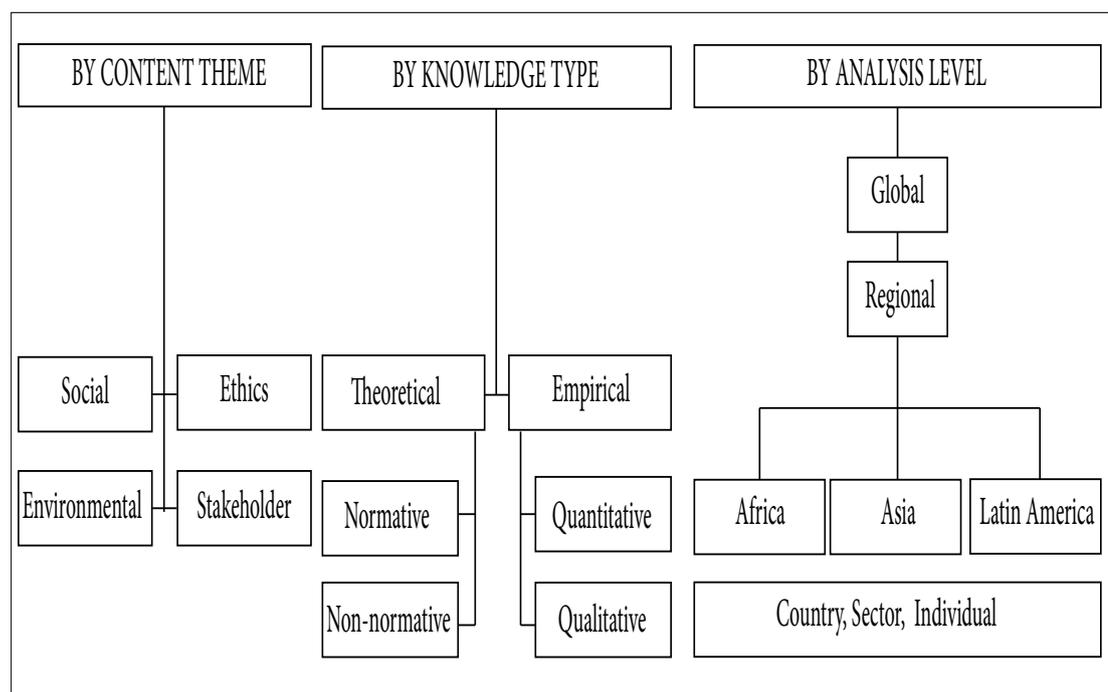
Source: (Visser, 2008, p. 475)

2.4.1. By content theme

Visser (2008) uses the classification that was introduced by Locket et al. (2006) which groups CSR themes into main four categories: social, environmental, ethics, and stakeholders. In applying this categorisation to the literature on CSR in developing countries, he concludes that "in contrast to Lockett et al.'s (2006) findings that most CSR articles in top management journals focus on ethical and environmental themes, most scholarly work on CSR in developing countries focuses on the social theme" (Visser, 2008, p.475). This difference could be because of the severity of social issues related to developing countries. Poverty, unemployment, disparity in income distribution, child labour, and AIDs are some examples for these critical issues in these countries. Within the limited CSR literature on developing countries, Schmidheiny (2006) found that "CSR in Latin America and the Caribbean has always been more focused on social issues than on environmental issues, perhaps because social issues have always been more acute. Wealthy Northerners look southwards and see rainforests and biodiversity; thoughtful Southerners look around them and see poverty, poor education, bad housing, scarce healthcare and all the rest of that grim list" (p. 21). Social issues in developing countries are given more political, media, and economic emphasis than ethical, environmental, or stakeholder issues (Schmidheiny, 2006).

Some CSR literature found that, while concentrating on social issues, managers tend to indicate their interest in activities related to "giving back to society". According to Jamali and Mirshak (2007), the activities related to giving back to society are directly related to discretionary responsibility as per Carroll's (1991) hierarchy of corporate social responsibility. Consistent with the views of Frederick (1994), Jamali and Mirshak (2007) stated that "the roots of this type of responsibility lie in the belief that business and society are intertwined in an organic way" (p. 247). According to Carroll (1979), discretionary responsibility activities include philanthropic contributions or involvement in community development

programmes. On the other hand, funds that are allocated for corporate social or community projects are categorised as a part of philanthropic responsibility by Visser (2008) in his attempt to reconstruct Carroll's CSR pyramid for developing countries. Further, the activities which come under giving back to society are broad (Jamali & Mirshak, 2007) and may have connections with culture and other contextual factors (Amaeshi et al., 2006). Overall, activities related to giving back to society are mostly oriented socially.

In line with the typical developing countries' CSR practices (Visser, 2008), it can be presumed that the employees from companies in developing countries tend to be involved in social activities. However, the examination of employee involvement in CSR activities has been undertaken on very few occasions. One of the few examples is Prayukvong and Rees' (2010) study of employee volunteer programmes in three business firms in Thailand, using a Buddhist economic framework. They concluded that, when the employee volunteer programmes are conducted within this framework, "the programme can be embedded into business practices including human resource development and the organisational development process . . . This may be of value to organisations in the West" (p. 75). Another study by Tamm, Eamets, and Mõtsmees (2010) investigated how responsible behaviour of business firms would impact workers' satisfaction, based on a survey of 3637 workers in Estonia, Latvia, and Lithuania. These researchers concluded that various aspects of the employees' job satisfaction are "noticeably higher in firms that are perceived as more engaged in CSR activities" (p. 3).

2.4.2. By knowledge type

Analysing CSR literature in developing countries by knowledge type, Visser (2008) concludes that the balance of CSR theoretical papers is almost evenly split between nonnormative and normative. However, Lockett et al. (2006) found that the balance between nonnormative and normative papers in developed countries was 89 per

cent to 11 per cent respectively. Compared to mainstream studies, there is lack of nonnormative studies for developing countries. In a way, this thesis contributes towards this gap in the literature, by examining and explaining the existing nature of CSR practices in a developing country, instead of tending to create or prescribe normative ideologies. With regard to empirical CSR research, the majority of papers in developed countries are overwhelmingly dominated by quantitative research (80 per cent) (Lockett et al., 2006), whereas empirical CSR research studies in developing countries are more likely to be qualitative (Visser, 2008).

2.4.3. By analysis level

Reviewing the literature by analysis level, Visser (2008) indicates that there are very few studies carried out on the nature and extent of CSR in the context of developing countries; only "a fifth of all developing countries have had any CSR journal article published on them" (p. 476). China, India, Malaysia, Pakistan, South Africa, and Thailand are the countries which are analysed, and are studied most in developing country CSR literature, while Sri Lanka, the Pacific Forum Islands, Vietnam, and Bangladesh are countries that have received less attention in CSR literature. In addition, CSR research studies in developing countries at the sector and corporate level remain relatively scarce. This thesis addresses the imbalance.

2.5. A review of extant literature on CSR practices

Some studies have been published over the recent years to identify the nature and extent of CSR practices. In discussing the extant literature on CSR practices, two aspects are mainly considered important: the status of CSR disclosure practices and drivers/motives of and for CSR practices. In the CSR literature, the findings of two recent surveys have been identified and referred to often: KPMG (2011) and ACCA (2010). KPMG conducts CSR reporting surveys internationally every 3 years. Prior to 2011, KPMG conducted a 2008 survey with 22 countries[3] covering

---

3   These 22 countries are Australia, Brazil, Canada, Czech Republic, Denmark, Finland, France, Hungary, Italy, Japan, Mexico, Norway, Portugal, Romania, South Africa, South

the largest 100 companies in each of these countries, totalling 2200 global business organisations (KPMG, 2008). In addition, they considered the world's largest 250 companies, which were drawn from the 2007 list of Fortune Global 500 companies. The KPMG 2011 CSR survey expands to 34 countries[4] and considers the largest 100 companies in each of these countries, totalling 3400 business organisations. The world's largest 250 companies were also reviewed again. The KPMG 2011 survey study examines CSR reporting and assurance practices, addressing key issues such as CSR reporting benefits, the drive for global standards, and the adoption of integrated reporting (KPMG, 2011).

Understanding the importance of the CSR perspective in developing countries, ACCA, with the collaboration of the CSR Asia and the CorporateRegister.com, implemented a survey study (ACCA, 2010) with the objective of providing an overview of CSR practices and regulatory requirements of reporting in selected member countries[5] of the Association of South East Asian Nations (ASEAN). The ACCA (2010) study examines regulatory demands as well as voluntary guidelines for sustainability reporting in the selected ASEAN countries, and highlights the extent of the use of globally accepted CSR standards employed by the companies and their linkages to stakeholder expectations. The ACCA (2010) study conducts five in-depth interviews in each of the selected ASEAN countries in order to investigate report resources and drivers, report benefits and obstacles, report standards and assurance, report audience, and the future of reporting.

There are some limitations in the ACCA (2010) study: it examines only the companies which have published CSR standalone reports or detailed CSR information online. The ACCA study excludes those companies which publish

---

Korea, Spain, Sweden, Switzerland, The Netherlands, United Kingdom and United States.

4   These 34 countries include all the 22 countries in the 2008 list except Czech Republic and Norway. Fourteen newly added countries include Bulgaria, Chile, China, Germany, Greece, India, Israel, New Zealand, Nigeria, Russia, Singapore, Slovakia, Taiwan, and Ukraine.

5   The selected ASEAN countries are Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

CSR information in an integrated annual report. This is definitely a shortcoming of the study because "integrated reporting would imply a full picture of the company's comprehensive business performance", which is the current trend in CSR reporting (KPMG, 2011, p. 23). Only five companies from each of the selected ASEAN countries were interviewed, and the selection base for these companies was not mentioned. Different interview methods were adopted: by phone, in person, and by email, and different interviewers were employed. This situation may have led to inconsistency in collecting data for the research. The ACCA study is basically aimed at overall CSR practices of selected developing countries, which only touches on the surface of the practices. On the other hand, KPMG's survey project concentrates on secondary data such as published annual reports, sustainability reports, and company websites and focuses on large companies around the world – most of which are based in developed countries. Neither of these studies tries to look at the results/findings through social theories. In contrast, this thesis relies on primary data and focuses on large listed companies in a particular developing country. Further, the results/findings of the study were analysed through social theories such as legitimacy theory, stakeholder theory, and institutional theory. A brief introduction of these theories is given later in this chapter and a detailed discussion is provided in Chapter Five.

2.5.1. Status of CSR disclosure practices

Regardless of the voluntary nature of CSR disclosure, it has been tremendously and continuously increased over the last two decades (ACCA, 2010; KPMG, 2002, 2005, 2008, 2011). For example, the KPMG 2011 study reveals that 95 per cent of the largest 250 companies (G250) worldwide do report on their CSR performance. In 1999, the proportion of G250 companies issuing corporate environmental/ responsibility reports was just 35 per cent and this percentage increased in 2002, 2005 and in 2008 to 45, 64, and 83 per cent respectively, and finally, to 95 per cent

in 2011 (KPMG, 2002, 2005, 2008, 2011)[6]. With regard to the world's 250 largest companies, KPMG insists that, "the question is no longer 'Who is reporting?' but 'Who is not?' Corporate responsibility reporting is now a mainstream expectation of companies" (KPMG, 2008 p. 14).

In 2011, the CSR reporting percentage had increased by more than 14 per cent since its last survey in 2008, suggesting that "it now seems to have become virtually mandatory for most multinational companies, almost regardless of where they operate around the world" (KPMG, 2011, p. 6).

Historically, the companies in Scandinavian countries led the way in providing corporate responsibility reports (Owen, 2003), but throughout the first decade of the twenty-first century this situation has changed. According to KPMG's (2008, 2011) surveys, the companies in the UK and Japan topped the list in disclosing corporate responsibility issues. In 2008, the UK and the Japanese companies recorded the highest CSR reporting rate of 91 per cent and 93 per cent respectively, and in 2011, the reporting rates of these countries increased to 100 per cent and 99 per cent respectively. Regionally, European companies which traditionally led in reporting on CSR initiatives continue to lead the regions, with 71 per cent, but other regions like America (69 per cent), and developing country regions like the Middle East and Africa (61 per cent) are quickly catching up. However, Asian Pacific countries continue to lag behind, with 49 per cent of companies reporting on CSR initiatives. Just 20 per cent of the largest 100 (N100) companies disclose CSR initiatives in India, which is the only South Asian country in the sample. With regard to the Sri Lankan context, Fernando and Pandey (2012) revealed that 34 per cent of 232 companies listed on the Colombo Stock Exchange (CSE) adopted CSR reporting.

---

6   KPMG survey results from 1999 to 2002 represent separate/standalone CSR reports only and ignore CSR disclosure in annual reports. Due to the trend of integrated reporting, after 2005 KPMG surveys consider CSR disclosures published as part of an annual report in addition to standalone reports.

Overall CSR reporting is highly encouraging, but the companies in the Asia Pacific region are trying to improve their CSR reporting to close the gap with other developing regions. This claim can be justified by the ACCA (2010) survey study which reveals that the CSR reporting in ASEAN countries[7] has considerable scope for improvement, while at the same time the study predicts that the number of companies publishing CSR reports will increase over the coming years. The study further emphasises that, although CSR reporting in ASEAN countries cannot yet be described as mainstream, the high commitment to transparency over the last decade indicated a clear trend. Keeping the momentum of increasing CSR reporting in large corporations (KPMG, 2008, 2011), the number of companies producing CSR reports has increased throughout the selected ASEAN countries. The ACCA study (2010) reveals that in 2006 the CSR reporting companies had increased significantly in ASEAN countries. This increase could be due to the fact that the governments and the regulators of these countries were eager to promote and motivate their companies to be involved in CSR reporting, and started to introduce new laws, regulations and guidelines for the companies operating in their countries.

For example, in 2007, the Indonesian government introduced CSR legislation through a companies' Act, which requires the companies in the natural resource sector to conduct corporate social and environmental responsibility (CSR) activities ("Law of the Republic of Indonesia number 40 of 2007 concerning limited liability companies," 2007). Then in 2012, through the Government Regulation number 47 on CSR, the government extends its mandatory CSR obligations of company regulation to other companies such as state-owned companies, companies that engage in business in the fields of industry, forestry, oil and gas, geothermal, water resources, coal and mineral resources, electricity, environmental protection and management, antimonopoly and unfair business competition, human rights, labour, and consumer protection (Karyadi & Marseille, 2012).

---

7   The selected ASEAN countries are Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

With regard to Indonesian mandatory CSR disclosure, "CSR activities are required to be calculated as part of a company's operational cost and must be included in the annual report" (Karyadi & Marseille, 2012, p. 1). This requirement appears to be unique, especially in ASEAN countries. Further, in the Philippines a senate bill (2747) on CSR was prepared and submitted in 2011 ("Act of institutionalizing corporate social responsibility among large tax payers and providing incentives therefore," 2011). Once this legislation is enacted, all large tax-paying corporations will be required to consider the interest of society by taking responsibility for the impact of their activities in relation to stakeholders and the environment. Section 6 of the Act indicated the mandatory requirements of CSR disclosure: "All large tax payer corporations shall submit as part of its annual report to Securities and Exchange Commission (SEC) the list of activities relative to their corporate social responsibility" (p. 5). Furthermore, the stock exchange of Malaysia in 2006 amended its listing rules and added a requirement for listed companies to provide a description about their CSR activities.

However, in the Sri Lankan context, such kinds of legislation related to CSR in the corporate sector do not exist; nevertheless, Sting Consultants (2011) insists that companies in Sri Lanka "cannot afford to wait until sustainability disclosure requirements become mandatory" (p. 124). Apart from the aforementioned new regulations in the Asian region, the growing awareness among local media and civil society about sustainability concerns could be considered as some of the other reasons for increased CSR reporting.

Although CSR disclosure has continuously been increased, companies tend to refrain from disclosing negative CSR information (Chu, Chatterjee, & Brown, 2013; Luo, Meier, & Oberholzer-Gee, 2012; Milne & Patten, 2002). Luo, Meier, and Oberholzer-Gee's (2012) recent research findings suggest that "a strong CSR record can be a liability" (p. 2) rather than an insurance for a company's reputation.

They conclude that to be in a position that minimises the risk of media coverage in the case of an accident, like an oil spill, a company's CSR performance should be neither superior nor poor, but "in the middle of the pack" (p. 4).

2.5.2. Drivers or motives for CSR practices

Mostly, CSR practices are voluntary in nature, but these practices, as discussed above, are continuously increasing, thus, finding the motives behind these practices is quite important and interesting, because these drivers are context driven. Involvement in CSR activities or CSR performance and voluntary disclosure of such information are interrelated most of the time. Thus, motives for undertaking CSR activities and motives for disclosing them need to be analysed separately, because for some companies, their reasons for undertaking these two interrelated exercises may be different, and for some others these reasons may be the same. There could be companies that are involved in CSR activities, but are not involved in reporting. Therefore, motives can exist for disclosure as well as for nondisclosure of CSR information. Motives for nondisclosure are possibly just as important as motives for CSR disclosure. In this thesis, both motives are investigated and this section provides a review of extant literature on CSR motives.

Both KPMG's (2008, 2011) CSR reporting surveys and ACCA's (2010) survey addressed motives for CSR reporting. According to KPMG, during the 3 years since the last survey in 2008, the importance of most of the CSR reporting drivers did not change much except for one driver, that is economic considerations, which dropped sharply from 68 per cent to 32 per cent (KPMG, 2011). The leading five main drivers for CSR reporting are: reputation or brand (67 per cent); ethical consideration (58 per cent); employee motivation (44 per cent); innovation and learning (44 per cent); and, risk management and risk reduction (35 per cent). "Economic considerations" which was ranked second in 2008, dropped to seventh in ranking in 2011. "Reputation or brand" as a driver for CSR reporting has

jumped significantly over the past 6 years since 2005 from 27 per cent to 67 per cent. This result reflects the fact that companies might have thought that avoiding or mishandling their corporate responsibilities could be harmful to their brand or reputation. When these global results were compared with those in ASEAN countries, four main internal drivers were highlighted: to provide information to stakeholders; to commit to CSR by the management; to fulfil their vision to CSR; and, to improve continuously (ACCA, 2010). Most respondents highlighted one main external driver for CSR reporting: the commitment to report publicly to stakeholders about the activities of their organisations. Instead of being a driver, "promoting reputation and brand" is considered as a key benefit of CSR reporting by a considerable number of companies. With regard to the world's largest 250 (G250) companies, "cost savings" remains the least important driver for CSR reporting (KPMG, 2011). In 2011, only 10 per cent of the G250 companies indicate that cost savings is a driver for CSR reporting. At the same time, close to half of the companies (47 per cent) indicate that they gain financial value from their CSR programmes, but only very few of these companies' CSR reporting is driven by this factor. Financial value can be gained either by saving cost or increasing revenue. Therefore, most of the G250 companies focus on increased revenue by integrating corporate responsibility into products and markets to gain financial value. KPMG (2011) emphasises that if companies want to integrate corporate responsibility into products and markets, they need to "significantly change their processes and approach to product development and supply chain efficiencies" (p. 18).

Visser (2008) identifies 10 major drivers: cultural tradition, socioeconomic priorities, political reform, governance gaps, crisis response, market access (all these are as internal drivers), international standardisation, investment incentives, stakeholder activism, and supply chain (external drivers). If a driver originates from outside of the country, then he defines it as an external driver, otherwise he defines it as an internal driver. The above mentioned drivers can be considered as the factors which make CSR in developing countries different from that of developed countries.

For the Sri Lankan context, CSR endeavours were driven by the pressure imposed by the foreign clients and partners, especially in the export-oriented companies (Kumar, Murphy, Mortier, Rathnasiri, & Gunaratne, 2004). This study was conducted when the export-oriented garment industry was at its peak in Sri Lanka. Thus, pressure towards the adoption of CSR practices could be expected from their foreign counterparts.

White (2008) also highlighted that the pressure through supply chain, and global standardisation and norms such as GRI, ISO, and the UN global compact are gradually driving companies towards a set of common norms. He, however, contends that this is "only a partial truth", because "corporate cultures remain distinct in part because national cultures are different. Every country has a unique culture defined by shared spirituality, beliefs, values and rituals" (p. 3). Scholars argue that the present CSR practices in developing countries are influenced by their historical cultural traditions (Amaeshi et al., 2006; Frynas, 2006). Even within Asia, CSR performance varies significantly between countries, not only because of the development levels, but also because of the characteristics in the respective national business culture (Birch & Moon, 2004). For example, ethical and social condemnation of lending money at an excessive rate of interest (usurious business practices) in developing countries with varying religious backgrounds rooted in Buddhism, Islam, Hinduism, and Christianity dates back thousands of years (Visser & Macintosh, 1998). Vives (2006) finds that ethics/religious beliefs are one of the major CSR drivers for small and medium enterprises in the Latin American region. Nelson (2004, 2010) argues that Buddhist teachings in Asia are aligned with CSR and encourage self-righteousness in doing business. Furthermore, White (2008) argues that cultural differences are important in determining the nature of CSR practice, and also they shape the expectations of the community towards the business. Taking the Asian countries as an example, he further emphasised that "the communitarian culture of Asian nations has a direct effect on Asian enterprises,

and is expressed in how corporations view their responsibilities toward employees and communities" (White, 2008, p. 4). However, there is only limited literature to explain or justify these arguments with empirical evidence or with real life examples; also these situations are "difficult to document, and much more difficult to quantify" (White, 2008, p. 4). As a part of this thesis, the researcher tries to document, using empirical evidence, how Sri Lankan culture impacts on the CSR decisions of corporate managers.

2.5.3. CSR practices in New Zealand

Using the results of questionnaire survey study and a New Zealand-based study, Chapter Seven attempts to make a comparison of CSR practices between two countries. The New Zealand study used for this comparison was conducted by Collins, Lawrence, Roper, and Haar (2010) in a similar time horizon to that of the Sri Lankan survey. The study of Collins et al. (2010) is a country-specific national survey which explores the nature and extent of CSR practices of businesses in New Zealand. This study deals with information on CSR practices of New Zealand businesses from 2003 to 2010, and highlights the impact of the global recession on CSR practices (For more details, see Collins & Lawrence, 2005; Collins, Lawrence, & Roper, 2007.). So, both past and current data are available for the context of New Zealand, although, most of the attention is given to the current data which are contained in the 2010 study. With the aim of comparison, the questionnaire instrument of the 2010 New Zealand study (Collins et al., 2010) has been used for the survey questionnaire of this thesis. With the authors' permission, minor modifications were made to adjust it to the Sri Lankan context. In the analysis, the respondents have been categorised into three groups: small (0-9 employees), medium (10-99 employees), and large (more than 99 employees), in order to examine the differences among groups. The study achieved a 30 per cent response rate, finally receiving completed questionnaires from 426 small, 188 medium, and 136 large companies. Before discussing the findings of this study, the next section provides a brief introduction to CSR in New Zealand.

2.5.3.1. Introduction to CSR in New Zealand

According to Roper (2004), before the late 1990s very little was known about CSR practices related to the context of New Zealand. Hackston and Milnes' (1996) study of CSR determinants, Davey's (1982), and Ng's (1985) studies of CSR disclosure are definite examples for New Zealand CSR studies in the 1990s and in the 1980s. According to Eweje and Bently (2006), the CSR phenomenon was not prominent as a management concept in the early 2000s, but they emphasised the importance and the growing momentum of the CSR concept. Even now, "despite a great deal of rhetoric surrounding CSR practices, little evidence is available about the extent of practices" (Lawrence, Collins, Roper, Haar, & Botes, 2012, p. 1).

Perhaps, because of this, in late 2003, the Sustainability Business Network (SBN) sponsored a study to investigate CSR practices in small, medium, and large companies in New Zealand (Collins & Lawrence, 2005; Eweje & Bentley, 2006). As mentioned earlier, after this study another two connected studies were conducted in 2006 (Collins et al., 2007) and in 2010 (Collins et al., 2010). Griffiths, Lindesay, and Field (2006), in collaboration with the URS New Zealand, conducted another New Zealand CSR research study for the Parliamentary Commissioner for the Environment. This study provided an update of Triple Bottom Line (TBL) reporting in New Zealand between 2002 and 2006, and emphasised that, in 2002, CSR reporting in New Zealand was in its early stages. The study further highlighted a series of initiatives introduced during this period to encourage uptake of CSR reporting in the business community in the country (Griffiths et al., 2006).

Another study by Lawrence, Collins, Pavlovich, & Arunachalam (2006), which was related to sustainability practices of SMEs in New Zealand, discussed the possibilities of linking individual firms' activities to sustainability using the communitarian model of accountability. Furthermore, Dobbs and Staden (2011), in a recent study, investigates corporate motivations for CSR reporting in New

Zealand and concludes that a member of the senior management of the companies is the main driving force for the sustainability agenda and "community concerns and shareholder rights are the most important factors that influence the companies' decision to report" (p. 1).

In addition to these CSR studies, some scholars investigated other aspects of CSR in New Zealand such as language usage in CSR reports (Milne, Walton, & Tregidga, 2009), the relationship between the text and context (Tregidga & Milne, 2006), and paradigm shifts and sustainable business practices (Bather, Foo, Kelly, McCourt, & Singh-Ladhar, 2012).

However, it was hard to find comparative CSR studies between New Zealand and any other context, either with a developed country or developing country. Nevertheless, some other CSR comparative studies for different country contexts do exist (for examples: Chapple & Moon, 2005; Golob & Bartlett, 2007; Mathis, 2004), but the relative dearth of such literature is quite apparent. Furthermore, Blasco and Zølner (2010) said, "Scholarship on corporate social responsibility (CSR) shows both that the concept itself is interpreted in a multitude of different ways and that significant cross-cultural differences exist in the way that business approaches the question of social responsibility and ethics. Little comparative work, however, has yet been carried out that investigates the reasons behind such differences" (p. 216). Thus, Chapter Seven makes an attempt to address this gap in the literature by comparing and contrasting CSR practices in developed and developing country contexts, drawing mainly on the findings from two surveys of New Zealand and Sri Lanka which used almost similar questionnaire instruments.

The next part of this section discusses the findings of the study by Collins et al. (2010). In this survey, environmental practices and social practices are analysed separately. In addition to these practices, internal and external pressures to make environmental and social improvement, and barriers and drivers to adopting CSR activities, are also examined.

2.5.3.2. Environmental practices

According to the results of the study, the most common environmental practice is recycling (nearly 80 per cent), followed by considering environmental impacts of their products, and establishing an environmental policy statement. The research shows that there was an increase in commonly adopted environmental practices between 2003 and 2006 (Collins et al., 2007), but in 2010 the results show a twofold story: one is supportive of the business case and the other is not. Despite the economic downturn, the surveyed companies, which are members of the Sustainable Business Network (SBN), increased the adoption of environmental practices, suggesting that they may rely on gaining competitive advantage and may have embedded sustainability into their overall corporate strategy.

The negative aspect of the story is that the non-SBN member survey respondents reduced most environmental practices, suggesting that for this group environmental activities are the first to be reduced during an economic downturn. This bias can be determined by looking at CSR practices of New Zealand businesses with no affiliation to SBN, as these respondents are more representative of New Zealand businesses generally. The survey (Collins et al., 2010) shows that, when compared to the 2003 and 2006 survey results, the unaffiliated businesses significantly decreased most of their environmental practices during the economic downturn.

Apart from SBN affiliation, firm size is another criterion for segmenting companies moving in the opposite direction with regard to environmental practices. This is called the sustainability divide, and it refers to "the difference between those taking advantage of the latest global trend, sustainability, and those who are falling behind" (Collins et al., 2010, p. 9). During the recession, small companies decreased their environmental practices more, compared to those of large companies. This move will be detrimental for a country like New Zealand where 99 per cent of the businesses are small or medium-sized, and will prevent the achievement of national environmental objectives.

2.5.3.3. Social practices

Collins et al. (2010) reveal that New Zealand companies are more engaged in social practices than in environmental sustainability practices. Providing time and money for charity (64 per cent) is the most common social practice within respondents' businesses, followed by maintaining family-friendly policies, undertaking local community projects, and providing job training for their employees. The respondents prioritised programmes that benefited young people when selecting their community projects.

In formulating social sustainability strategies, the managing director (67 per cent) plays a dominant role, followed by the human resources manager (12 per cent). In large firms, the marketing manager (21 per cent) comes into play, in addition to the managing director (47 per cent) and the human resources manager (38 per cent). As Collins et al. (2010) contend, "policies regarding employees are a logical fit with human resources and a marketing department can help ensure that companies get the most brand value from their charitable giving" (p. 10).

When it comes to social practices in New Zealand companies by firm size, the study showed that large firms are more likely to engage in social activities compared to small and medium-sized firms. This comparison is statistically significant when comparing large with small-sized firms. Also, 10 per cent of small-sized firms do not engage in any social activities, compared to 2 per cent of medium-sized and large-sized firms.

Another important result was found in Collins et al.'s (Collins et al., 2010) New Zealand study in comparison of their previous study (Collins et al., 2007), i.e., although both SBN-affiliated firms and non-SBN firms decreased their engagement in social (as well as environmental) activities, the drop was much higher for non-SBN firms (20 per cent) than for SBN-affiliated firms (5 per cent), suggesting

that firms with affiliations are much more likely to have embedded their CSR practices than are nonaffiliated firms even in the bad times such as an economic recession, because by being affiliated, the firms tend to be institutionalised within their member firms. There could be an isomorphic pressure within the affiliated firms. By referring to DiMaggio and Powell (1983), Hambrick, Finkelstein, Cho, and Jackson (2004) indicated that "organizations, in their quest for legitimacy, are subjected to isomorphic pressures which produce increasing similarity among peer organizations over time" (p. 307). The affiliated firms are more established fields than nonaffiliated firms; therefore, there could be an inexorable push toward homogenisation.

2.5.3.4. Drivers, barriers, and pressures for CSR reporting

Collins et al. (2010) reveal that the "values and beliefs of senior management" (44 per cent) is the most cited internal pressure to adopt CSR practices, while 53 per cent of firms indicated that they have no external pressure to adopt CSR practices. It is a surprise to see how the recession impacted on the values and beliefs of senior management, with this driver dropping to 44 per cent in 2010 from 52 per cent in 2006. Collins et al. (2010) surmise, "it seems when managers are fighting for the survival of their business the values shift from treating their workers and community well, to trying to keep the business afloat" (p. 18).

Overall, the respondents indicate the fact that the pressure to adopt CSR practices decreased during the economic downturn may be due to a shift in management expectations. However, firms with affiliations to sustainability networks are more likely to feel internal and external pressure, compared to nonaffiliated firms.

Reputation and brand (57 per cent) was reported as the most common driver for adopting CSR practice in their firms, while the cost implications (56 per cent) are reported as the most common barrier to adopting CSR practice. However, 30 per cent of firms indicated that cost reduction is also a driver for adopting CSR practice.

Despite the fact that the firms which are not affiliated with SBN, NZBCSD or CIMA are reducing their uptake of CSR practices, it was observed that the number of companies marketing themselves by claiming to be part of "clean green New Zealand" continuously increased from 17 per cent in 2003 to 30 per cent in 2010. Collins et al. (2010) warned that this practice could damage New Zealand's national branding and current competitive edge. A very few companies (7 per cent) modified their accounting system to integrate the cost and savings from social and environmental initiatives, suggesting that most of the corporate accountants and managers are not concerned about setting up an accounting information system that provides vital information for CSR reporting.

2.5.4. CSR practices in Sri Lanka

Although the evidence exists for CSR engagement in the business sector in Sri Lanka (CCC, 2005), relatively limited CSR related research has been conducted for the Sri Lankan context (Fernando & Pandey, 2012; Khan & Beddewela, 2008; Thoradeniya, Lee, Tan, & Ferreira, 2012; Visser, 2008). There is virtually no CSR research before the year 2000. Also, most of the earlier studies are brief. Most Sri Lankan CSR research efforts are survey studies, focusing on CSR disclosure practices and adopting content analysis. For example, using the environmental evidence from private sector organisations, a study was conducted by Rajapakse (2001) on the stakeholder expectation gap of environmental reporting. He concluded that the level of environmental reporting was significantly beyond the expectations of stakeholders. Further, other studies observed an increased trend in stakeholder expectations, although most of the companies restricted their reporting only to financial aspects (Rajapakse, 2003, 2005).

A survey in 2003 revealed a lack of understanding and knowledge of CSR with regard to companies in Sri Lanka; nevertheless, it revealed that most companies are engaged in social activities (CCC, 2005). In a relatively recent study, Rajapakse

and Abeygunasekera (2008) investigated the motives, benefits, and barriers of CSR reporting in Sri Lanka by employing the case study approach together with a content analysis method. The annual report data and interview data were collected from three listed companies. The study concluded that two of the three companies engaged in CSR reporting, because the "stakeholders want them to be transparent about their activities" (Rajapakse & Abeygunasekera, 2008, p. 54). However, they have not revealed what kind of stakeholders; consequently, it is not possible to check whether this finding is only relevant to economically powerful stakeholders. Rajapakse and Abeygunasekera identified the third case company's CSR reporting motive by means of legitimacy theory, as the company tries to conform to the norms of society (Rajapakse & Abeygunasekera, 2008).

Senaratne (2009), through another study, investigated CSR disclosure practices in Sri Lanka, and found that, although it is not mandatory, there is strong evidence that companies tend to engage in CSR reporting. However, she found a significant variation between companies with regard to the level of such reporting. Collecting data from listed companies through a questionnaire survey, Sheham and Jahfer (2011) tried to examine the relationship between CSR activities and financial performance in Sri Lanka. They found significant positive correlations only in employee relations and customer/supplier relations, when these were compared between companies' financial performance. However, they did not make any differentiation between local and foreign customers/supplier relations. If they had done so, they could have produced further important information.

Fernando and Pandey (2012) carried out a survey by collecting data, through corporate reports of Sri Lankan listed companies and from a questionnaire survey, in order to investigate the nature of CSR practices using the content analysis method. The authors collected both quantitative and qualitative data from 232 listed companies representing 20 business sectors. These companies all divided into either CSR reporting companies – adopters, or CSR nonreporting companies

– nonadopters. Through analysis, they found that only 34 per cent (78 companies) of the 232 companies had adopted CSR reporting practice. Surprisingly, they found that all the companies operating in "Constructions and engineering", "Information technology", "Oil palms", "Services", and "Stores and supplies" were nonadopters. Further, they found that the CSR reporting that was done was often unsatisfactory with regard to the quantity and quality of company CSR reporting and, in agreement with the findings of Senaratne (2009), the level of disclosure varied significantly among reporting companies. It was found that only 12 companies had followed GRI G3 guidelines for CSR reporting. Finally, the authors emphasised the current low level of reporting in Sri Lanka and raised a question as to why companies are not interested in engaging in CSR reporting in Sri Lanka, and called for further research on this aspect (Fernando & Pandey, 2012).

Moving away from CSR disclosure, Rathnasiri tried to explore the state of CSR understanding, commitment, and practices of Sri Lankan companies which covered different industry sectors (Rathnasiri, 2003). Using a questionnaire survey as the main research instrument, he used company management, employees, and civil society to identify various perspectives in exploring the level of CSR engagement. Rathnasiri (2003) concluded that CSR was still a novel concept in Sri Lanka and the most common perspective was centred on philanthropic activities. He found that "most people are ignorant of the broader objectives of CSR . . . In addition, Sri Lankan civil society including employees of organizations is also not aware of the true [normative] meaning of CSR" (Rathnasiri, 2003, p. 223).

In agreement with the literature, the findings suggest that different people perceive the CSR phenomenon in different ways. Examining another perspective, the study revealed that most of the respondent firms have created vision/mission statements, but with minimal engagement with their stakeholders. Using the Sri Lankan research evidence, Rathnasiri (2003) argues that the survival of most of the companies depends on the level of relationship they maintain with the existing

government, because "the corporate sector in many ways has been subjected to political manoeuvring which has affected society" (Rathnasiri, 2003, p. 224). He further indicated that companies which flourished under one regime struggled under another, especially large companies engaged in supplying products and services to the Sri Lankan government, thus, "funding politicians and political parties has become an accepted norm, but in turn has become the bane of society, which is riddled with bribery and corruption" (Rathnasiri, 2003, p. 224). He noted that the respondents were reluctant to comment on such matters as they were sensitive concerning their companies' survival. Although the researcher (Rathnasiri, 2003) did not consider mainstream CSR theories in analysing the data, these results support the managerial perspective of stakeholder theory which gives prominence only to powerful stakeholders, in this case the government. As a part of a process of understanding and encouraging corporate responsibility in South Asia, the abstract version of the above study has been published in another article which draws on a different perspective (Kumar et al., 2004).

Thoradeniya, Lee, Tan, and Ferreira (2012) surveyed a relatively different aspect of CSR reporting in Sri Lanka. They employed the theory of planned behaviour in order to examine the influence of managers' attitudes and other psychological factors on CSR reporting behaviour from the perspective of Sri Lanka as a developing country. Collecting 233 usable questionnaires by achieving a nearly 25 per cent response rate, they tested the hypothesis using the partial least square model. The findings indicate that the managers' attitudes and other psychological factors influence managers' intentions to engage in CSR reporting. However, they found that in most of the companies this intention is not translating to the actual practice of CSR reporting mainly because of the managers' lack of a sufficient degree of control over the CSR reporting process. Normatively, the authors suggest that by considering the role of psychological variables in the CSR process, the companies need to invent more effective corporate strategies in order to promote CSR reporting in Sri Lanka.

The majority of the Sri Lankan CSR studies are related to CSR disclosure practices and have used a quantitative/positivistic approach. Almost all of these studies are discussed above and it is evident that none of these studies considered Sri Lankan cultural impacts on CSR practices. A few studies which contribute to bridging this gap can be found in the literature (Fernando, 2007, 2010a, 2010b; Fernando & Almeida, 2012). Most of these studies employed case study approach and focused especially on examining Sri Lankan corporate sector CSR behavioural practices after the Boxing Day 2004 Indonesian tsunami. For example, collecting data through 21 interviews with business leaders, civil society leaders, and donors and victims of the 2004 Indonesian tsunami, Fernando (2007) investigated how Sri Lankan corporate managers engaged in CSR initiatives during 11 months just after the 2004 tsunami. Employing two large Sri Lankan private sector companies as case studies, this study further addressed "decision-making challenges in shaping the intent and extent of the CSR initiatives in a community with a long history of charitable giving" (Fernando, 2007, p. 1). After analysing in-depth, face-to-face interviews the paper proposed a conceptual model and explained "virtuousness as a necessary attribute of genuineness in tsunami- related CSR initiatives" (Fernando, 2007, p. 1). He compared two case companies and identified some implications. From the findings he concluded that during the earlier stages of a natural disaster with a high magnitude of human tragedy, firms' CSR initiatives are "more likely to be shaped by 'management strategies' that generate a high level of genuineness" (Fernando, 2007, p. 1).

This 2007 study was extended in a later study (Fernando, 2010a) which considered the period of 35 months after the 2004 tsunami. In this extended study, he examined what influences the passage of time – after a high magnitude of natural disaster – has on the organisational virtuousness using CSR initiatives of the same two case companies. Finally, the study explained "how genuine intentions of engaging in CSR activities could generate outcomes such as enhanced reputation that improve

the profitability of the firms" and at the same time it explained how these outcomes are most likely to raise doubts about moral intentions of CSR initiatives (Fernando, 2010a, p. 68). In another single case study, Fernando and Almeida (2012) examined the organisational virtuousness of strategic CSR initiatives in one of the largest Sri Lankan apparel companies. The findings of the study explained how this company's "strategic CSR initiatives could be virtuous due to positive contributions to the community" with regard to three dimensions: moral goodness, human impact, and unconditional societal betterment, regardless of generating profits by improving publicity and reputation (Fernando & Almeida, 2012).

All three case companies discussed in the above three case studies (Fernando, 2007, 2010a; Fernando & Almeida, 2012) have significant international influences through the international supply chain process and/or as a parent company. However, these three studies have not discussed the behaviour of local indigenous companies.

Overall, a small number of CSR studies make up the CSR literature in Sri Lanka, and these are highly concentrated on CSR disclosure practices. Methodologically, most of these studies use secondary data; most employed the content analysis method, and applied a quantitative positivistic approach. None of these studies extensively used mainstream CSR theories such as legitimacy theory, stakeholder theory, and institutional theory, in analysing and explaining their collected evidence. Even exceptions to the majority of the studies noted above used the case study method and concentrated on a specific incident such as the 2004 tsunami. Although rich data were collected through interviews, in these studies too local indigenous companies were ignored. In responding to these gaps in the CSR literature this thesis explores a number of underresearched areas: 1) it considers both local companies and companies with international links; 2) it relies mainly on primary data collected through questionnaire survey and interviews; 3) it focuses on both operational and disclosure practices of CSR; 4) it utilises both a quantitative positivistic approach and qualitative nonpositivistic (mixed method) approach; 5) it employs mainstream

CSR theories to construct a theoretical framework to use in analysing and explaining collected evidence; and, 6) most of all, this thesis considers the influences of the unique Sri Lankan historical, cultural and customary traditions on the country's corporate CSR practices.

2.6. Theoretical perspectives underpinning CSR

There is no commonly agreed theoretical perspective in explaining corporate behaviour in relation to CSR practice (Belal, 2008; Gray, Owen, & Adams, 2010), but some theories exist to explain why business organisations engage in CSR activities and disclosure. The three main theories articulated in the CSR literature are legitimacy theory, stakeholder theory, and institutional theory (Deegan, 2009; Gray et al., 2010).

Legitimacy theory and stakeholder theory are the most utilised theoretical perspectives in CSR research studies (Orij, 2007). The two theories are derived from the bourgeois form of Political Economy Theory (PET) to explain CSR practices (Guthrie & Parker, 1990; Williams, 1999). Legitimacy theory implies that the business organisations and society are in a social contract and the organisations' continued existence is dependent on the approval given by society. Organisations try to win this approval from the individual members of society by engaging in CSR activities (Belal, 2008; Deegan, Rankin, & Voght, 2000). These individual members are called stakeholders; so stakeholder theory deals with the relationship between an organisation and its stakeholders. Institutional theory has a close relationship with stakeholder theory as a "web of stakeholders and their interactions and relative strengths might be thought of as fields" (Gray et al., 2010, p. 27). Stakeholder and institutional theories study the relationships between organisations and the members of society and the surrounding environment. Both of these theories contribute to each other in the understanding of how organisations relate to their adoption of CSR practices.

Institutional theory is a well-established theoretical perspective in the areas of management accounting, political science, social and organisational change, accounting controls, and financial reporting, but relative to legitimacy theory and stakeholder theory, it has not been used much in the CSR literature (Gray et al., 2010). However, according to Campbell (2007), institutional theory inherently possesses the capability to help explain CSR compliance by firms. The new[8] institutional theory emphasises the key role of social and cultural implications and pressures imposed on organisations which influence their structures and practices (For reviews of early institutional theory, see Scott, 2001.).

While accepting that other theories are employed by CSR researchers, it is important to emphasise that legitimacy, stakeholder, and institutional theories provide more insightful theoretical perspectives on CSR practices than other theories offer, especially when considering purely economic theories (Gray, Kouhy, & Lavers, 1995).

Although there is a considerable relationship between these three theories, most CSR studies have used one single theoretical perspective at a time. This approach restricts the explanatory power of empirical evidence, because "theory is always incomplete in the social sciences" (Gray et al., 2010, p. 9). Thus, this thesis responds to this gap by constructing a theoretical framework that integrates these three theories together in order to analyse and explain empirical evidence in Sri Lanka. The ideology of these mainstream CSR theories, their usage in the CSR literature, and the construction of this framework are discussed in Chapter Five.

8　"The roots of institutional theory run richly through the formative years of the social sciences, enlisting and incorporating the creative insights of scholars ranging from Marx and Weber, Cooley and Mead, to Veblen and Commons" (Scott, 2004). New institutional theory provides a way of viewing institutions outside of the traditional views of economics by explaining why so many businesses end up having the same organizational structure even though they evolved in different ways, and how institutions shape the behavior of individual members (See for reviews of early institutional theory, Scott, 2001.).

2.7. Deriving research questions from the literature review

The topic of this thesis is derived from the broad area of CSR or social accounting. Although the academic debate in this area has ranged over 60 years of history and has generated a plethora of literature, due to the unique diversity and vagueness of the concept, some CSR scholars still consider that CSR is in its infancy, and that more research studies are needed to develop it (Gray & Laughlin, 2012). Throughout Chapters One and Two, the researcher highlighted the fact that the vast majority of extant CSR research has been focused on developed countries, and some scholars, consequently, have emphasised the great necessity to explore, understand and improve the CSR practices in developing countries (Frynas, 2006; Jamali & Mirshak, 2007; Reed, 2002; Visser, 2008) (See section 1.2 in Chapter One for more details.). As a response, this thesis examines CSR practices from the perspectives of a developing country. The empirical evidence is drawn from Sri Lanka, representing a developing country (See section 1.5 in Chapter One for the reasons and justification for selecting Sri Lanka as the research site).

Much of the review is devoted to CSR studies related to the Sri Lankan context. The literature review indicates that Sri Lankan CSR studies are limited and are empirically and methodologically focused in certain areas only. For example, these studies concentrate mainly on CSR disclosure practices. Methodologically, most of these studies employed content analysis as their technique, and/or applied a quantitative positivistic approach. When this doctoral research project was started, only a few Sri Lankan CSR research studies existed, most of them dated and brief. Thus, to understand "what is going on" in relation to CSR practices in Sri Lanka, and to describe the facts related to the status quo of CSR, the researcher derived the first research question: 1)What are the features of CSR practices in Sri Lanka, a developing country? Then the researcher derived the second research question: 2) To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country? The aims of this latter question

are to benchmark the status quo of CSR practices in Sri Lanka with a developed country, and to understand the extent of the importance of notable CSR findings in Sri Lanka. These two research questions regarding "what" open up further research questions as to "why."

Adoption of in-depth interviews is rare in Sri Lankan CSR research, which restricts the understanding of deeply rooted reasons underpinning CSR practice. Some Sri Lankan CSR studies adopted a case study method and concentrated on the 2004 Indonesian tsunami incident. Although rich data were collected through interviews, these studies considered very few companies that were subjected to international influence and the local indigenous companies were ignored. In responding to these gaps in the CSR literature, this thesis considers both local and international companies, relies mainly on in-depth interviews with corporate managers of cultural proximity, and focuses on both operational and disclosure practices of CSR. Most importantly, this thesis considers the influences of the unique Sri Lankan historical, cultural and customary traditions on the country's corporate CSR practices. In considering these aspects, the researcher derived the third, fourth, and fifth research questions: 3) What is the nature of CSR practices, in terms of defining characteristics, perceived by Sri Lankan corporate managers?; 4) Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information?; and, 5) Why has CSR practice developed in the way it now has in Sri Lanka?

Furthermore, it was found that none of the Sri Lankan CSR studies used mainstream CSR theories such as legitimacy theory, stakeholder theory, and institutional theory extensively in explaining their findings. In order to address this research gap, the researcher derived the sixth and final research question: 6) How do mainstream CSR theories such as legitimacy, stakeholder and institutional theories help to explain operational and reporting CSR practices in Sri Lanka? In addressing this

research question, the researcher constructs a theoretical framework by integrating these three theories. This framework helps to discover the efficacy of mainstream CSR theories in explaining CSR practices in a developing country.

2.8. Chapter summary

Overall, this chapter reviewed CSR literature with a special focus on developing countries. The various accounts of CSR in the literature were reviewed and a conclusion reached that the concept may be understood differently in different contexts (Frynas, 2006). Although, the CSR concept has been defined differently by different people and institutions over the years, users of the concept have been predominantly consistent in terms of overall meaning (Dahlsrud, 2008). CSR mainstream initiatives are also discussed, given that these initiatives are influencing a generally acceptable meaning for CSR. The notion of corporate social responsibility of business has been developed over the years using various terminologies, but in some cases with slightly different meanings. The term CSR is the most (69 per cent) used term in Asia (CSR Asia, 2008). Thus, the term Corporate Social Responsibility or CSR is used throughout this thesis.

The chapter briefly discusses CSR literature reviews by Mathews (1997), Lockett et al. (2006), and D'Amato et al. (2009) and emphasises that these reviews give major attention to developed countries. However, Visser (2008) highlights the importance of CSR in developing countries and introduces a classification for CSR literature in developing countries, which includes content theme, knowledge type, and analysis level. Using these classifications, this chapter illustrates a division between research into CSR in developed countries and in developing countries. The literature confirms that in each of these classifications, the literature on CSR in developing countries is different from that of developed countries (Visser, 2008).

In reviewing the extant CSR literature, the overall status of CSR disclosure practices and drivers/motives of and for CSR practices are discussed. The primary focus is on the recent results of KPMG's (2011) and ACCA's (2010) CSR reporting surveys. The KPMG (2011) study, which focused mainly on large corporations in developed countries, concluded that almost all of these companies were involved in CSR reporting, whereas the latter study, which concentrated on selected ASEAN (developing) countries, concluded that, as yet, CSR still cannot be described as mainstream for these countries. In addition to these two studies, a number of other research studies – and especially those related to developing countries and to the Sri Lankan context in particular – are also referred to in reviewing the extant CSR literature. Taken as an example of a developed country context, studies related to New Zealand CSR practices are also discussed. Here especial attention is given to Collins et al.'s (2010) study, because the results of this particular study are used for comparison with the results of the Sri Lankan questionnaire survey undertaken for this doctoral research. The findings of Collins et al.'s (2010) study are used in this thesis as a means of comparing a developed and a developing country context.

CSR studies related to the Sri Lankan context are discussed in terms of research methods, methodology, scale, and focus. Sri Lankan CSR studies are limited and focused mainly on exploratory descriptive studies. Most of these studies employed positivistic paradigm, and collected data from annual and sustainability/CSR reports. The majority of the studies concentrated mainly on CSR disclosure practices and utilised content analysis method. It was revealed that the local indigenous companies have been ignored from most of these studies, and also none of these studies used mainstream CSR theories extensively in explaining their findings. In responding to these gaps in the CSR literature, this thesis considers both local and international companies, relies on primary data collected through questionnaire survey and corporate managerial interviews, focuses on both operational and disclosure practices of CSR, utilises mixed methods methodology by integrating

quantitative and qualitative research approaches, and employs mainstream CSR theories to construct a theoretical framework in order to use it in analysing and explaining collected evidence. Finally, and most importantly, this thesis considers the influences of the unique Sri Lankan historical, cultural and customary traditions on the country's corporate CSR practices.

Through its theoretical orientation, the study intends to address an important, yet overlooked, aspect in the existing literature. Most of the existing developing country CSR research has used none of the CSR theories for analysis purposes (for example, ACCA, 2010). Nonetheless, Gray et al. (2010) highlight the importance of utilising a theoretical lens for research by stating that "the lens of theory enables us to evaluate practice and policy against criteria that we deem appropriate (i.e. our values)" (Gray et al., 2010, p. 3) and "we need theory to help us think about the world and to help us observe, organise and explain a range of things" (Gray et al., 2010, p. 6) . Thus, this thesis draws on legitimacy theory, stakeholder theory, and institutional theory as lenses through which to analyse and evaluate the interview data collected.

Chapter 3:
Research methodology and methods

3.1. Introduction

This chapter explains the research methodology and methods adopted by the researcher. Research is a systematic process of studying and analysing materials and situational factors with regard to a research question in order to achieve solutions to it (Dhawan, 2010; Pearsall, 2012). In any kind of systematic research, identification of research methodology is an important and essential element of the research process. Research methodology in social science research, generally, refers to the philosophical stance consisting of ontological and epistemological assumptions adopted to investigate a certain social phenomenon. Research methodology largely rests on the research paradigm used by the researcher (Punch, 1998). A research paradigm is a collection of beliefs, values, norms, and the nature of knowledge a researcher holds about the world in conducting research (Belbase, 2007; Collis & Hussey, 2009; Denzin & Lincoln, 2005). It is generally known that there are two main research paradigms: positivistic and interpretivist paradigms. Some researchers employ a mixed methods paradigm by integrating positivistic and interpretivist paradigms. In the recent past, writers have tended to identify the mixed methods approach as the third paradigm (Bryman, 2012; Denscombe, 2008). In this thesis, the mixed method approach is employed.

The rest of the chapter is organised as follows: the second section discusses the selection of methodological approach followed by the third section, the philosophical framework of the thesis. A philosophical justification for adopting a mixed methodology is presented in the fourth section. Research methods adopted in this study are discussed in the fifth section which includes an introduction to sequential mixed methods and its application. The chapter provides discussions of research methods for the questionnaire survey and in-depth interviews. Finally, a summary of the chapter is provided

3.2. Selection of methodological approach

The distinction between positivistic and interpretivist paradigms generally arises because of differences in their philosophical assumptions, especially in epistemological and ontological assumptions. Table 3.2-1 shows the philosophical and methodological differences between positivistic and interpretivist research paradigms.

Table 3.2-1: Differences in positivistic and interpretivist research paradigm

	Positivistic paradigm	Interpretivist paradigm
Epistemological orientation	As in natural science: Researcher is independent to what is being researched/Knower and known are independent	Interpretivism: Researcher is not independent, but interacts with what is being researched/Knower and known are interactive and inseparable
Ontological orientation	Objectivism: Knowledge is objective and unique/singular. Social facts produce objective reality	Constructionism: Knowledge is subjective as individuals interpret their social world that leads to multiple realities
Methodological orientation	Deductive approach: Testing of theory	Inductive approach: Generation of theory
Purpose	Generalisability, prediction and causal explanations	Interpretation, contextualisation, understanding social actors' perspectives

Source: Adopted from (Bryman, 2012) and (Collis & Hussey, 2009)

In positivism, epistemologically it is assumed that the researcher is independent of what is being researched, or knower and known are independent. Ontologically it is assumed that there is a unique reality out there waiting to be discovered; without having an idea of what is to be discovered, the researcher will not be able to examine it. Therefore, in positivism the researcher establishes hypotheses or possible truth, mostly derived from relevant theories and/or prior empirical studies. Using quantitative data and various statistical methods and tools the researcher tests the hypotheses in positivistic research. Since, positivistic researchers use quantitative data, some scholars tend to use positivistic and quantitative terms interchangeably (Bryman, 2012; Collis & Hussey, 2009).

Collis and Hussey (2009) contend that positivistic research studies tend to: utilise relatively large samples; use statistical analysis in order to test hypotheses; make assumptions about the context and establish artificial locations; generate quantifiable findings using quantitative data analysis; create findings with high reliability, but with low validity; and, generalise findings to the population. On the other hand, interpretivist research studies tend to: utilise relatively small samples; generate theories; use the research context as a natural location; generate qualitative and rich, but subjective, findings; arrive at findings with high validity, but low reliability; and, generalise findings from one setting to another similar setting.

The above discussion clearly indicates that positivistic and interpretivist paradigms are usually seen as incompatible with regard to philosophical and methodological orientations. However, a considerable number of researchers have attempted to mix positivism and interpretivism by triangulating these two paradigms as well as research methods, broadly quantitative and qualitative approaches. The mixed methods researchers believe in the freedom to select the research paradigm, either by selecting a single paradigm or mixture of paradigms. This approach is known as pragmatism, and it was introduced as a solution to the paradigm debate (Collis & Hussey, 2009). In recent years, interest in the mixed methods methodology approach has grown to become increasingly common and unexceptional (Bryman, 2006, 2012).

The mixed methods methodology approach is adopted in this thesis. Referring to Creswell (2005), Migiro and Magangi (2011) define mixed method research as the "research in which the researcher uses the qualitative research paradigm for one phase of a research study and the quantitative research paradigm for another in order to understand a research problem[s] more completely" (p. 3757). This thesis consists of two phases. The first phase of this thesis employs the positivistic/ quantitative research approach and the second phase utilises the interpretivist/ qualitative research approach.

According to Bryman (2012), a mixed methods research study can be classified along two criteria. The first refers to the priority decision which indicates "how far is a qualitative or quantitative method the principal data-gathering tool or do they have equal weight?" The second relates to the sequence decision which emphasises "which method precedes which? In other words, does the qualitative method precede the quantitative one or vice versa?"(p. 632). Accordingly, in this thesis and based on priority, qualitative methods are given primacy over quantitative methods, because quantitative methods are used here to address the initial two basic research questions only, in order to reveal the basic contextual and factual knowledge (See section 1.6 in Chapter One.), whereas qualitative methods are used in this thesis to address the rest of four research questions, in order to explain deeply rooted reasons for factual knowledge. With regard to sequence, the study starts with the quantitative phase and proceeds to the qualitative phase. In summary, the first phase answers the questions of "what" rather than "why" and offered a descriptive account of the status quo through descriptive statistics with some statistical inferences. The second phase, on the other hand, explains reasons for the status quo and mainly answered the questions of "why". The remainder of the chapter discusses philosophical concerns and methods of research underpinning the mixed methods adopted in this thesis.

3.3. Philosophical framework

This section explains the philosophical assumptions made by the researcher in conducting the research project. The first set of assumptions is comprised of ontological assumptions which refer to the form and nature of social reality (Guba & Lincoln, 1994). The researcher takes the realist perspective in conducting the first phase of the study, then the nominalist perspective for the second phase. According to the nominalist perspective, social reality is constructed by values, beliefs, norms, concepts, and perceptions of individuals or society (Belbase, 2007), in this case, corporate managers. So there can be multiple realities in the nominalist perspective, whereas in the realist perspective there is one reality that exists external to the knower. In the realist perspective there is a single reality or universal truth. Ontologically, the researcher believes, in conducting the second phase of the thesis, that there is no clear split between the researched and the researcher, as opposed to the realist assumption of "truth out there" which is waiting to be discovered independent of the researcher.

The second set of assumptions relates to epistemological assumptions, which refer to the construction of knowledge and the nature of the relationship between the knower and what can be known (Belbase, 2007; Guba & Lincoln, 1994). According to Belbase (2007), epistemological assumptions can be divided into the positivistic and antipositivistic stances. The former argues that the findings are objective, true, and can be generalised, while the latter argues that the findings are subjective, as the knower and known are interdependent; and, that created truth and findings can be generalised only to the sample (Guba & Lincoln, 1994; Williamson, 2006). In the first phase of the study the researcher holds a positivistic stance, whereas in the second phase he adopts an antipositivistic stance. Epistemologically, the second phase of this thesis broadly aligns itself with the subjective interpretation of the social world or the antipositivist stance. In other words, it aligns itself with the interpretive school of thought and that approach rejects the notion of universal laws or truth (Gregor, 2009).

Philosophically, the researcher, in conducting the second phase of the thesis, takes the views of both interpretivist and constructivist paradigms. Interpretivism and constructivism are two terms that share many similar features (Guba & Lincoln, 1994). According to Williamson (2006), the constructivist approach comes under the interpretivist umbrella. Interpretivism, fundamentally, is concerned with meanings, experiences, and explanations of the social world (Williamson, 2006). The main ideology of interpretivism is that people are continuously interpreting their ever-changing social world. Based on this ideology, interpretive research investigates how people define or describe their understanding about a particular situation or an issue (Schutz & Luckmann, 1973; Schwandt, 1994). Interpretivists assume that knowledge and meaning are the results of human interpretation; hence, there is no objective knowledge that is independent of individuals' thinking. Interpretivism addresses the essentials of shared meaning and understanding.

Constructivism is partly a subsection of interpretivism, but at the same time it extends the ideology of interpretivism by adhering to the conception that knowledge and truth are the results of human perspectives (Schwandt, 1994). The main focus of constructivist inquiry is to understand and reconstruct the constructions that people initially hold, in contrast to postpositivism's inquiry aim: prediction and control of phenomena, either physical or human (Guba & Lincoln, 1994). Constructivist ideology rejects the idea of universal truth, but accepts subjectivism which believes people have knowledge of what they experience directly. A social constructivist approach seeks to understand the social dialectic which involves subjective and intersubjective knowledge which takes place through language, social interactions, and written text (Bryman, 2012; Silverman, 1997). Thus, a key form of interpretive research is social constructivism.

In collecting questionnaire survey data and analysing those data, the researcher accepts positivism , whereas in collecting primary data through interviews and in the process of analysing those data the researcher accepts constructivism. In

this study, in-depth interviews are utilised in line with the constructivist approach. Constructivists argue that the knowledge of the social world is accessible through in-depth interviewing (Harding, 1987; Latour, 1993), something which this study basically depends upon.

The central reason behind the selection of interpretivist and constructivist approaches for the second phase of the thesis is to understand the meanings and explanations of research participants' responses. Interpretivists and constructivists consider research participants' responses as part of research (Belbase, 2007). The constructivist approach enables the researcher to study the meanings and perspectives of participants in depth, and some of the participants' own wording can be used to convey their meanings directly to the reader. When the constructivist approach is being employed, the research participants' "ways of thinking about issues, which may not have occurred to the researchers, are often revealed. Thus, the complexities of the real world have some chance of emerging" (Williamson, 2006, p. 98).

Thus, the second phase, the main part, of this thesis adopts the interpretivist and constructivist approaches in an attempt to understand CSR practices of corporations in the context of a developing country, mainly through the perceptions, values, and beliefs of corporate managers and the "meanings" they construct around the issues of CSR practices. The second phase of this research concerns individual constructs or subjective meanings, as well as social constructs or shared meanings.

3.4. Philosophical justification of the mixed methods methodology

As noted above, positivistic and interpretivist paradigms are usually seen as incompatible with regard to philosophical and methodological orientations. This incompatibility has created the so-called "paradigm wars" or "paradigm debate" in which proponents of the positivistic paradigm reject the interpretivist paradigm, and vice versa (De Lisle, 2011; Migiro & Magangi, 2011; Modell, 2007; Tashakkori

& Teddlie, 1998). Some scholars criticise the fact that this paradigm debate hinders the opportunity for convergence of two opposite paradigms (Bryman, 2012; Migiro & Magangi, 2011). Migiro and Magangi (2011) contend that these two approaches are complementary rather than competitive. Following this notion of complementariness, a considerable number of researchers have chosen to mix positivism and interpretivism by triangulating these two paradigms as well as research methods, broadly quantitative and qualitative approaches.

The adoption of mixed methodology and theoretical pluralism in accounting research has been controversial and has led to calls for its examination and philosophical justification (Ahrens, 2008; Brown & Brignall, 2007; Hoque, Covaleski, & Gooneratne, 2013; Jacobs, 2012; Kakkuri-Knuuttila, Lukka, & Kuorikoski, 2008; Modell, 2009). Some scholars argue that lack of alignment across paradigms in relation to ontological and epistemological assumptions is a philosophical barrier to undertaking mixed methods research (Hoque et al., 2013; Modell, 2009). Modell (2009) observed that "these philosophically tuned criticisms of triangulation have not yet been satisfactorily addressed by advocates of mixed methods research", and also indicated that "this neglect of the philosophical foundations of triangulation is potentially detrimental to the status of mixed methods research… as it may lead opponents… to reject it as excessively eclectic or resting on inconsistent philosophical assumptions" (p.209). In the recent past, a response to such critiques has been mounted (Brown & Brignall, 2007; Modell, 2009). The critical realist approach is employed to philosophically justify the use of mixed methods methodology (Brown & Brignall, 2007; Modell, 2009). Modell (2009) states that "critical realism has recently been advocated as a potential way of bridging the polarized positions of the functionalist and interpretive paradigms in organization and management studies… and has gradually found its way into the mixed methods literature… A key premise in this regard is that critical realism… accepts the existence of some reasonably stable and mind independent reality but rejects the possibility of verifying research findings in any absolute or 'objective' sense" (p.209).

The significance of critical realism for this thesis is that the critical realist view can "provide a way of 'bridging the gap' between quantitative and qualitative approaches (and their philosophical underpinnings in positivism and interpretivism) because it argues both for objective reality" (Brown & Brignall, 2007, p.38) and for the necessity of the interpretation of that reality through subjectivity. Based on the views of critical realism, this thesis adopts mixed methods methodology. As explained above, the research was conducted in two phases. The first phase adopted a positivistic approach, seeking factual information through a survey instrument. Respondents were asked to provide factual data on whether they employed certain practices. The results provided data for comparative analysis between Sri Lanka and New Zealand. The second phase followed up by asking for explanations of why these practices had been adopted. The explanations provided were then compared to explanations provided in three mainstream CSR theories: legitimacy theory, stakeholder theory, and institutional theory.

3.5. Research methods

This section discusses the research methods adopted in this thesis. The section starts with an introduction to sequential mixed methods and its application in this thesis. The research methods for the questionnaire survey and in-depth interviews are discussed separately in the latter part of this section.

3.5.1. Adoption of sequential mixed methods

The research study adopts a sequential mixed method in exploring the nature and extent of CSR practices in the context of a developing country, Sri Lanka. In the sequential mixed method, one part supports the other part of the study. Creswell and Clark (2011) indicate that a sequential mixed approach is useful for research studies that need to elaborate or expand the findings of one method using the other method. The first phase starts with a quantitative approach followed by the

second phase's qualitative approach. For the first phase, the questionnaire survey is used as the main data collection method, while the second phase involves a series of in-depth interviews with corporate managers.

The initial phase of the study attempts to answer the first two research questions: what are the features of CSR practices in Sri Lanka, a developing country? and, to what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country? Also, this stage partly helps in refining the rest of the research questions using identified CSR practices in the context of Sri Lanka. The main purpose of phase one of this thesis is to provide an exploratory analysis of CSR practices in Sri Lanka, and establish facts about CSR practices including the overview of environmental practices, social practices, internal and external pressures toward CSR practices, barriers and drivers toward CSR activities, and management perceptions regarding future business engagement in CSR activities.

The findings of the first phase and its discussion are limited to an analysis of the responses to the closed-ended questions in the questionnaire survey. This approach restricts further investigation to identify deeply rooted contextual reasons behind CSR practices in a developing country. Most importantly, the respondents to the questionnaire survey had no opportunity to discuss the nature or significance of their questionnaire responses, and to share their detailed experiences. Therefore, in the second phase, in order to understand the reasons behind the Sri Lankan CSR practices, a number of corporate managers are interviewed in-depth. Employing interpretivist and constructivist approaches, the interviewees are asked to respond to open-ended questions in their own words. They provide their subjective interpretations of practices and reasons for the practices. Starting with the general introductory questions relevant to the respective organisation, the subsequent interview discussions focus mainly on the last four research questions: what is the nature of CSR practices, in terms of defining characteristics, perceived by Sri Lankan

corporate managers? why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information? why has CSR practice developed in the way as it is now in Sri Lanka? and, how do mainstream CSR theories such as legitimacy, stakeholder, and institutional theories help to explain operational and reporting CSR practices in Sri Lanka?

In addition to these data collection methods, company annual reports and other publications, and website browsing are also employed to collect data. The samples are extracted from the companies listed on the Colombo Stock Exchange (CSE) for both stages of the research study. The next sections address the research methods of these two stages of the research in detail.

3.5.2. Research methods of phase one: Questionnaire survey stage

This section explains the sample selection strategy for the questionnaire survey followed by the data collection process, questionnaire instrument, and the methods of analysis.

3.5.2.1. Sample selection strategy for the questionnaire survey

Selecting a sample is very important for any research study: "We cannot study everyone everywhere doing everything. Sampling decisions are required not only about which people to interview or which events to observe, but also about settings and processes" (Punch, 1998, p.193). Selecting the organisations for the survey and selecting the people to interview from the selected organisations involves sampling issues. Punch (1998) emphasises that there is no simple way of summarising sampling strategies for research, since it involves a variety of research approaches, purposes, and settings. Some authors have discussed and typologically analysed sampling strategies that can be used in research studies (Bryman, 2012; Johnson, 1990; Miles & Huberman, 1994). However, all these sampling strategies vary considerably and the appropriate approach depends on the purpose and the research objective/questions guiding the study (Bryman, 2012).

Thus, the sample selection strategy needed to be selected to achieve the objective of this thesis: to explore the nature and extent of CSR practices in Sri Lanka. To achieve this research objective, it is first necessary to identify companies who are likely to engage in CSR practices, both operationally and in disclosure. Therefore, the researcher believes that the sampling strategy for the survey questionnaire has to be purposive sampling because then the researcher can select the companies who are likely to engage in CSR practices.

3.5.2.2. Data collection process and responses for the questionnaire survey

There is a general tendency for large companies to carry out CSR activities and the empirical evidence suggests that there is a positive link between the size of companies and level of CSR practice (Adams & Harte, 1998; Andrew, Gul, Guthrie, & Teoh, 1989; Collins, Lawrence, Roper, & Haar, 2010; Fernando & Pandey, 2012). This link indicates that large companies are more likely to engage in CSR activities and reporting. Therefore, based on market capitalisation, the top 200 companies listed in the CSE were selected for the questionnaire survey for this thesis. From these 200 companies, 51 usable questionnaires were received. The companies were requested to have the questionnaire completed by a corporate manager who is directly involved in CSR disclosure and/or the decision making process.

The questionnaires (See Appendix 8.) were posted from New Zealand on 26th February 2010 to the registered head offices of the sample 200 companies, together with a cover letter (See Appendix 5.), information sheet (See Appendix 6.), introduction letter from the chief supervisor (See Appendix 7.), and a stamped envelope with a Sri Lankan return address. By 26th March 2010, 20 questionnaires were received by post, 31 questionnaires were collected by visiting companies individually, and 2 questionnaires were received through email as attachments, totalling 53 questionnaires. Two out of 53 questionnaires were considered as unusable as they were incomplete and were removed from the analysis. Therefore,

the questionnaire survey finally used 51 usable questionnaires for the analysis after achieving a response rate of 25.5 per cent. For a general overview of the respondents, the industry classification is given in Table 3.5-1.

Table 3.5-1: Classification of responded company

Classification	Companies	Percentage
Bank Finance & Insurance	12	24%
Manufacturing	7	14%
Diversified Holdings	6	12%
Beverage Food & Tobacco	4	8%
Motors	4	8%
Plantations	4	8%
Telecommunication	4	8%
Other	10	20%
Total	51	

Note: The 'Other' category includes: Hotels and Travels, Construction and Engineering, Chemicals and Pharmaceuticals, Land and Property, Power and Energy, and Stores and Supplies

3.5.2.3. The purpose, nature and scope of the survey instrument

The survey instrument needs to serve the purpose of survey study, which in this case is to explore general CSR practices in the Sri Lankan corporate sector and to compare the results with those from a developed country. In achieving this purpose, two options were considered: constructing a new survey instrument, or adopting a survey instrument, which was used for another study, with some modifications, if needed.

The researcher favoured the latter alternative as he found a CSR study (Collins et al., 2010) for New Zealand the results of which could be used for comparison with Sri Lanka. The researcher evaluated the suitability and possibility of adopting the questionnaire of the New Zealand study (Collins et al., 2010). The survey questions of the New Zealand study were constructed based on a review of literature; the wordings were in a simple and understandable form; and the scope was suited to

the purpose of this thesis. Thus, the questionnaire, which has been used by the multiyear ongoing New Zealand research project (Collins et al., 2010), was used with the researchers' permission and with slight modifications to adjust it to the Sri Lankan context (See Appendix 8 for the survey questionnaire.). For example, in obtaining information about company affiliations with accounting institutions, the possible answers are adjusted according to the Sri Lankan professional accounting qualifications and other international accounting qualifications that are popular in Sri Lanka.

Based on a review of the CSR literature, Collins et al. (2010) identified the most common environmental and social practices adopted by CSR reporting companies in constructing the survey questions. The survey questions drew on five areas of CSR practices: environmental practices; social practices; internally and externally perceived pressure towards adopting CSR practices; barriers and drivers; and, management perceptions about the future of CSR practices. To explore each of these areas, simple and close-ended questions were formed. Most of the survey questions were designed to obtain "yes" or "no" answers. For example, to query respondents' CSR practices the following types of questions were asked: Does your business engage in a recycling programme? Does your company produce a public environmental and/or sustainability report? Does your company develop product and service innovations based on environmental benefits? Does your company provide job training? Does your company give time, money, products or services to local community projects? Does your company have ethical purchasing policies? In addition to these yes/no questions, two likert scale questions were employed to examine the management perceptions about the future of CSR practices.

Through Collins et al.'s (2007; 2010) research project, past and present data were available for the New Zealand context and they could be used for comparison purposes with the Sri Lankan context, especially in answering research question

number two: To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country? Chapter Seven of the thesis reports this comparative study.

3.5.2.4. Data analysis methods for the questionnaire survey

Primary data collected through the survey instrument are analysed based on size, ownership, and geographical scale of operations in order to uncover striking phenomena of CSR practices. PASW Statistics v.18 software (previously SPSS) is employed for the statistical analysis. Descriptive statistics are used for overall and sectional analysis and Kruskal-Wallis one-way ANOVA and Mann-Whitney U tests are used for hypotheses testing as the data are not normal. These nonparametric tests are used to identify whether the average CSR practices of investigated variables used in this survey are identical for each respondent category. Therefore, validity of the following null hypotheses is tested using the above nonparametric tests:

> **H0:** The average CSR practices of the issues or variables under investigation are not different for each respondent category, which is size, ownership, and geographical scale of business.

A 95 per cent confidence level/0.05 level of significance has been chosen to test the null hypotheses. This level of confidence is generally regarded as an arbitrarily acceptable standard in social science (Mashat, Ritchie, Lovatt, & Pratten, 2005). If the calculated level of significance in these tests is equal to or less than 0.05, then it indicates that at least one of the categories is different from at least one of the others.

For analysis purposes the respondents are classified into three categories: size, ownership, and geographical scale of operations, in order to test whether there are significant differences between these groups pertaining to CSR practices. The respondent companies are classified into small, medium, and large, based on number of employees: small 0 to 249; medium 250 to 999; and large 1000 or more.

There are 13 companies in each of the small and medium categories and in the large category there are 25 companies. The ownership of the respondent companies is classified based on foreign and Sri Lankan ownership, and there are 17 foreign-owned and 34 Sri Lankan-owned respondents. The respondent companies are classified as to whether they provide their services and/or products only to the local market or not. There were 30 respondent companies with local scale operations and 21 respondent companies with international scale operations.

In the case of questionnaire survey data analysis, environmental practices and social practices are surveyed based on the involvement of different environmental and social activities. In order to get an overall indication about these practices, Environmental Activity Percentage Score (EAPS) value and Socially-related Activity Percentage Score (SAPS) value are calculated to represent overall environmental practices and overall social practices respectively.

3.5.2.5. Environmental Activity Percentage Score (EAPS) value and Socially-related Activity Percentage Score (SAPS) value

The Environmental Activity Percentage Score (EAPS) value is calculated to measure the organisational involvements with environmental activities while the Socially-related Activity Percentage Score (SAPS) value is calculated to measure the organisational involvements with socially-related activities. The higher the score value, the greater would be the engagement with CSR activities by the companies. Fourteen doable environmental activities are indicated in the questionnaire and respondents are asked whether they are engaged in those activities or not. For each activity the individual percentage of engagement is calculated and also EAPS value is calculated by getting the simple average of these individual percentage values. Similarly, the SAPS value is calculated based on 10 doable socially-related activities. EAPS values and SAPS values are calculated for each companies category, such as small, medium, large, foreign-owned, Sri Lankan-owned, international scale, and local scale companies in order to measure the extent of these company categories' engagement in CSR activities.

3.5.3. Research methods of phase two: Semistructured interview stage

This section provides the selection of data collection methods, sample selection strategy, data collection process, and the data analysis methods of the second phase of the research.

3.5.3.1. Selection of data collection method

In collecting data for the second phase of the study, semistructured face-to-face interviews are used as a primary data collection method since this is considered as the best match to focus on revealing insights of individuals at the microlevel (Bryman, 2012; Collins et al., 2007; Denzin & Lincoln, 2003; Flick, 2006). Further, Denzin and Lincoln (2003) state that when using interviews "there is inherent faith that the results are trustworthy and accurate" (p. 64). The corporate senior managers, who are directly involved in CSR disclosure and/or the decision making process of the case companies, are interviewed and the evidence collected from these interviews represents the main source of information in this study.

Fontana and Frey (2000) indicate that "both qualitative and quantitative researchers tend to rely on the interview as the basic method of data gathering, whether the purpose is to obtain a rich, in-depth experiential account of an event or episode in the life of the respondent or to garner a simple point" (p. 646). However, Bryman (2012) clearly differentiates interviews for quantitative and qualitative research: structured interviews are for quantitative research and the less-structured (unstructured or semistructured) interviews are for qualitative research. Structured or standardised interviews are conducted with a nonflexible interview guide and this ensures the respondents' answers can be aggregated, because most of the time, interview questions are very specific and offer a fixed range of answers. In contrast, less structured or qualitative or in-depth interview stands between unstructured and semistructured interviews. Thus, the terms less structured interview, qualitative interview, and in-depth interview are interchangeably used by writers to represent

unstructured and semistructured interviews (Bryman, 2012; Saunders, Lewis, & Thornhill, 2009). This thesis employs the semistructured interview method that "typically refers to a context in which the interviewer has a series of questions that are in the general form of an interview schedule but is able to vary the sequence of questions . . . Also, the interviewer has some latitude to ask further questions in response to what are seen as significant replies" (Bryman, 2012, p. 212).

The semistructured interview is ideally suited for interviewing busy managers and professionals who cannot be accessed easily (Bernard, 2000). Saunders et al. (2009) also explain the advantages of using semistructured interviews, especially emphasising the flexibility that can be utilised when conducting interviews. Depending on the organisation's situation, the interviewer may need to ask additional questions in order to explore the research questions. Since all these advantages seem ideally matched to exploring the research questions, semistructured interview technique was used in this study.

The researcher considers the possible weaknesses in interviews as a method of data collection and pays careful attention before and during the interviews in order to make sure that interview participants' output would not be affected or disturbed by these weaknesses. To avoid the weakness of ambiguity in interviews (Denzin & Lincoln, 2003), careful attention was given when wording the semistructured interview questions. In selecting interviewees, the researcher inquired about the interviewees' CSR involvement in the organisation and their willingness to participate in the interview because the success of the interview method is highly dependent on the willing participation of the interviewee (Ghauri & Gronhaug, 2005). In order to maintain consistency, all the interviews were conducted by the researcher himself with a maximum of two interviews being scheduled per day. This condition applies mainly because the success of interviews is also dependent upon the interviewer's situational competence: pre-preparation, concentration ability, and tiredness (Flick, 2006). The interview method may also suffer response

reflexivity in the sense that the interviewees may give the answers that they think the interviewer wants to hear. To minimise this weakness, the researcher took considerable care during the interview to stand independently or to avoid exposing his own perception about issues under investigation. However, regardless of all these weaknesses, qualitative researchers believe that the interview method is the most suitable method to investigate respondents' perceptions and views (Denzin & Lincoln, 2003). Further, constructivists believe that the knowledge of the social world is accessible through in-depth interviewing (Harding, 1987; Latour, 1993). Interviews were employed in this study in line with the constructivist approach, because interviews are thought to be the most appropriate means of inquiry to address the previously mentioned research questions, which can be considered as context driven and perspective dependent. The next section discusses the strategy for selecting interview case companies.

3.5.3.2.   Sample selection strategy for interview case companies

The sample selection strategy of phase two of the research is almost the same as for phase one, because to explore the nature and extent of CSR practices in Sri Lanka, it is first necessary to identify companies who engage in such practices. Thus, purposive sampling has been employed in selecting case companies with which to carry out interviews in this research study. The sample selection of the interview process is linked with the previous stage of the study, the survey questionnaire, for which the data are collected from the 200 largest companies listed in the Colombo Stock Exchange (CSE). Out of 200 companies, 51 useable questionnaires are received for the questionnaire survey. With the exception of three firms, all the case companies for interview are selected from these 51 companies and the selection process is illustrated in Figure 3.5-1.

Figure 3.5-1: Case company selection process for interviews
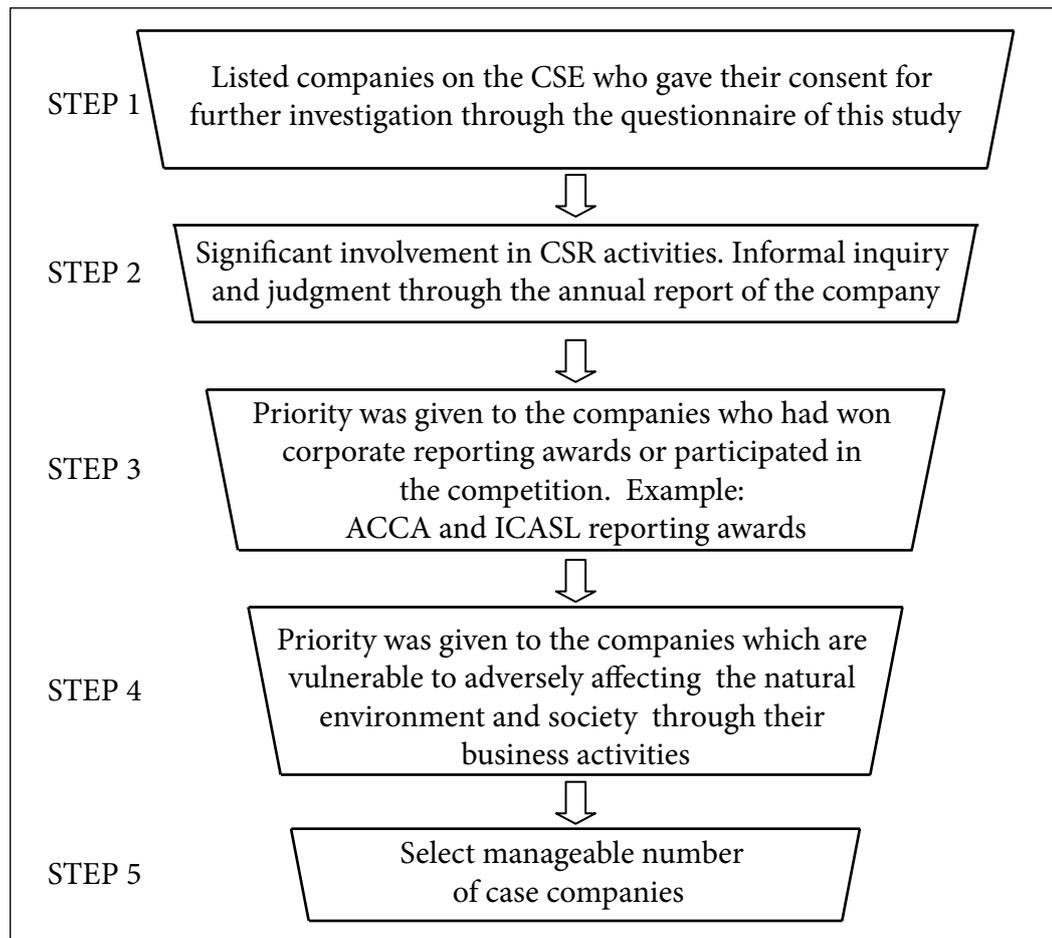
As shown in Figure 3.5-1, the case companies for the study were selected from the listed companies on the CSE and who gave their consent for further investigation through the questionnaire of this study. Through informal inquiry and examining online information and annual reports, the companies were filtered on the basis of the subjective judgement of the researcher as to whether the companies are involved in CSR activities and its reporting. An electronic copy of the annual report was available on most of these companies' websites and/or CSE website. Hard copies of company annual reports were available in the CSE's library. The companies with reasonable involvement in CSR activities and CSR reporting are selected at this point. Further filtering is based on the industry's and the professional acceptance of CSR reporting, which is recognised through participation in or the receipt of local and international corporate reporting competition awards. Further, priority

was given to those companies whose operations have potentially more adverse consequences on the natural environment and the society through their company's business activities.

Consent for the interviews was given by 35 out of those 51 survey questionnaire participants. Based on the sample selection process, 30 companies were filtered. For a variety of reasons, the researcher managed to carry out only 23 interviews. Cancellation of appointments by the corporate managers due to unexpected situations and the researcher's time limitation were the two main reasons which dictated the reduction in the number of interviews aimed at originally.

However, 23 interviews are well ahead of the number that the researcher expected during the interview planning period. In addition to these 23 companies, another three organisations were selected outside of the listed companies. The reason for selecting these three organisations as interview cases was that all three firms are exceptionally involved in CSR activities, although they are not listed on the CSE and are not mandatorily required to publish annual reports. Of these three organisations, two are large private companies and the remaining one is a large public bank. One of these private companies is a pioneer in CSR in the corporate sector in Sri Lanka. The researcher believes that including a representative sample from the private companies and the public sector could improve the strength and significance of the findings.

Using the above selection procedure, 26 organisations in total were covered by the interviews. After selecting case companies, the interview participants were selected based on the company's direct involvement in CSR disclosure and/or decision making process.

3.5.3.3. Process of conducting interviews

Although there are different ways of conducting interviews such as face-to-face, video conferencing, and telephoning, the researcher selected face-to-face interviews. Video conferencing was disregarded due to the lack of advanced technological facilities in the Sri Lankan companies. The telephone interview method was dropped due to the fact that through telephone interviews it would not be possible to grasp the facial expression, body gestures, and emotions of the interviewees; the researcher believed that these visual actions and reactions of the interview participants would help the researcher to construct some immediate connected questions during the face-to-face interviews. Some of these visual actions were noted down in the field notes for future reference, if needed.

All the interviews were conducted in the offices of the corporate managers or in the companies' conference rooms. Except for one occasion, all the interviews were held in Colombo because the head offices of most of the listed companies were located in Colombo, the commercial capital of Sri Lanka. All the interviews were conducted by the researcher personally in English, the commercial language of the corporate sector, but some interviewees occasionally used Sri Lankan words and sentences to express their ideas.

According to Saunders et al. (2009), access to information and to the informants is one of the most difficult tasks in qualitative research. However, during this interview process, access never became a problem for the researcher, possibly as a result of the corporate managers' personal interest in the research area. On a few occasions, the researcher was told by the interviewees that it is a part of their social responsibility to help academics/researchers by allocating their time for discussion and also that they consider these types of discussions/interviews to be mutually beneficial.

All the interviews were conducted between 20th April and 20th June 2010. Before conducting interviews, the researcher obtained background knowledge on the companies and the prospective interviewees by using available online sources such as annual reports and company newsletters, and resources of the Colombo Stock Exchange (CSE).

Although the researcher used a list of guiding questions for the interview (See Appendix 4.), as in the semistructured interview method, the questions had to be changed according to the interviewees' responses, and organisational and situational context. Sometimes, the researcher asked new questions which were specifically relevant to the organisation and in some situations the preplanned questions had to be dropped when they were irrelevant to the situation. Basically, the researcher fully utilised the advantages of the semistructured interview method.

The researcher found that the corporate managers who expressed their willingness to be interviewed were more intrigued by the interview than by filling out the questionnaire, because the interview topics seemed to be very interesting to them. Most of the interviewees were enthusiastic to talk about what they were doing for CSR, sometimes irrespective of the questions asked of them. The researcher allowed the interviewees to talk freely while trying to get the required questions answered and themes covered.

All the interviews were digitally recorded with the prior written consent of interviewees. Before signing the consent form, the interviewees were provided with four documents, namely a cover letter (See Appendix 1.), an information sheet (See Appendix 2.), a consent form (See Appendix 3.), and an introduction letter from the researcher's chief supervisor (See Appendix 9.) which contained all the required information with regard to the interview. These documents were sent in advance either by post or email, or in some cases these documents were given on the interview day. If the documents were given on the interview day, the participants were given adequate time to read the documents.

According to Gibbs (2007), "participants in research should know exactly what they are letting themselves in for, what will happen to them during the research, and what will happen to the data they provide after the research is completed" (p.8). In the information sheet, the participants were presented with all the relevant information, including the degree of confidentiality and anonymity about the organisation, name/s of the participants and the data/information that they were going to provide during the interview. Further, they were informed about their rights during the interviews to: refuse to answer any question; ask any questions before, during, or after the interview; and/or, withdraw from the study within a month after completing the interview.

The interviews lasted from 30 to 150 minutes depending on how interested the interviewees were in the questions. The interviews were digitally recorded with the written consent of interviewees. One participant, a chief financial executive in a large diversified holding, was not comfortable with her interview being recorded although she signed the consent form. Later, halfway through the interview, she directed the researcher to another executive who is directly involved in CSR initiatives. So, the above first interview was totally ignored and the second interview was considered for this analysis. Except for the corporate executive mentioned earlier, all the other participants (26) agreed to their interviews being recorded. After finishing the interviews, they were given the option to listen to their recorded interviews. Table 3.5-2 summarises the 26 interviewed companies by their ownership, size, geographical scale of operation (catering to international market or local market), and company type.

Table 3.5-2: Summary of the interviewed companies

Geographical scale of business	International scale business	11	26
	Local scale business	15	
Size (based on number of employees)	Small	5	26
	Medium	5	
	Large	16	
Ownership	Sri Lankan-owned	15	26
	Foreign-owned	11	
Company type	Listed	23	26
	Private company	2	
	Public	1	

There were 11 international scale companies and 15 local scale companies among the 26 interviewed companies. On the basis of ownership, 15 were Sri Lankan-owned and 11 were foreign-owned companies. If the Sri Lankan institutions and individuals held more than 50 per cent of the ordinary share capital then they were considered as Sri Lankan-owned companies, otherwise they were categorised as foreign-owned companies. Most of the foreign-owned companies are large multinationals. The size category grouped the companies into small (up to 249 employees), medium (250 to 999 employees), and large (1000 or more employees) companies, based on the number of employees. There were 16 in the large group and five each in the small and medium groups. However, it should be noted that except for three companies, all the others were filtered from large 200 listed companies. Finally, based on company type, there were 23 listed and two private companies, and one public bank.

For the research purpose, the interviewed companies were coded C1 to C26, of which C1 to C23 were listed companies and were coded according to descending order of market capitalisation. C24 is the public bank and C25 and C26 are the two private companies. Table 3.5-3 illustrates the interviewed companies' characteristics and the interviewees' designations.

Table 3.5-3: Company characteristics and designations of interviewees

Company Code	Industry	Interviewee's designation	Scale of business operations	Ownership	Company size based on number of workers
C1	Telecommunication Sector	Head- Group Public Policy & Corporate Responsibility	Local	Foreign-Owned	Large
C2	Diversified Holding	Manager – Sustainability Integration	International	Foreign-Owned	Large
C3	Telecommunication Sector	General Manager	Local	Sri Lankan-Owned	Large
C4	Bank, Finance & Insurance	Assistant Manager Marketing	Local	Sri Lankan-Owned	Large
C5	Power & Energy	Company Secretary	Local	Foreign-Owned	Small
C6	Beverage Food & Tobacco	Communication Manager	International	Foreign-Owned	Medium
C7	Beverage Food & Tobacco	1. CSR Manager 2. Corporate and regulatory affairs Manager	Local	Foreign-Owned	Medium
C8	Diversified Holding	Manager Corporate Relations/ CSR	International	Sri Lankan-Owned	Large
C9	Diversified Holding	Manager – Resource Developments	Local	Sri Lankan-Owned	Large
C10	Diversified Holding	Manager Business Developments	International	Sri Lankan-Owned	Large
C11	Bank Finance & Insurance	CSR Manager	Local	Sri Lankan-Owned	Large
C12	Land & Property	Chief Executive Officer	International	Foreign-Owned	Medium
C13	Bank, Finance & Insurance	Deputy General Manager	International	Sri Lankan-Owned	Large
C14	Manufacturing	Director / General Manager Finance	International	Foreign-Owned	Small
C15	Diversified Holding	General Manager	International	Foreign-Owned	Small

Table 3.5-3 (continued)

Com-pany Code	Industry	Interviewee's designation	Scale of business operations	Ownership	Company size based on number of workers
C16	Construction & Engineering	General Manager - Finance	International	Foreign-Owned	Large
C17	Motors	Executive Director - Finance	Local	Sri Lankan-Owned	Medium
C18	Beverage Food & Tobacco	Finance Manager	Local	Sri Lankan-Owned	Large
C19	Bank, Finance & Insurance	Senior Manager - Accounts	Local	Sri Lankan-Owned	Large
C20	Manufacturing	1. Finance Manager 2. Accountant	Local	Foreign-Owned	Medium
C21	Bank, Finance & Insurance	Director Finance and Treasury Management	Local	Sri Lankan-Owned	Small
C22	Plantations	General Manager	International	Sri Lankan-Owned	Large
C23	Manufacturing	Factory Controller	Local	Foreign-Owned	Small
C24	Bank Finance & Insurance	Deputy General Manager	Local	Sri Lankan-Owned	Large
C25	Manufacturing	Manager – Corporate Social Responsibility	International	Sri Lankan-Owned	Large
C26	Telecommunica-tion Sector	1. Chief Executive Officer 2. General Manager – Finance 3. Product Manager – Value Added Services	Local	Sri Lankan-Owned	Large

The researcher requested a one-to-one basis interview, but when the request came from the respondents for a group interview it was not rejected. Although group interviews are considered difficult to handle, they contribute to a wider range of views and information (Saunders et al., 2009). Rejecting a group interview for reasons of difficulty is not considered sensible when its advantages are considered. Except for the three group interviews, all the other interviews were on a one-to-one basis. Two group interviews were with a group of two corporate managers and the other one was with a group of three corporate managers. Therefore, 30

corporate managers were actually involved in these 26 interviews. Almost half of the managers held either a finance-related designation or a specifically CSR-related designation. However, irrespective of their designations, all of them were directly involved in CSR initiatives and/or its disclosure, which was the core criterion for selecting an interviewee. Table 3.5-4 illustrates the classification by company sector and designation of interviewees.

Table 3.5-4: Classification of company sector and designation of interviewees

Company sector and company code	Total	Interviewees' Designation	Total
Bank, Finance & Insurance C4 C11 C13 C19 C21 C24	6	Finance Manager / Accountant or Finance related C14 C16 C18 C19 C20 C20 C21 C26	8
Diversified Holding C2 C8 C9 C10 C15	5	Manager CSR / Corporate Responsibility or similar C1 C2 C7 C8 C11 C25	6
Manufacturing C14 C20 C23 C25	4	General Manager / Assistant General Manager C3 C13 C15 C22 C24	5
Telecommunication Sector C1 C3 C26	3	CEO / Executive Director C12 C17 C26	3
Beverage Food & Tobacco C6 C7 C18	3	Manager – Marketing / Business Developments C4 C10 C26	3
Power & Energy C5	1	Manager – Human Resources / Resource Developments C9	1
Land & Property C12	1	Company Secretary C5	1
Construction & Engineering C16	1	Communication Manager C6	1
Motors C17	1	Corporate and regulatory affairs Manager C7	1
Plantations C22	1	Factory Controller C23	1
Total	26	Total (Including the group participants)	30

Banking, finance and insurance, diversified holdings, and manufacturing are the major sectors to which the interviewed companies belong, and more than half of the interviewed companies are from these three sectors. Table 3.5-4 demonstrates that different designations are given to those who handle CSR in their companies. Only six companies used the term CSR in these designations. Notwithstanding, finance and accounting related positions and general management positions are the most common positions to handle CSR activities.

3.5.3.4. Interview data analysis

Digital recordings enabled the researcher to go through the interview data over and over again in order to extract the rich information from the interviews. The digitally recorded interviews were not fully transcribed at first, but summary notes were prepared for each electronic interview file. Playback time indicators were also employed in a way that permits easy retrieval of required information at any time. Finally, all the electronic interview files were edited digitally by removing irrelevant sections and merging all the necessary sections in order to have one edited file for each interview. Edited voice files were prepared for each interview with the important information and possible quotations. Later all the edited electronic interview files were transcribed, mostly by the researcher. However, a professional transcribing firm was engaged to transcribe a few of the edited voice files. The transcribing firm signed a confidentiality agreement before receiving the edited interview files (See Appendix 10.). However, all these transcriptions were edited by the researcher at a later stage.

Incorporating the outcome of the first phase of the thesis, the questionnaire survey, the interview data were analysed and interpreted thematically. The themes are constructed based on CSR characteristics that emerged from the Sri Lankan context. In order to address the research questions mentioned earlier in this chapter, the interview results were presented in the form of five themes: 1) the various terms

used by participants to signify CSR; 2) the apparent predominance of social issues in CSR; 3) the concentration of CSR activities on employees; 4) the historical, cultural, and customary traditions of philanthropy; and, 5) the disclosure of CSR activities and influences: "globalisation" impacts and cultural aspirations (See Chapter Seven: An investigation of CSR practice in Sri Lanka, for more details.).

However, before analysing and interpreting interview data thematically, the data were sorted using Microsoft Excel software. Although preparation of this file involved a fairly large amount of time, it made the process of analysis and interpretation relatively easier.

Apart from these analyses, there was a documentary data analysis. This was done in two situations: first, in the second step of the case company selection process for interviews (See Figure 3.5-1.). At this point, annual reports of the companies were analysed with a view to recognising companies' CSR disclosure practices in terms of quality and quantity of reporting. A simple content analysis was used to quantify the analysis. Second, before the interviews, the researcher wanted to get background knowledge on the companies and the interviewees using secondary sources. The data collected through company annual reports, company websites, CSE website, and supplementary documents issued by the CSE and the companies themselves were analysed. In addition to these two situations, during the interview data analysis, additional supporting evidence was extracted from these documents.

3.6. Chapter summary

This chapter provides the research paradigm and research methods adopted by the researcher in conducting this study. Combining both positivistic and interpretivist paradigms, this thesis employs the mixed methods methodology approach, which consists of two phases. In sequence order, the first phase of the study employs the positivistic paradigm and the second phase utilises the interpretivist paradigm. The positivistic paradigm and quantitative methods are used in this study to address the

initial focus of the thesis which is to reveal the contextual and factual understanding of CSR practices, while interpretivist paradigm and qualitative methods are used to address the core focus of this thesis which is to explain deeply rooted reasons for factual understanding of CSR practices through the corporate managers' perceptions, experiences, opinions, values, and beliefs, and the "meanings" they construct around the issues of CSR practices (See section 1.6 in Chapter One.).

Where the research methods are concerned, the study adopts sequential mixed methods in which one part supports the other part of the study. Creswell and Clark (2011) indicate that a sequential mixed approach is useful for research studies that need to elaborate or expand the findings of one method using the other method. Accordingly, in this thesis the findings of the first phase which adopted questionnaire based quantitative approach are elaborated and expanded in the second phase by adopting an in-depth interview-based qualitative approach. Sample selection strategy, data collection process and data analysis methods for both questionnaire survey and in-depth interviews are presented in this chapter.

Chapter 4:
Context of Sri Lanka

4.1. Introduction

The aim of this chapter is to provide a background discussion about Sri Lanka as the research location for a developing country. The discussion provides an understanding of the context in which CSR has developed in Sri Lanka. The importance of having a contextual understanding is supported by scholars who claim that CSR practice is significantly influenced by historical, socioeconomic, political, cultural, religious, legal, and technological settings in which it has developed (Chapple & Moon, 2005; Mathews & Perera, 1996). The contextual settings supplement the interpretation and explanations of empirical evidence in order to provide a holistic understanding of CSR practices in Sri Lanka.

Section two of this chapter explains the significance of selecting Sri Lanka as a context for CSR research in a developing country, followed by section three which provides a discussion of historical, cultural, and religious settings in Sri Lanka. Sections four and five describe Sri Lanka's sociopolitical environment, and legal and business environment respectively. Section six evaluates the historical development of the Sri Lankan public perception towards "doing business" and business organisations, followed by a discussion of the state of the country's natural environment in section seven. Section eight discusses the political and economic context in Sri Lanka and finally provides a summary for the chapter.

4.2. Sri Lanka as the focus of CSR research on a developing country

CSR practices are context driven and influenced by deeply rooted historical, cultural, and other inherent characteristics of countries (Chapple & Moon, 2005; Mathews & Perera, 1996). Sri Lanka is selected as the research site for this thesis. It tells a unique CSR story about a developing country. Due to its relatively unique contextual settings, Sri Lanka can be distinguished from other developing countries. In some aspects, it has similar characteristics to other Asian (especially South Asian) countries such as business management behaviours, and some cultural and religious features (Fernando & Almeida, 2012). Some researchers have emphasised that philanthropy is an integral part in the Asian CSR practice – especially when it is ingrained in the Asian's religious ideology – with a longstanding history (Chapple & Moon, 2005; Ramasamy & Yeung, 2009; Sood & Arora, 2006). Thus, certain findings of this thesis may be applicable to other Asian countries or some other developing countries.

To gain complete understanding of the interpretations and explanations of empirical evidence, background understanding about the research context is important. Therefore, in the journey of uncovering the story of CSR practices in Sri Lanka, it is necessary to provide background awareness of the research context, Sri Lanka. The rest of this chapter focuses mainly on this issue.

4.3. Historical, cultural and religious settings in Sri Lanka

Sri Lanka, previously known as Ceylon, is a relatively small island located close to the southern coast of India (CCC, 2010). Buddhism, an integral part of the Sri Lankan culture, was introduced in 250 BC (Mahathera Mahanama, Mahathera Dhammakitthi, Tibbotuvave Mahathera, & Hikkaduwe Sumangala Mahathera, 1912; Pieris, 1920; Rajapakse, 2003). Ancient Sri Lanka was ruled by a range of royal dynasties followed by more than 440 years of colonial rule (Cave, 1904; Mahathera Mahanama et al., 1912; Mitton, 1917). Colonial rule began in 1505 with the Portuguese, then came the Dutch, followed by the British (Arasaratnam & Peiris,

2012; Senanayaka, 2009). Although, Sri Lanka obtained political independence from the British in 1948 (De Silva, 2005), these periods of colonisation impacted the Sri Lankan ethnic mix, common mode of production, political structure, education system, legal framework, religious mix, cultural values, and so on. For example, the British introduced crops such as coffee, tea, rubber, and spices. They constructed networks of roads and railways to handle the economic activities boosted by the growth of the plantation industry (Skinner, 1891). From 1843 to 1859, mass-scale immigration occurred when the British brought 900,000 Tamil labourers from South India to the country for the plantation industry (De Silva, 2005). This influx created a huge change in the ethnic mix of the central part of the country. Furthermore, during the British era, a Sri Lankan bourgeois class – commonly referred to as upper middle class – emerged through the accumulation of wealth under the supportive influence of the country's rulers (Arasaratnam & Peiris, 2012; Jayawardena, 2001). Even now, this class dominates the economic, social, and political lives of the Sri Lankan people (Arasaratnam & Peiris, 2012; Jayawardena, 2001).

Together with the cultural values and traditions of ancient kingship (Fernando & Almeida, 2012; Thoradeniya, Lee, Tan, & Ferreira, 2012) the impacts of colonial rule persist. Wickramasinghe and Hopper (2005) state that "Kingship permeated Sri Lankan society, including its non-capitalist MOP [mode of production], with three key elements: an agricultural economy, feudalistic polity and a Sinhalese Buddhist ideology" (p. 479). On the other hand, Sri Lanka is a multiethnic, multireligious and multilingual country which is made up of 73.9 per cent Sinhalese, 12.7 per cent Sri Lankan Tamils, 5.5 per cent Indian Tamils who came from India during the British era, and 7.1 per cent Moors (CBSL, 2012b). The majority of Sri Lankans follow the Theravada school of Buddhism in Sri Lanka. More than 99 per cent of its population reportedly practise one of the four religions: Buddhists (69.3 per cent), Hinduism (15.5 per cent), Islam (7.6 per cent) and Christianity (7.3 per cent) (CBSL, 2012b). According to Jones (1997), Sri Lanka is one of the most religious

countries in the world. Referring to Gombrich and Obeyesekere (1988), Fernando and Almeida (2012) assert that "due to a unique cultural system that has been formed by a process of syncretic fusion embedding various religious elements, religion influences almost every aspect of peoples' lives in Sri Lanka" (p. 5).

With a long tradition and a Buddhist religious background, Sri Lanka has a culture of charitable giving (Simpson, 2004). This philanthropic tradition is mostly encouraged by the Theravada Buddhist teaching and its concept of dana (alms giving/charity/generosity). In Buddhist teachings, there are 10 transcendental virtues (10 perfections) that every Buddhist should practise in order to gain supreme enlightenment (Narada Maha Thera, 1988). The first perfection is related to dana or generosity. According to Simpson (2004), this first perfection is "the one most commonly aspired to by the laity [lay people] on their long journey to liberation . . . Cultivating the practice of 'dana' is a necessary component of a person's ethical development; giving is an antidote with the capacity to cure the illness of egoism and greed which it is the ultimate objective of all Buddhists to overcome" (p. 842). In accordance with Theravada Buddhism, the merit of dana to the lay people who are involved in offering, is evaluated by three criteria: "The quality of donors motive (selfless and gain-less thought), the spiritual purity of the recipient (charity to be received humbly), and the kind and size of the gift (must be proportionate to need)" (Simpson, 2004, p. 842). Thus, a spirit of selfless service is one of the main characteristics of a good Buddhist who "desires the good and welfare of the world. He loves all beings as a mother loves her only child" (Narada Maha Thera, 1988, p. 575).

Buddhist teachings and longstanding rituals tend to influence the shaping of the current Sri Lankan CSR practices (Fernando & Almeida, 2012). For example, in this thesis, a few companies were reluctant to disclose their social involvements, because of the stricture to practise "selfless and gain-less thought" (These cultural influences are further discussed in Chapter Eight). Furthermore, documented

historical evidence exists for mass-scale philanthropic activities by individual businessmen in Sri Lanka, beginning from the British era. These businessmen provided money and donated land for social and religious causes such as the construction of schools, temples, churches, travellers' rests, bridges, and roads (Jayawardena, 2001). For example, by the 1850s, Jeronis Soysa, one of the richest businessmen in Sri Lanka at that time, " . . . was also active in providing various benefits to the locality, including roads, bridges and travellers' rests . . . (Don Bastian, 1904, p. 50) . . . . Though a convert to Christianity, he donated money to the local Buddhist temple and, being himself well versed in Sinhala, expressed concern over the lack of Sinhala schools in the area . . . . Soysa's interest in repairing the ancient Malulla tank near Gonagama (in 1848) brought him to favourable notice of government officials" (Jayawardena, 2001, p. 177).

One way of presenting the uniqueness of Sri Lanka as a CSR research context is this longstanding tradition of philanthropic giving (Dhammapiya, 1999; Simpson, 2004). This tradition continues, and Sri Lanka stands out from most other countries. For example, irrespective of its low income level, according to the World Giving Index 2011, Sri Lanka ranks number one among the developing countries in philanthropic giving and number eight among all countries including developed ones (CAF, 2011). In constructing the World Giving Index, CAF surveyed 153 countries which represent 95 per cent of the world's population (around 6.96 billion people), and considered three areas: donating money to charity, volunteering time, and helping a stranger. Although this philanthropic phenomenon of CSR is not prominently investigated in the Sri Lankan context, research evidence does exist for some other developing countries (Chapple & Moon, 2005; Jamali & Mirshak, 2007; Ramasamy & Yeung, 2009). These studies suggest that philanthropy-based CSR is common in the developing nations, including the Asian countries. Visser (2008) argues that a longstanding engrained native culture of philanthropy could be a reason for the existence of philanthropy-based CSR practice in developing countries. However, studies which investigated such practices from the developing

countries' perspectives are limited. By uncovering the philanthropic-based CSR tradition in a developing country, this thesis contributes to the limited literature. The next section discusses Sri Lanka's sociopolitical context and its attendant issues such as poverty.

4.4. Sociopolitical context in Sri Lanka

Sri Lanka's total population is about 20.9 million (2010) and its population density of 333 per square kilometre (2010) is one of the highest in the world (World Bank, 2013). Since a quarter of the population lives in urban and semiurban areas, the population density in the urbanised areas is much higher than that figure suggests. For instance, in the Western Province the population density is 1632 per square kilometre (CBSL, 2011). The high population density and continued efforts to increase economic development have exerted tremendous pressure on the country's natural environment. Air pollution in the main cities, especially in Colombo, is one of the current environmental issues of the country (CIA, 2011). It is estimated that the population will stabilise at 23 million by 2025, but it is also estimated that the urban population will move up to 60 per cent by that time (MENR, 2007).

The World Bank (2008) recognised Sri Lanka as a country with one of the fastest aging populations in the world. The percentage of the total population over 65 years old in 2010 was 8.16 per cent (World Bank, 2013). The World Bank predicts that in slightly more than two decades the Sri Lankan population will grow to be as old as that in Europe or Japan (World Bank, 2008) due to the increasing life expectancy (75 years – 2010) and the declining population growth rate (0.919 per cent – 2010) (World Bank, 2013). These changes will lead to a situation where those aged 60 years or over make up almost 30 per cent of the country's population by 2050 (World Bank, 2008, 2013). The aging of the world's population is a universal phenomenon, but its effect is particularly great for Sri Lanka due to a low level of income. This situation badly affects the poverty level of the country. Therefore, the World Bank study emphasises that this growing social issue requires serious attention (World Bank, 2008).

The national poverty Head Count Index (HCI) – the percentage of population below the poverty line – was 26.1 per cent in 1990/91 and the index declined to 15.2 per cent in 2006/07 (Department of Census and Statistics, 2009). Although the index dropped by 42 per cent, the poverty gap between the sectors widened over this period. Urban and rural poverty declined by 59 per cent and 49 per cent respectively, but the plantation sector, populated mostly by Indian Tamils, increased by 56 per cent over this period (Department of Census and Statistics, 2009).

Slightly less than 40 per cent of the Sri Lankan population lived on less than US $2.00 a day in 2002 (World Bank, 2010). However, quality of life indices such as literacy, life expectancy, and infant mortality are remarkably good in Sri Lanka (See Table 4.4-1.). These statistics for Sri Lanka are very close to those for high income earning countries whose GDP per capita is about 20 times higher than that of Sri Lanka. The outstanding quality of life indices could be the reflection of a successful and sustained government intervention in the health and the education sectors (Yapa, 1998). Sri Lanka has free health services including basic medicine from the government hospitals and free education from grade one to university level in government schools and universities.

Table 4.4-1: Quality of life indices: Sri Lanka and the rest of the World

Category	GDP per capita (constant 2000 US$)			GDP growth (annual %)			Life expectancy at birth, in years	Infant Mortality rate (per 1000)	Literacy rate (% of people 15-24)
Year	2011	2010	2009	2011	2010	2009	2010	2010	2010
Sri Lanka	1402	1309	1224	8.25	8.02	3.54	75	10.8	98.16
South Asia	782	745	696	6.48	8.64	7.43	65	49.7	79.49
Low income	365	351	338	5.97	6.12	4.73	59	64.7	73.54
Middle income	2168	2061	1934	6.39	7.72	2.67	69	35.7	90.92
High income	27671	27424	26724	1.53	3.28	-3.73	80	5.1	99.52
World	6103	6009	5825	2.73	4.34	-2.22	70	38.0	89.63

Source: The World Bank (2013)

Sri Lanka is recognised as the only country in South Asia to have implemented explicit poverty alleviation programmes (United Nations, 2002), but unfortunately, none of these programmes was able to successfully eradicate poverty in the country. However, the poor in the country would have been worse off without these antipoverty programmes. Poverty, unemployment, and education are common themes/issues of companies within their CSR programmes (Fernando & Pandey, 2012). The Sri Lankan legal system, with special reference to corporate reporting, is discussed in the next section, in addition to the discussion of the Sri Lankan business context and its development.

4.5. Legal and business context in Sri Lanka

Sri Lanka has a highly complex mixture of legal systems which are made up of English Common Law, Roman-Dutch law, Jaffna Tamil law, and Kandyan law. This complex legal system reflects the history of the country outlined above; nevertheless, none of the legislation within this legal system makes any provision with regard to CSR conduct. Thus, CSR in Sri Lanka is a voluntary practice.

Corporate financial reporting in Sri Lanka is governed mainly by three forces: the framework for the preparation and presentation of financial statements issued by the Institute of Charted Accountants, Sri Lanka (ICASL); the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995; and the Companies Act No.7 of 2007 (Fernando & Pandey, 2012). Although CSR is not enacted in Sri Lankan legislation, literature suggests that, while the majority of companies undertake CSR activities, companies reporting CSR are relatively few (CCC, 2005; Fernando & Pandey, 2012; Senaratne, 2009).

The Sri Lankan contextual factors have changed over a long period of time and these changes have influenced and structured the historical development process of the business sector in Sri Lanka (Kumar, Murphy, Mortier, Rathnasiri, & Gunaratne, 2004). Until the Portuguese invasion in 1505, Sri Lanka was a country

with agriculture as its major economic activity (Pieris, 1920). Business and trading were popularised by the Portuguese, but engaging in business was socially less acceptable in this era (Chandraprema, 1989). Indian, Chinese, and Arabian traders were actively engaged in Sri Lanka at that time. After the Portuguese, the Dutch formalised business and established the Dutch-East India Company (Skinner, 1891). By the late eighteenth century, private companies were formed. In 1896, the British started to rule the country and shifted its agricultural economy to a trading economy based on tea, spices, and natural rubber (Peebles, 2004).

In 1896, the country's stock market was established and a well-developed export corporate sector began to emerge, although the public attitude towards doing business did not change significantly (Rathnasiri, 2003). Company share trading in this era mainly involved the accumulation of funds needed by British planters for the tea plantations in Sri Lanka. The Colombo Securities Exchange was established in 1985 and took over the operations from the CSBA (Colombo Stock Exchange, 2013). In 1990, the Colombo Securities Exchange was renamed as the Colombo Stock Exchange (CSE) which now, as at 31st January 2013, has 287 companies, with a market capitalisation of 2234.5 billion rupees (Colombo Stock Exchange, 2013). (The sample for this study is drawn from companies listed on the CSE.) The next section presents an overview of how the general public perceived "doing business" and business enterprises.

4.6. Historical development of public perception towards business enterprises

In the late nineteenth century the majority of the people felt that the British-owned companies were exploiting them (Rathnasiri, 2003). As a result, a feudal or socialist mentality prevailed in the minds of most people. After independence in 1948, the Sri Lankan economy became more inward-looking. In the 1960s, most of the private organisations, including foreign tea plantation companies and private educational institutions, were nationalised. Large-scale State-owned enterprises

such as steel and cement were established. The government became the main and ultimate social welfare provider to the people. Free education and health services were introduced.

Until the end of the 1970s, socialist ideas remained in society. The public perception was that private business was an evil in society (Rathnasiri, 2003). After liberalisation of the economy in 1977, the private sector existed as the engine of growth. Foreign direct investments are encouraged. In 1985, the Colombo Securities Exchange (CSE) was established and took over the operations from the Colombo Stock Brokers Association (CSBA). After 1977, all respective governments tried to privatise and downsize the State-owned companies. As a result, large-scale unemployment occurred and the negative attitude of the majority of the public towards private enterprises intensified. The state-owned enterprises' social and political motive changed to a "profit maximisation" motive after privatisation.

It can be argued that the majority of the public, generally, do not expect private enterprises to engage in socially responsible programmes. According to Rathnasiri (2003), "voluntary adherence to a common set of norms in corporate behaviour is yet to be developed" in Sri Lanka (p. 198). However, public perception towards business firms has changed considerably since the 2004 Indonesian Tsunami, because business organisations in Sri Lanka significantly contributed to rebuilding Sri Lanka after this devastating natural disaster (Fernando & Almeida, 2012). The next section discusses Sri Lanka's environmental context with special reference to its current issues.

4.7. State of the natural environment in Sri Lanka

Sri Lanka's high population density and continuous effort to improve the standard of living have placed immense pressure on its natural environment. The Ministry of Environment and Natural Resources of Sri Lanka highlighted the

current problems related to environmental sustainability: "Chief among these are severe land degradation, pollution and poor management of water resources, impacts of large scale deforestation in the past, loss of biological diversity due to non-sustained extraction of resources that exceed the recuperative capacities of ecosystems and species, coastal erosion, increasing scarcity of water for agriculture, inadequate facilities for waste disposal in urban areas, traffic congestion in the main cities, and increasing loss of agricultural productivity" (MENR, 2007, p. 3).

The United Nations Environment Programme (2001) identified five critical environmental issues related to Sri Lanka: land degradation due to soil erosion, waste disposal, pollution of inland waters, loss of biodiversity, and depletion of coastal resources. Sri Lankan companies have the opportunity to focus on these areas of development as part of their CSR activities, but in reality very limited attention is given to environmental issues by the companies in the corporate sector (Fernando & Lawrence, 2011). Sri Lankan national politics and their connections to the economic situation of the country are discussed in the next section.

4.8. Political and economic context

The United National Party (UNP) and the Sri Lanka Freedom Party (SLFP) are the only political parties which have been able to govern Sri Lanka since its independence in 1948 (Arasaratnam & Peiris, 2012). The SLFP, which governed the country from 1970 to 1977, introduced policies to reduce social inequality and to strengthen the government sector, but none of these reforms answered the existing economic problems like a mounting trade deficit, inflation, and unemployment.

In the 1977 general election, the SLFP was defeated by the UNP under the leadership of J. R. Jayewardene. This change of government revitalised the private sector; attracted foreign capital with tax incentives; and, allowed the foreign exchange rates to float. The State sector was mainly responsible for providing infrastructure facilities and mass investments. In 1978, J. R. Jayewardene established a new constitution and became the first Executive President of the country. Jayewardene's successors also followed the same development model. In 1994, the 17 years of the UNP regime came to an end when the SLFP's coalition party – People Alliance (PA) – led by Chandrika Bandaranaike defeated the UNP. Although the SLFP, traditionally, was left-based, they did not change the UNP's open economic policy, and continued privatisation of state-owned enterprises. Even afterwards, Chandrika Bandaranaike, and later the current president, Mahinda Rajapaksha who was elected in 2005, followed the same economic policy.

After nearly 30 years battling against Tamil separatists, in May 2009 the Government of Sri Lanka announced an end to the civil war (Weaver & Chamberlain, 2009). Although there may be numerous interpretations for this civil war (Grant, 2009; Peebles, 2004; Tambiah, 1991), the reality is that the Sri Lankan people suffered many consequences from it. According to the World Bank (2013), the conflict-related deaths between 1980 and 2008 amounted to 77832. Arunatilake, Jayasuriya, and Kelegama (2001) emphasised that "in Sri Lanka, the consequences of this long period of violent conflict are felt in every sphere of social and economic life" (p. 1484). The human and the social costs of the Sri Lankan civil war are immense and long-lasting, yet most are nonquantifiable (Economist, 2009).

Regardless of this conflict, the economy of Sri Lanka managed to maintain reasonably good average economic growth. From 1980 to 2009, the annual GDP growth averaged 4.8 per cent (World Bank, 2013). This shows that Sri Lanka has a resilient economy, even in times of civil conflicts and world economic recessions. However, the economic condition of the country was affected by this civil war. Its impact was evident when the war was ended in 2009, as the Sri Lankan economy recorded an impressive growth of 7.8 per cent and 8 per cent during the first 6 months of 2010 and 2011 respectively, compared to the 1.9 per cent recorded during the corresponding period of 2009 (CBSL, 2010, 2012a). In 2012, Sri Lanka recorded a massive 8.4 per cent economic growth, the highest ever since independence in 1948 (CBSL, 2012b). The considerably better macroeconomic environment provides Sri Lanka with a great opportunity for continuous economic growth.

4.9. Chapter summary

An understanding the background of the research site is important in grasping the holistic story behind the interpretation and explanation of Sri Lankan CSR evidence. After locating Sri Lanka as a developing country with some uniqueness in historical, cultural, and religious values, the chapter discussed the other relevant contextual information, most especially sociocultural, legal and business, environmental, and political and economic areas.

Sri Lanka has a long history of more than 2500 years in which the introduction of Buddhism in 250 BC is considered immensely important as it became an integral part of Sri Lankan culture (Pieris, 1920; Rajapakse, 2003). Sri Lanka was under colonial rule for more than 440 years and its historical culture, mode of production, religious beliefs, legal system and other areas diversified under the influence of colonial rule. Due to this influence and for other historical reasons Sri Lanka

became a multicultural, multiethnic, multifaith, and multilingual country. It is one of the most religious countries in the world with more than 99 per cent of the population practising a religion (CBSL, 2012b; Jones, 1997). Within this context, irrespective of its development level, Sri Lanka is recognised as one of the most generous nations by the World Giving Index, 2011 (first among the developing countries and eighth in the world). It is interesting to investigate how these Sri Lankan traditions are reflected in the CSR behaviours of Sri Lankan companies.

Chapter 5:
Theoretical framework

5.1. Introduction

The purpose of this chapter is to construct a theoretical framework, employing three commonly used theories in the CSR literature, in order to explain CSR practices in Sri Lanka. According to Gray, Owen, and Adams (2010), "Theory is, at its simplest, a conception of the relationship between things. It refers to a mental state or framework and, as a result, determines, inter alia, how we look at things, how we perceive things, what things we see as being joined to other things and what we see as 'good' and what we see as 'bad'" (p. 6). On the other hand, a combination of interrelated concepts is simply defined as a theoretical framework which may consist of a single theory or a collection of several theories (An, Davey, & Ian, 2011; Collis & Hussey, 2009). Gray et al. (2010) further emphasised that many researchers succeeded without formally theorising their research, but if researchers want to evaluate CSR practices of a particular context effectively they need some theory.

In the field of CSR, theories are needed to help us understand the behaviour of the business world and explain the range of areas in the organisational behaviour of CSR practices. In particular, these areas might include, inter alia: What is (or what is not) CSR? Why do (or do not) firms practice CSR and CSR disclosure? Why does

CSR practice change over time? and so on (Deegan, 2002; Gray et al., 2010). In this thesis, the theoretical concern is mainly on the drivers or motivations of CSR practices, which covers the main research question: Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information?

The CSR literature reveals that corporations, regardless of their geographical location or the developmental status of their operational country, are increasingly adopting CSR practices (ACCA, 2010; KPMG, 2011), but no commonly agreed theoretical perspective exists in explaining corporate behaviour in relation to CSR practices (Belal, 2008; Deegan, 2002; Gray, Kouhy, & Lavers, 1995a; Gray et al., 2010). Deegan (2002) further explained that "we do not have an 'accepted' theory for social and environmental accounting, [and] there is much variation in the theoretical perspectives being adopted" (p. 288). Specifically, Thomson (2007) identified 33 groups of theories used in CSR studies as theoretical frameworks. In accordance with his findings, some of the frequently employed theories are: legitimacy, stakeholder, information usefulness, market, political economy, accountability, institutional, critical, contingency, and ethics. CSR practice is a very complex phenomenon to explain through a single theory (Gray, Kouhy, & Lavers, 1995b). Although a lens of theory helps us to evaluate a particular practice, "we tend to assume that theory is always incomplete in the social sciences" (Gray et al., 2010, p. 9). Further, Deegan, Rankin, and Voght (2000) suggested that it is always better to get deep insights through more than one single theory in order to obtain fuller understanding of the practice and according to Gray et al. (1995a), theories should not be considered as competing but as complementary to each other. Accordingly, this thesis adopts a theoretical framework consisting of multiple theories in order to explain CSR practices in Sri Lanka.

The rest of this chapter is organised as follows: section two provides a brief description about selecting theories for the framework and section three describes the three theoretical perspectives selected and their usage in CSR literature. Section four discusses the relationship between these three theories and construction of the theoretical framework. The final section concludes the chapter and highlights the limitations of the framework.

5.2. Theories for the framework: Choice and justification

Gray et al. (2010) categorised the theories used in CSR studies into five theory levels of resolution and four types of metaphors[1]. Although all of the theoretical lenses used in CSR studies have some kinds of advantages to offer, these are not fully capable of explaining the phenomenon of CSR. Nevertheless, the importance of theorising CSR practice is highlighted because "the lens of theory enables us to evaluate practice and policy against criteria that we deem appropriate (i.e. our values) . . . ; Concern with social accounting is almost definitionally interwoven with a belief in the need for change; careful choice of theory can probably help us to consider current and potential practice and policy in a more thoughtful and coherent manner" (Gray et al., 2010, p. 3).

Different kinds of theoretical perspectives have been used over the years to explain why business organisations engaged or did not engage in CSR activities and CSR disclosure (Adams, Hill, & Roberts, 1998; Amran & Siti-Nabiha, 2009; Bayoud, Kavanagh, & Slaughter, 2012). These potential CSR theoretical perspectives can be broadly classified into "Economic Theories" and "Social and Political Theories". The economic theories, such as decision usefulness theory, agency theory, and positive accounting theory, consider only the economic aspects of CSR practice or in other words market outcomes of CSR disclosure. In addition, these theories consider mainly financial stakeholders, rather than a wider spectrum of stakeholders.

---

1   For a complete description of social theories used in CSR research studies, see Gray et al. (2010).

In this thesis, three social and political theories, namely: legitimacy theory, stakeholder theory, and institutional theory, are selected and integrated to construct a pluralistic theoretical framework in order to provide possible explanations of CSR motives of corporate managers in Sri Lanka. The reasons/justifications for the selection of these theories and the extent of their complementariness are worthy of discussion.

These selected theories are the most popular choices among CSR scholars (Thomson, 2007), but most of the previous CSR studies employed these theories on their own rather than triangulating/integrating them. This was highlighted by Gray, Owen, and Adams (2010), and they promoted the use of more than one single theory in explaining the phenomenon of CSR. Also, Gray et al. (1995a) contend that these selected social and political theories have more ability to provide insightful theoretical perspectives on CSR practices than purely economic theories do. Further, this integration is motivated by Deegan's (2009) observation that there exists a considerable relationship between these three theories, and Gray et al's (2010) discussion on the possibility of combining them.

CSR literature (Deegan, 2009; Gray et al., 2010) suggests that these three theories are complementary, but they may not be perfectly or entirely complementary. Thus, the researcher does not argue that these theories are perfectly or entirely complementary. As some scholars observe, stakeholder theory and legitimacy theory both come from system theory (Gray et al., 2010). Stakeholder theory holds that organisations are open systems interacting with multiple stakeholders and the notion of stake is more important than the ownership in relation to agency theory. Therefore, stakeholder theory holds a pluralistic view on corporate accountability, transparency, and the corporate's social responsibilities. Legitimacy theory, on the other hand, as it is used in CSR research, extends this view and conceptualises organisations as value systems that try to maintain a compliance with wider social values. In that sense, both stakeholder theory and legitimacy theory hold similar

ontological and epistemological assumptions. As institutional theory is used in the mainstream circle of CSR research, it is also a derivation of system theory but has a greater emphasis on the environmental forces and isomorphic processes that motivate the corporate adoption of various CSR practices. In institutional theory, firms are considered to be open systems and react and adapt to the environmental demands through isomorphic processes. In a way stakeholder theory and legitimacy theory hold a normative perspective – explaining 'why' organisations should be socially responsible – while institutional theory is more descriptive – explaining 'how' they come to be socially responsible through forces or processes of isomorphism. In this vein, these three theories are complementary to a large extent, and do not hold contradictory ontological and epistemological assumptions.

The researcher agrees with this Chen & Robert's (2010) argument that these three theories share the similar ontological and epistemological views and are considered as system-oriented theories and does not expect there are any major differences which obviate the benefits obtained by combining the insights of all these three theories. Therefore, in constructing the theoretical framework, the researcher attempts to integrate these theories, and interrelates them with each other by identifying the convergent features of the theories.

5.3. Theoretical perspectives of CSR practice

This section discusses the legitimacy theory, stakeholder theory, and institutional theory which are adopted in the theoretical framework. The discussion of each theory includes a general introduction, linking the theory to CSR practice, and its predictions about CSR motivations.

5.3.1. Legitimacy theory

5.3.1.1. Introduction to legitimacy theory

Legitimacy theory emphasises that organisations continually attempt to ensure that they are perceived as functioning within the bond and norms of the society in which they operate (Deegan, 2009). Legitimacy theory implies that a "social contract"

exists between a business organisation and its respective societies (Deegan, 2006; Deegan & Samkin, 2009). This social contract deals with whether an organisation operates within the above bounds and norms of society or, simply, the expectations of society. The terms of this contract could be partly explicit and partly implicit. Explicit terms consist of legal requirements, whereas community expectations constitute implicit terms (Deegan et al., 2000). An organisation needs to ensure that these terms are not breached in order to maintain a good state of legitimacy for the organisation through which society allows the organisation its continued existence.

In legitimacy theory, society is considered as a whole without considering individuals separately (Belal, 2008; Deegan, 2002). Thus, the theory is concerned with the relationship between the organisation and society at large. Organisations do not exist in isolation and they need continued relationships with society. For example, organisations obtain human resources and materials from society and they also provide their products and services to society (Mathews, 1993). Above all, waste products of the organisation are absorbed by society (the natural environment), usually, without any cost to the organisation. According to many scholars, inherently organisations have no rights to these benefits; in order to allow continued existence of organisations, society would expect benefits to outweigh the cost to society (Belal, 2008; Deegan, 2002; Mathews, 1993). Legitimacy theory suggests that the expectations of society at large have to be fulfilled by the organisation, not merely the owners or investors' requirements as in shareholder theories such as agency theory. In accord with legitimacy theory, when only these expectations are met, does society allow the organisation to continue its operations and ensure its survival (An et al., 2011). In other words, the theory argues that "organisations can only continue to exist if the society in which they are based perceives the organisation to be operating to a value system that is commensurate with the society's own value system" (Gray et al., 2010, p. 28). Thus, in accordance with legitimacy theory, an organisation's level of legitimacy is of utmost important for its continued survival.

However, operating an organisation in this manner is not always easy as society's various norms and expectations are continuously changing and, thus, it is difficult to bring about congruence with the organisation's objectives. As a result, a so-called "legitimacy gap" can arise. Sometimes there can be "legitimisation threats" as a result of unexpected occurrences such as a financial scandal, major accident, or any incident that affects the organisation's reputation. These kinds of gaps or threats can be a risk to an organisation, unless it implements a proper legitimisation strategy. Lindblom (1994) suggested four legitimisation strategies which can be adopted by an organisation in order to legitimise its operations within the society in which it operates. These four strategies are to: educate relevant stakeholders about its actual performance; change the perceptions of the relevant stakeholders about the underlying issue without changing the organisation's behaviour; distract or manipulate the attention away from the issue of concern and seek to divert the attention to a favourable issue; and/or seek to change external expectations about the organisation's performance.

5.3.1.2. Linking legitimacy theory to CSR practice

One or all of the Lindblom's (1994) legitimisation strategies can be employed by adopting CSR activities and CSR reporting. As an example, organisations generally tend to disclose positive CSR behaviour rather than negative news (Gray et al., 2010). This strategy implies that through CSR disclosure, organisations seek to communicate their legitimisation actions (Deegan, 2002; Deegan & Soltys, 2007). As stated by Tilling (2004), two streams exist in legitimacy theory: one is a wider perspective and the other is a narrowed perspective. This wider perspective, generally identified as the "macrotheory" of legitimacy theory or institutional legitimacy theory, is concerned with how organisational structures, for example capitalism, as a whole have gained legitimacy from society at large (Tilling, 2004). This wider perspective was predominantly informed by Marxian thinking (Gray et al., 2010; Tilling, 2004).

On the other hand, the narrowed perspective operates at the organisational level and is concerned with the legitimacy of individual organisations (Gray et al., 2010). In accord with the views of Tilling (2004), "it is from this level that most accounting research tends to draw its understanding of legitimacy" (p. 4). Within this perspective, Suchman (1995) considers organisational legitimacy as an operational resource similar to other resources in an organisation, which it requires to achieve its goals. Some activities and events, such as environmental friendly organisational behaviour, community development projects, and disclosing positive news, enhance organisational legitimacy, whereas some activities, such as a major accident or a financial scandal published in mass media, decrease it.

The major limitation of the theory is its vagueness in the area of CSR as it does not "really tell[s] us very much about why organisations might choose not to disclose at all or to necessarily tell us why disclosure might be so selective" (Gray et al., 2010, p. 29). However, none of these limitations has restricted the application of legitimacy theory in CSR studies; the literature agrees that legitimacy theory is the most employed theoretical perspective in such studies (de Villiers & van Staden, 2006; Thomson, 2007; Tilling, 2004).

As mentioned above, many scholars employed legitimacy theory to explain CSR practices in different contexts (Adams et al., 1998; Archel, Crawford, Larrinaga, & Husillos, 2009; Barkemeyer, 2007; Branco & Rodrigues, 2008; Campbell, 2000; de Villiers & van Staden, 2006; Deegan & Gordon, 1996; Deegan & Rankin, 1996; Deegan, Rankin, & Tobin, 2002; Deegan et al., 2000; Guthrie & Parker, 1989; Milne & Patten, 2002; O'Donovan, 2002; O'Dwyer, 2002; Rajapakse & Abeygunasekera, 2008; Tregidga, Milne, & Kearins, 2007; Yao, Wang, & Song, 2011). Discussing and reviewing all of these studies is not feasible, thus, instead of discussing these individual studies in detail, it is practical to provide some overall insight into the theory's empirical usage by drawing on a few individual study reviews as illustrations.

When considering the literature, we can see that, although the empirical evidence of some studies fail to support legitimacy theory (Guthrie & Parker, 1989; O'Dwyer, 2002), a growing number of studies do provide evidence in support of legitimacy theory (Archel et al., 2009; Deegan et al., 2002; Deegan et al., 2000), even though the level of support is varied across studies (Deegan & Gordon, 1996; Deegan & Rankin, 1996; Milne & Patten, 2002; O'Donovan, 2002; Wilmshurst & Frost, 2000). As highlighted by Belal (2008), the study by Guthrie and Parker (1989) is one of the earliest empirical studies which used legitimacy theory. In their study, they analysed 100 years of social disclosures by a dominant corporation, the Broken Hill Proprietary Company Ltd. (BHP), in the Australian mining industry and tried to assess disclosure evidence for the legitimacy theory explanation. Finally, they concluded "the analysis failed to confirm legitimacy theory as the primary explanation for CSR in this particular corporate case" (P. 351). A similar kind of finding was obtained by O'Dwyer (2002) in an Irish context study analysing managers' perceptions about CSR reporting and determining whether CSR reporting would be a successful legitimisation strategy. He contended that for contextual reasons, CSR reporting cannot be considered as a successful legitimisation strategy.

In a very recent study, Chu, Chatterjee, and Brown (2013) tested the legitimacy theory by investigating the factors driving greenhouse gas reporting in Chinese companies listed on the Shanghai Stock Exchange. They examined the top 100 A-share companies' annual reports and CSR reports employing the content analysis technique. In agreement with the expectations of legitimacy theory, they found that most of the companies report only neutral and good news, although relevant negative news existed because "larger companies operating in an industry which has higher level[s] of carbon dioxide emissions tend to have higher levels of greenhouse gas disclosures" (Chu et al., 2013, p. 114).

In another study, de Villiers and van Staden (2006) employed legitimacy theory to explain the reasons for the reductions in environmental disclosures in the South African context. They used content analysis to examine environmental disclosures in South African listed companies, using 140 annual reports over a 9-year period. The reasons for the observed reduction in the disclosures are explained as a matter of legitimisation behaviour and, finally, they concluded "legitimising objectives may also be served by changing the type (general/specific) or reducing the volume of environmental disclosures" (de Villiers & van Staden, 2006, p. 763). Although legitimacy theory is still considered as underdeveloped, it does provide some useful insights to the CSR practice.

5.3.1.3. Legitimacy theory's predictions about CSR motivation

To align with legitimacy theory, organisations might engage in CSR activities and reporting in order to retain, gain, and regain their legitimacy. Therefore, in legitimacy theory, the desire to legitimise an organisation's operations through CSR disclosure is considered as the predicted motivation to drive disclosure-related decisions (Deegan, 2002). When corporate managers are driven by this motivation, "corporations will do whatever they regard as necessary in order to preserve their image of a legitimate business with legitimate aims and methods of achieving it" (de Villiers & van Staden, 2006, p. 763). In order to improve the legitimacy of organisations, with respect to empirical evidence, the organisations refrain from disclosing negative or bad news related to them, provide explanations about unhealthy mass media news related to them, increase positive CSR news, or/ and even reduce CSR news if they think that would help to increase or maintain the level of their organisations' legitimacy.

5.3.2. Stakeholder theory

5.3.2.1. Introduction to stakeholder theory

Stakeholder theory is a theory concerned with the relationship between an organisation and its stakeholders. Although Ansoff (1965) was considered as the first to use the term "stakeholder theory" (Roberts, 1992), the evidence suggests that the term "stakeholder", the fulcrum of the stakeholder theory, was used way back in 1947 (Johnson, 1947). However, it was mostly embraced after the mid-1980s. The works of Freeman (1984, 1994; 2005) and some other scholars (for example, Branco & Rodrigues, 2007; Carroll & Buchholtz, 2009; Clarkson, 1994; Clarkson, 1995; Donaldson & Preston, 1995; Harrison & Freeman, 1999) addressed most of the core ideas related to the stakeholder theory. Freeman (1984) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984, p. 49). While retaining Freeman's definition of a stakeholder as a foundation, some scholars tried to be more specific on the definition by categorising stakeholders in different ways. For example, strategic and moral stakeholders (Goodpaster, 1991); external and internal stakeholders (Carroll, 1989; Pearce, 1982); latent, expectant, and definitive stakeholders (Mitchell, Agle, & Wood, 1997); subgroups of stakeholders such as shareholders, employees, and customers (Preston & Sapienza, 1990); single issue, and multiple issues stakeholders (Wood, 1994); supportive, marginal, nonsupportive, mixed blessing stakeholders (Savage, Nix, Whitehead, & Blair, 1991); voluntary and involuntary stakeholders (Clarkson, 1994); and primary and secondary stakeholders (Clarkson, 1995) were identified. The main aspect of these categorisations is to emphasise that there are various stakeholder groups with different and sometimes conflicting expectations.

In accord with the stakeholder perspective, an organisation has to meet these multiple expectations of its various stakeholder groups, rather than only the expectations of shareholders as in traditional shareholder theories, because "stakeholder theory highlights organisational accountability beyond simple

economic or financial performance" (Guthrie, Petty, & Ricceri, 2006, p. 256). Stakeholder theory suggests that the management of an organisation is expected to perform its accountability towards its stakeholders by undertaking activities deemed important by its stakeholders, and by reporting information. Thus, the term, "accountability" frequently relates to this theory and the literature considers how one focal organisation delivers its accountability to its various stakeholders (Smith, 2008).

Some assumptions have developed around stakeholder theory. They appear throughout the stakeholder literature in a number of different fields such as strategic management, CSR, business and society, and business ethics discipline (Belal, 2008; Smith, 2008) . Smith (2008) summarises these assumptions to indicate their scope and to provide overall insight for this theory; these assumptions are illustrated in Table 5.3-1.

Table 5.3-1: Assumptions of stakeholder theory

1	Stakeholders are defined and understood from the vantage point of one focal organisation
2	An organisation must be able to manage its stakeholders effectively in order to achieve its goals.
3	Stakeholders can be categorised in a variety of ways and often such categories have competing interests.
4	Stakeholders pressure an organisation because they want something or have a stake in something.
5	The ability of a stakeholder to pressure an organisation comes from organisational attributes of the stakeholder.
6	An organisation must balance the conflicting interests of those stakeholders in its external environment with those stakeholders in its internal environment.
7	An organisation has financial as well as social responsibilities to its stakeholders.

Source: (Smith, 2008, p. 19)

Based on the above assumptions, different kinds of interpretations and classifications for stakeholder theory are evident in the literature. For example, Donaldson and Preston (1995) introduced a taxonomy for stakeholder theory: normative, instrumental, and descriptive. Another example comes from Berman (1999) who proposed two models, namely, the strategic stakeholder management model and the intrinsic stakeholder commitment model. Although there are many other interpretations and classifications, two major branches of stakeholder theory stand out in the literature; these are the ethical (moral or normative) branch, and the managerial (positive) branch (An et al., 2011; Belal, 2008; Belal & Owen, 2007; Deegan, 2009; Gray et al., 2010; Gray, Owen, & Adams, 1996; Guthrie et al., 2006).

5.3.2.2. Ethical perspective of stakeholder theory

The ethical branch of stakeholder theory suggests that irrespective of the stakeholder power, all the stakeholders have the same right to be treated fairly by an organisation (Deegan, 2009). Seemingly, the ethical perspective of stakeholder theory is grounded in Critical Accounting Theory (CAT) which is broadly concerned with the approach to accounting research that focuses on the role of accounting or on the particular accounting method that should be employed. Rather than considering only specific privileged parties (or powerful stakeholders) of those in control of providing critical resources to the organisation (Deegan & Unerman, 2006), the ethical perspective calls for consideration all its stakeholders.

Within the ethical perspective, managers of an organisation are expected to manage the business for the benefit of all stakeholders, irregardless of whether management of stakeholders leads to improved financial performance (Hasnas, 1998). In this perspective, the organisation is not viewed as a mechanism which drives the maximisation of shareholders' wealth, but, rather, as one which meets the

expectations of all stakeholders. Stoney and Winstanley (2001) in explaining the ethical branch of stakeholder theory emphasise the ethical treatment of stakeholders which "may require that the economic motive of organizations – to be profitable – be tempered to take account of the moral role of organizations and their enormous social effects on people's lives" (p. 608).

This ethical perspective relates directly to the accountability model of stakeholder theory proposed by Gray et al. (1996). Thus, in the ethical perspective, "the organisation owes an accountability to all its stakeholders" rather than only to more powerful or financial stakeholders (Gray et al., 2010, p. 25). The main limitation of the ethical perspective is the managers' challenge to treat all stakeholders fairly, especially when the stakeholders have different and contradictory interests. However, Hasnas (1998) suggests that when these interests conflict, the business should manage "to attain the optimal balance among them" (p. 32). According to Gray et al. (2010), the ethical perspective of stakeholder theory or normative approach to accountability has limited descriptive or explanatory power in a social accounting context.

5.3.2.3. Managerial perspective of stakeholder theory

On the other hand, the managerial (positive) perspective of stakeholder theory asserts that managers of an organisation attempt to meet the expectations of stakeholders who control the critical resources required by the organisation. The more critical the stakeholder resources to the organisations (thus, more important – salient, according to Mitchell et al. (1997) – the stakeholders to the organisation), the greater the effort of the management of the organisation to meet the expectations of those stakeholders should be (Deegan, 2009). According to Gray et al. (2010), this perspective may be employed in an "organisation-centred" way. In addition, the stakeholders are identified by a focal organisation on the basis of "the extent to which the organisation believes the interplay with each group needs to be managed

in order to further the interests of the organisation (The interest of the organisation need not be restricted to conventional profit-seeking assumptions)" (Gray et al., 1996, p. 45). In the managerial perspective, an organisation is expected to be accountable to its economically powerful stakeholders, rather than all stakeholders as in the ethical perspective. In this managerial perspective, stakeholder activism or involvement is considered of paramount importance to the organisation, which can positively or negatively affect the firm (Murray & Vogel, 1997). The main challenge here is the task relating to how organisations should decide to whom they are responsible, and to what extent that responsibility extends (O'Riordan & Fairbrass, 2008). Thus, the managerial perspective of stakeholder theory focuses mainly on managing the relationship between an organisation and its critical stakeholders. Unlike the ethical perspective, the organisation-centred managerial perspective of stakeholder theory can be, and frequently is, tested by empirical studies (Deegan, 2009).

5.3.2.4. Linking stakeholder theory to CSR practice

Stakeholder theory emphasises the accountability of the organisation as well as the rights of stakeholders. According to Mulgan (1997), the term "accountability" is derived from the broader concept of "responsibility". Accountability is referred to as the responsibility of one party to another who has entrusted the first party to perform certain duties (Mulgan, 1997). In the process of performing the accountability to the stakeholders, the disclosure of information plays an important role in accounting. The provision of information should not only include financial or regulated information of a company, but also nonfinancial or unregulated information (Gray et al., 1996), because, in line with the stakeholder theory, the community has a "right-to-know" about certain aspects of a company's operations. In regard to the stakeholders' rights to information, Gray et al. (1996) emphasise that the disclosure of information should be responsibility-driven instead of demand-driven. In applying their accountability model in CSR reporting, Gray, Owen and

Maunders (1991) contend that, "the role of corporate social reporting is to provide society-at-large (the principal) with information (accountability) about the extent to which the organisation (the agent) has met the responsibilities imposed upon it" (p. 15). Here the 'society-at-large' is represented by an organisation's stakeholders, in performing its accountability.

Many CSR empirical studies related to stakeholder theory exist, but, as mentioned by Deegan (2009), unlike the ethical perspective, the managerial perspective of stakeholder theory is frequently tested by empirical studies. For example, Roberts (1992) tested the ability of stakeholders to impact on CSR disclosures using stakeholder theory and found that the information needs of stakeholders and their measures of power provide some explanations about the levels and types of CSR disclosures. Similar kinds of results were found in Neu, Warsame and Pedwell's (1998) study which analysed annual reports of publicly trading environmentally sensitive Canadian companies. According to the results, the companies were more responsive to the concerns of powerful stakeholders such as financial stakeholders and government regulators than to other stakeholders such as environmentalists. In an engagement-based study of CSR reporting, Belal and Owen (2007) used stakeholder theory to interpret a series of interviews with senior managers from 23 companies in Bangladesh, representing multinational, domestic, private and public sectors. They found that the main motivation of CSR disclosure lies in the desire to manage the most powerful stakeholder groups. Islam and Deegan (2008) in another study examined how the power of stakeholder groups influences the managerial decisions of CSR disclosures by investigating CSR reporting practices of the Bangladesh Garments Manufacturing Enterprise Association (BGMEA) and its member firms. The BGMEA is the government authority that provides export licences to garment manufacturers. Through the interviews of the BGMEA's senior management, they found that CSR disclosure policies of BGMEA and its garment-manufacturing member firms were mainly driven by their foreign buyers, whom they considered as their most powerful stakeholders.

5.3.2.5. Stakeholder theory's predictions about CSR disclosure motivations

In line with stakeholder theory, an organisation might engage in CSR activities and reporting in order to discharge its accountability towards its stakeholders: in the ethical perspective, towards all stakeholders, and in the managerial perspective, towards economically powerful stakeholders. By engaging in the disclosing of CSR information an organisation clearly accepts its stakeholders' right-to-know about certain aspects of its operations. The provision of CSR information reduces the information asymmetry and places different kinds of stakeholders on a level playing field. In return, an organisation could expect or bring certain benefits such as improving its image/reputation, attracting investors, lowering the cost of capital, improving the retention of existing employees, attracting prospective employees, and improving the relationship with stakeholders in order to gain their support and approval (Deegan, 2009; Gray et al., 1996). All these benefits could be an indirect motivation for CSR disclosure. In a direct, abstract form, according to the managerial branch of stakeholder theory, the CSR disclosure motivation of an organisation is driven by the desire to manage its powerful stakeholders, whereas for the ethical branch, the CSR disclosure motivation is driven by the desire to be accountable to all stakeholders irrespective of their economic power.

5.3.3. Institutional theory

5.3.3.1. Introduction to institutional theory

When considering the recent developments in institutional theory, it cannot be considered as a single homogenous theory. It has grown into a heterogeneous set of theories, and brings together various strands such as the "micro" version of old institutional theory (Burns & Scapens, 2000), the "macro" version of new institutional theory (Dillard, Rigsby, & Goodman, 2004; DiMaggio & Powell, 1983; Meyer & Scott, 1992), historical institutionalism, and also institutional economics

(See for more details, Moll, Burns, & Major, 2006.). The researcher opts to use only one version of institutional theory in this thesis: that is the "macro" version of new institutional sociology. Hereinafter, this version is discussed as institutional theory.

Institutional theory examines organisational forms and explains the reasons for having homogeneous characteristics or forms in organisations which are within a same "organisational field". DiMaggio and Powell (1983) define an organisational field as "those organisations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organisations that produce similar services or products" (p. 147). Referring to Oliver (1991), Carpenter and Feroz (2001) highlighted that "institutional theory views organisations as operating within a social framework of norms, values, and taken-for-granted assumptions about what constitutes appropriate or acceptable economic behaviour" (p. 565). In line with institutional theory, organisations conform within an organisational field, perhaps, due to institutional pressure for change, because "they are rewarded for doing so through increased legitimacy, resources, and survival capabilities" (Scott, 1987, p. 498). DiMaggio and Powell (1983) contend that, once an organisational field is structured, various powerful forces emerge within society, which cause organisations within the field to become more similar to one another.

Two dimensions exist in institutional theory: isomorphism and decoupling. DiMaggio and Powell (1983) consider isomorphism as the concept that best describes the process of homogenisation. They define isomorphism as "a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions" (DiMaggio & Powell, 1983, p. 149). Moll, Burns, and Major (2006) break isomorphism into two components: competitive isomorphism and institutional isomorphism. According to Moll et al. (2006), competitive isomorphism is referred to as "how competitive forces drive organisations towards

adopting least-cost, efficient structures, and practices" (p. 187). Institutional isomorphism can be broken down into three different isomorphism processes such as: coercive isomorphism, mimetic isomorphism, and normative isomorphism (DiMaggio & Powell, 1983).

The first of these processes, coercive isomorphism, relates to external factors, such as shareholder influence, employee influence, and government policy. So, this process arises because of the pressure from powerful or critical stakeholders (upon whom an organisation is dependent) to change an organisation's institutional practices such as CSR reporting (Deegan, 2009). It is quite evident that the process of coercive isomorphism is related to the managerial perspective of stakeholder theory which focuses on powerful stakeholders. In discussing how coercive isomorphism creates some form of homogeneity within organisations, Deegan (2009) states, "a company could be coerced into adopting its existing voluntary corporate reporting practices . . . to bring them into line with the expectations and demands of its powerful stakeholders (while possibly ignoring the expectations of less powerful stakeholders). Because these powerful stakeholders might have similar expectations of other organisations as well, there will tend to be conformity in the practices being adopted by different organisations – institutional practices will tend towards some form of uniformity" (p. 360).

The second process, mimetic isomorphism, involves organisations trying to emulate or copy other organisations' practices, mainly to obtain competitive advantage in terms of legitimacy. Uncertainty is one of the powerful forces which encourages imitation (DiMaggio & Powell, 1983). In explaining the reasons for having mimetic isomorphism, Unerman and Bennett (2004) state, "any organisation which failed (at a minimum) to follow innovative practices and procedures adopted by other organisations in [the] same sector would risk losing legitimacy in relation to the rest of the sector" (p. 692). CSR reporting would be one of these innovative practices that could help to maintain and enhance the corporate legitimacy.

According to DiMaggio and Powell, the third and final isomorphic process is normative isomorphism. It relates to the pressures emerging from common values to adopt particular institutional practices. In relating normative isomorphism with corporate reporting, including voluntary reporting, Deegan (2009) states, "the professional expectation that accountants will comply with accounting standards acts as a form of normative isomorphism for the organisations for whom accountants work to produce accounting reports (an institutional practice) that are shaped by accounting standards. In terms of voluntary reporting practices, normative isomorphic pressures could arise through less formal group influences from a range of both formal and informal groups to which managers belong – such as the culture and working practices developed within their workplace" (p. 362).

It is necessary to indicate that all three isomorphic processes mentioned above lead organisations to adopt similar structures and management practices in their fields, irrespective of their actual usefulness or organisational efficiency (Carpenter & Feroz, 2001; DiMaggio & Powell, 1983). According to Carpenter and Feroz (2001), "institutional theory is based on the premise that organisations respond to pressures from their institutional environments and adopt structures and/or procedures that are socially accepted as being the appropriate organisational choice" (p. 569).

In addition to isomorphism, decoupling is the other dimension of institutional theory. This dimension relates to the separation between the external image of an organisation and its actual structures and procedures or practices. An organisation's actual practices need not necessarily comply with the external expectations. This separation, which could be an intentional and/or unintentional action of the organisation, is referred to as decoupling (Moll et al., 2006). According to Dillard, Rigsby, and Goodman (2004), "decoupling refers to the situation in which the formal organisational structure or practice is separate and distinct from actual organisational practice" (p. 510). Deegan (2009) in relating decoupling to CSR reporting practice, states "this decoupling can be linked to some of the

insights from legitimacy theory, whereby social and environmental disclosures can be used to construct an organisational image that might be very different from the actual organisational social and environmental performance. Thus, the organisational image constructed through corporate reports might be one of social and environmental responsibility when the actual managerial imperative is maximisation of profitability or shareholder value" (p. 364).

5.3.3.2. Linking institutional theory to CSR practice

According to Deegan (2009), institutional theory links organisational practices, including CSR practices and other accounting practices, to the values and norms of a society in which an organisation operates. This connection ultimately drives an organisation to a necessity to maintain, gain, and regain its legitimacy. Legitimated structures and/or practices transmit to organisations in a field through coercion, through imitation, and through normative pressures. Through these isomorphic processes, organisations adopt institutional practices (Dillard et al., 2004). Voluntary CSR disclosure and voluntary engagement in CSR activities by an organisation are considered as a part of institutional practice (Deegan, 2009).

Institutional theory is a well-established theoretical perspective in the areas of management accounting, political science, social and organisational change, accounting controls, and financial reporting (Gray et al., 2010). Although institutional theory inherently possesses the capability to help explain CSR compliance by firms (Campbell, 2007), it has not been used much in the CSR literature (Gray et al., 2010). A few studies can be found where the application of institutional theory is used to explain CSR practice (See, for example, Amran & Siti-Nabiha, 2009; Bansal, 2005; Berrone & Gomez-Mejia, 2009; Campbell, 2007; Rahaman, Lawrence, & Roper, 2004.).

5.3.3.3. Institutional theory's predictions about CSR motivations

According to institutional theory, various forces influence organisations to adopt CSR practices. Here, managers try to conform to norms that are substantially imposed upon them. Thus, in line with the institutional theory, an organisation's predicted CSR motivation is the desire to become similar to other organisations, by adopting those of their practices which society or particularly powerful groups consider as "normal".

5.4. Theoretical framework

This section discusses the relationship between legitimacy theory, stakeholder theory, and institutional theory, and then discusses construction of the theoretical framework. Broadly, two main similarities exist within the three underlying theories. First, all three theories are derived from a broader political economy theory (Gray et al., 1996). Gray et al. define "political economy" as "the social, political and economic framework within which human life takes place" (p. 47). Political economy theory assumes that society, politics, and economics are inseparable. Thus, economic activities cannot meaningfully be investigated, unless social and political perspectives are taken into consideration (Deegan, 2009). In accordance with political economy theory, Guthrie and Parker (1990) view corporate disclosures as political, social, and economic documents. They further state that the disclosures "serve as a tool for constructing, sustaining, and legitimising economic and political arrangements, institutions, and ideological themes which contribute to the corporation's private interests" (Guthrie & Parker, 1990, p. 166). However, the political economy perspective does not consider corporate reports as neutral or unbiased documents, but as "a product of the interchange between the corporation and its environment and attempt to mediate and accommodate a variety of sectional interests" (Guthrie & Parker, 1990, p. 166). Within this given political economy perspective, legitimacy theory, stakeholder theory, and institutional theory are derived and developed with slight variations.

Second, all three theories are considered as "system-oriented theories" (Gray et al., 1996). Gray et al. (1996), indicate that a system-oriented perspective "permits us to focus on the role of information and disclosure in the relationship(s) between organisations, the state, individuals and groups" (p. 45). Overall, corporate disclosure decisions are considered to establish a strategy to enhance the relationship between an organisation and its stakeholders with which it operates, according to these three theories.

Further, within these theories, organisations are considered as an important part of the wider social system. Stakeholder theory considers stakeholders of an organisation as an individual form and assumes a high stakeholder resolution view. Legitimacy theory considers a holistic view and assumes a low stakeholder resolution, while institutional theory considers generally accepted social norms and/or institutional practice which are indirectly influenced by the organisation's stakeholders. The stakeholder and legitimacy theories explain why managers of an organisation embrace a particular strategy such as voluntary CSR disclosure, whereas institutional theory tends to hold the broad macro view to explain why an organisation adopts a particular structure or particular reporting practice. Furthermore, the first two theories explain how managers try to legitimise and/or account to a particular set of stakeholders or to all the stakeholders, whereas the latter theory "typically embraces a view that managers are expected to conform with norms that are largely imposed on them" (Deegan, 2009, p. 365). All three theories concern the relationship between an organisation and the society within which it operates. Thus, these theories are directly or indirectly related to each other and should be considered be complementary rather than competing with each other. The following quotation from Berrone and Gomez-Mejia's study (2009) succinctly highlights the interconnection of these three theories: "The main thesis of institutional theory is that organizations enhance or protect their legitimacy (Scott, 1995) by conforming to the expectations of institutions and stakeholders (Aldrich & Fiol, 1994; DiMaggio & Powell, 1983)" (p. 104).

Table 5.4-1 summarises the basic features of the theories. Based on these features, as illustrated in Figure 5.4-1, a comprehensive theoretical framework is constructed, by integrating legitimacy theory, stakeholder theory, and institutional theory.

Figure 5.4-1: Theoretical framework
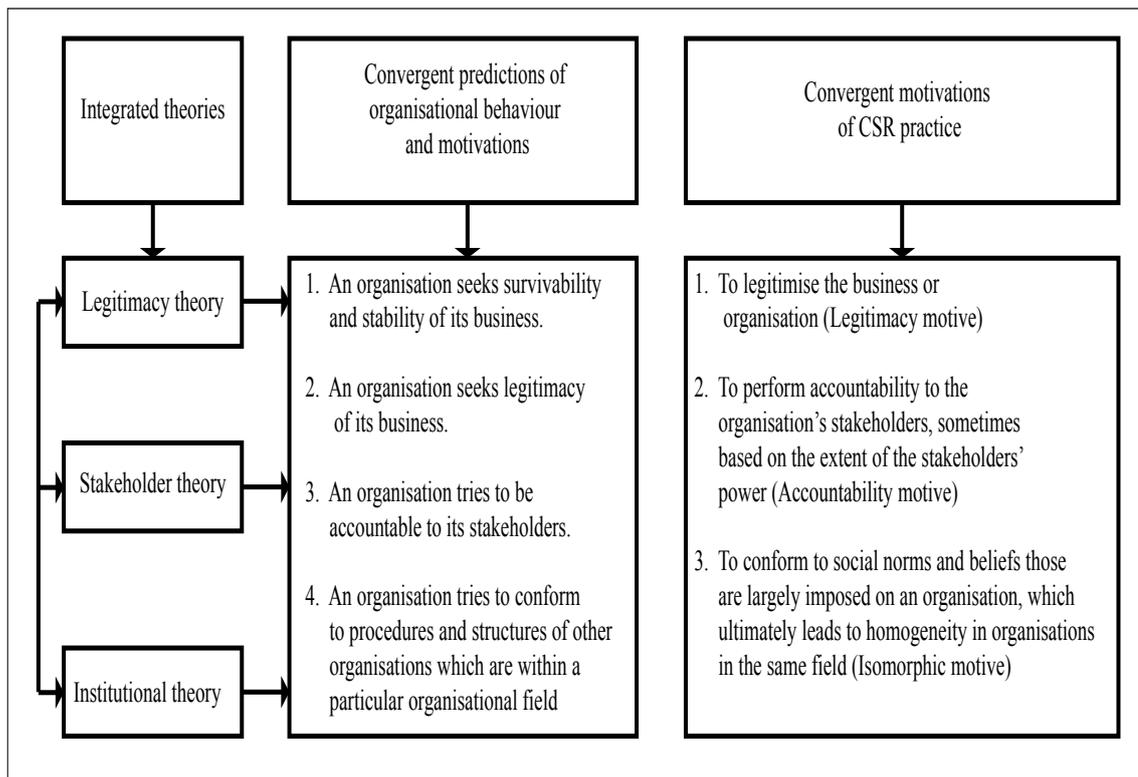
This theoretical framework shows the convergent organisational behaviour or motivations, convergent motivations of CSR practices, and CSR behaviour or outcomes. In line with these three theories, the following broad convergent predictions of organisational behaviour or motivations are derived:

1. An organisation seeks survivability and stability of its business.

2. An organisation seeks legitimacy of its business or social worthiness of its existence.

3. An organisation tries to be accountable to its stakeholders.

4. An organisation tries to conform to procedures and structures of other organisations which are within a particular organisational field that share common values and beliefs of society in which they operate.

Table 5.4-1: Basic features of theories

Legitimacy theory	Stakeholder theory		Institutional theory
	Ethical perspective	**Managerial perspective**	
1. Enriched by political economy theory	1. Enriched by political economy theory	1. Enriched by political economy theory	1. Enriched by political economy theory
2. A system-oriented theory	2. A system-oriented theory	2. A system-oriented theory	2. A system-oriented theory
3. Social contract	3. Accountability – to all stakeholders, regardless of their power	3. Accountability – to economically most powerful stakeholders	3. Emphasises survival value of conformity
4. Organisational legitimacy	4. Individual stakeholder view (high resolution view)	4. Selected individual stakeholder view (high resolution view)	4. All organisations are socially constructed and tend to conform to social norms and beliefs, and adherence to institutional rules and norms
5. Survivability – When legitimacy gap exists, legitimating strategies are implemented	5. An organisation tries to balance stakeholders' with competing interests	5. An organisation tries to manage critical stakeholders' competing interests and pressures	5. Isomorphism – the process of homogenization – through coercive, mimetic and normative ways
6. Holistic Stakeholder view (low resolution view)	6. Responsibility driven than power or pressure driven	6. Stakeholders' power or pressure driven than responsibility driven	6. May occur decoupling – the external expectation gap in organisational practice
7. Implicitly expects stakeholder pressure and tries to respond through legitimating strategies	7. Implicitly expects organisational legitimacy, survivability, and stability among all stakeholders by performing accountability	7. Implicitly expects organisational legitimacy, survivability, and stability among powerful stakeholders by performing accountability	7. Implicitly expects organisational legitimacy, survivability, and stability, especially through isomorphism
References: (Archel et al., 2009; Branco & Rodrigues, 2008; de Villiers & van Staden, 2006; Deegan, 2002; 2006, 2009; Deegan et al., 2000; Deegan & Samkin, 2009; Deephouse & Carter, 2005; Gray et al., 2010; Lindblom, 1994; Tilling, 2004)	References: (Bayoud et al., 2012; Belal & Owen, 2007; Branco & Rodrigues, 2007; Carroll & Buchholtz, 2009; Clarkson, 1995; Deegan, 2009; Donaldson & Preston, 1995; Freeman, 1984, 1994; 2005; Gray et al., 2010; Islam & Deegan, 2008; O'Riordan & Fairbrass, 2008; Roberts, 1992; Russo & Perrini, 2010; Ullmann, 1985; Weiss, 2009)		References: (Amran & Siti-Nabiha, 2009; Archel, Husillos, & Spence, 2011; Berrone & Gomez-Mejia, 2009; Campbell, 2007; Carpenter & Feroz, 2001; Deegan, 2009; Deephouse & Carter, 2005; DiMaggio & Powell, 1983; Gray et al., 2010; Moll et al., 2006; Rahaman et al., 2004; Scott, 2004)

Within these broad organisational behavioural predictions, an organisation may be motivated to engage in CSR practices such as involvement in CSR activities, publishing CSR disclosures, maintaining a stakeholder dialogue, and/or strategising the organisational behaviour by integrating CSR activities with the organisation's business strategy. Drawing on these convergent predictions or assumptions of organisational behaviour and organisational CSR behaviour, legitimacy theory, stakeholder theory, and institutional theory predict the possible reasons for an organisation's engaging in CSR activities:

1. Need to legitimise the business or organisation

2. Need to perform accountability to the organisation's stakeholders, sometimes based on the extent of the stakeholders' power.

3. Need to conform to legitimate norms and beliefs those are largely imposed on an organisation, which ultimately leads to homogeneity in organisations in the same field.

This theoretical framework is employed in analysing and explaining interview data of CSR practices and to check the extent to which these theories help to explain Sri Lankan CSR practices. The framework is focused, mostly, on the main research question of this thesis: Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information?

5.5. Summary and conclusion

This chapter delivers a theoretical framework which can be used for CSR research studies, especially in explaining organisations' CSR behaviour. In constructing this theoretical framework, three system-oriented theories, namely legitimacy theory, stakeholder theory, and institutional theory are integrated together to derive predictions for organisations' CSR motivations by considering convergent features of the theories. These theories are all drawn from political economy theory, because those theories offer "by far the more interesting and insightful theoretical perspectives" (Gray et al., 1995a, p. 52). While these three theories are widely employed in CSR studies, they are mostly used individually. In accord with the views of Gray et al. (1995a), the researcher believes that it is inadequate to use a single theory for a theoretical framework to explain organisational behaviours of CSR practice. In this chapter an attempt is, therefore, made to integrate three major theories in order to obtain fuller understanding of and deep insights into organisations' CSR behaviour, an outcome which might not be achieved by a single theory alone.

Legitimacy theory emphasises that an organisation continually attempts to ensure that it is perceived as functioning within the bounds and norms of the society in which it operates. Legitimacy theorists believe that an organisation does whatever is possible to legitimise its business in order to ensure its survival. In the organisation legitimisation process, CSR performance and disclosure are used as strategies. The stakeholder theory is concerned with the link between an organisation and its different kinds of stakeholders that collectively constitute the organisation's society. Accountability frequently relates to stakeholder theory, which suggests that the management of an organisation is expected to be accountable to its various stakeholders and undertake activities deemed important by them. Stakeholder theory extends legitimacy theory's "society expectations" by considering the organisation's

society with added resolution, which recognises a variety of stakeholders with conflicting interests. Legitimacy theory further develops stakeholder theory by emphasising not just the expectations of society on accountability. It also engages in a legitimisation process or, in other words, ensures that the organisation's behaviour is perceived to be compliant with social norms and expectations from the viewpoint of different stakeholder clusters in society. Institutional theory is concerned with generally accepted social norms and/ or institutional practices which are indirectly influenced by the organisation's stakeholders. In accordance with institutional theory, organisations in a same field tend to become homogeneous by adopting common institutional practices and adhering to generally accepted social norms and beliefs. By adopting and adhering to common institutional practices, and social norms and beliefs, in return, organisations win legitimacy from society as a whole or from various stakeholder groups.

Through the analysis of these convergent features of the theories and convergent predictions of organisational behaviour, the theoretical framework derived three convergent motivations of CSR practice: first, the desire to legitimise the business or organisation; second, the desire to perform accountability to the organisation's stakeholders, sometimes based on the extent of the stakeholders' power, and, third, the desire to conform to social norms and beliefs that are largely imposed on an organisation, and which ultimately leads to homogeneity in organisations in the same field.

These theoretically predicted CSR motivations and convergent features of theories are reflected upon in conjunction with empirical evidence. In the interview data analysis, the extent to which these theories help to explain Sri Lankan CSR practices is examined to see whether Sri Lankan CSR practices contradict these theories, and to discover what we can learn from the practices of a developing country perspective, beyond these theoretical approaches.

Two main limitations related to the theoretical framework are acknowledged here. First, in constructing the framework, primary concern is given to CSR motivations. Although this makes the framework more specific, it narrows down the scope. Second, the constructed framework ignored some other important theories such as agency theory, resource dependency theory, signalling theory, media agenda-setting theory which can be used to explain CSR practices.

Chapter 6:
An exploratory analysis of CSR practices in Sri Lanka

6.1. Introduction

This thesis adopts sequential mixed methods in exploring the nature and extent of CSR practices in the context of a developing country, Sri Lanka. The research consists mainly of two phases: the questionnaire survey stage and the semistructured interview stage. This chapter deals with phase one, the questionnaire survey stage, and provides the exploratory analysis of CSR practices in Sri Lanka. Research methods related to questionnaire survey analysis have been discussed in Chapter Three, section 3.4.2. Through the quantitative analysis, the chapter identifies general CSR practices and notable CSR practices in Sri Lanka, which call for further investigation. Basically, the questionnaire survey stage of the research, attempts to answer the first research question: What are the features of CSR practices in Sri Lanka, a developing country? In addition, this stage partly helps in refining the rest of the research questions. Following a positivistic approach, two nonparametric tests are employed: Kruskal-Wallis one-way ANOVA test for k independent samples and Mann-Whitney U test for two independent samples for hypotheses testing.

The second section of this chapter analyses and interprets the data collected through the questionnaire survey. This section broadly focuses on general CSR aspects, and at the end of this section, it provides an overall comparison using Environmental Activity Percentage Score (EAPS) and Socially-related Activity Percentage Score

(SAPS) values. The third section reflects on and concludes the questionnaire survey analysis, and the final section provides a summary for the chapter.

6.2. The questionnaire survey analysis of CSR practices

As discussed in Chapter One, section 1.2 and Chapter Two, section 2.5, academic publications on CSR are centred on the developed world, and very little is known about CSR practices in developing countries. As a response to this research gap, this part of the study aims broadly to explore five CSR aspects in Sri Lanka, namely: environmental practices, social practices, internal and external pressures towards CSR practices, barriers and drivers to adopting CSR activities, and management perception regarding future business engagement in CSR activities in the listed companies.

Since there is little evidence for CSR practices in the Sri Lankan context (See Chapter Two, section 2.5.4.), as a starting point an exploratory survey research was employed in order to achieve the overall objective of this study. This section presents the outcome of the questionnaire survey study. Descriptive statistics, overall sectional analysis and results of differential tests are presented in Appendix 11, which consists of different tables. A summary table has been prepared to show statistically significantly different cases by size, ownership, and geographical scale of business operations. This summary table is presented in Table 6.2-1 and includes the significance values and their relevant table numbers with reference to Appendix 11.

Table 6.2-1: Statistically significantly different cases by size, ownership, and scale of operations

	Company size	Foreign or Sri Lankan ownership	Scale of business operations
Business engagement in environmental activities:			
Environmental policy			Sig: 0.000 (Table 6.3)
Produce report			Sig: 0.034 (Table 6.3)
Consider environmental impacts		Sig: 0.048 (Table 6.2)	
Environmental marketing	Sig: 0.013 (Table 6.1)	Sig: 0.024 (Table 6.2)	
Target training			Sig: 0.015 (Table 6.3)
Target energy	Sig: 0.029 (Table 6.1)		Sig: 0.049 (Table 6.3)
Target water			Sig: 0.013 (Table 6.3)
Environmental management systems			Sig: 0.008 (Table 6.3)
Business engagement in socially-related activities:			
Local community projects	Sig: 0.019 (Table 6.4)		
Ethical purchasing policies		Sig: 0.050 (Table 6.5)	
Measures outcomes	Sig: 0.033 (Table 6.4)		Sig: 0.008 (Table 6.6)
Institutional pressures towards environmental activities:			
Internal:			
Parent company			Sig: 0.011 (Table 6.11)
Shareholders			Sig: 0.027 (Table 6.11)
No one	Sig: 0.020 (Table 6.7)		
External:			
Customers			Sig: 0.007 (Table 6.11)
Central government	Sig: 0.019 (Table 6.7)		
Pressure groups	Sig: 0.050 (Table 6.7)		
No one	Sig: 0.034 (Table 6.7)		
Institutional pressures towards socially-related activities:			
Internal:			
Employees		Sig: 0.000 (Table 6.10)	
External:			
Competitors		Sig: 0.024 (Table 6.10)	
Pressure groups	Sig: 0.049 (Table 6.8)		
No one	Sig: 0.008 (Table 6.8)		

Table 6.2-1 (continued)

	Company size	Foreign or Sri Lankan ownership	Scale of business operations
Barriers and drivers towards environmental and socially-related activities			
Barriers:	-	-	-
Drivers:			
Cost reduction or management			Sig: 0.050 (Table 6.15)
Reputation and brand			Sig: 0.037 (Table 6.15)
Government regulations	Sig: 0.019 (Table 6.13)		

Note 1: Only the statistically different cases are shown. Further details are given in tables in Appendix 11.

Note 2: For company size category, asymptotic significances are displayed for Kruskal-Wallis one-way ANOVA for k independent samples tests. The significance level is 0.05. The relevant table numbers are given within brackets.

Note 3: For ownership category and geographical scale of operation category, asymptotic significances are displayed for Mann-Whitney U Test for two independent samples. The significance level is 0.05. The relevant table numbers are given within brackets.

6.2.1. Environmental practices

6.2.1.1. Overall business engagement in environmental practices

Figure 6.2-1 illustrates surveyed environmental practices and the percentage of involvement. The results indicate that 57 per cent of the companies considered the environmental impacts of their products. A substantial proportion of companies have measurable targets for reducing energy (55 per cent), maintaining a recycling programme (43 per cent), and keeping measurable targets for reducing water consumption (41 per cent). The significant point here is that all these popular environmental practices are more or less related to cost reduction or marketability of the organisations' products or services. Overall, environmental practices are disappointing, in spite of the companies being the largest in the corporate sector in the country.

Figure 6.2-1: Engagement in environmental practices
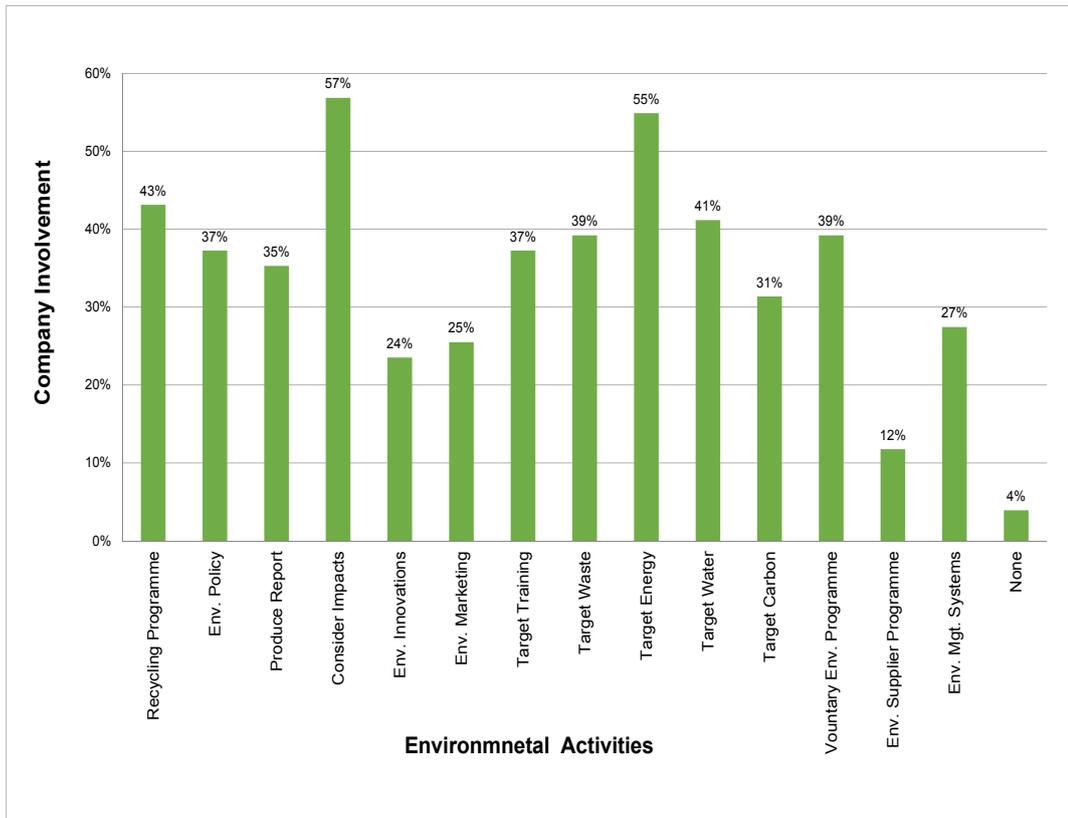
6.2.1.2. Business engagement in environmental activities by company size

CSR literature suggests that large business organisations are more likely to adopt environmental practices (Collins, Lawrence, Roper, & Haar, 2010; Gerstenfeld & Roberts, 2000). This likelihood can also be observed in Sri Lanka where in 9 out of 14 surveyed environmental activities, the large companies were taking the lead (See Figure 6.2-2.). Only the small companies recorded that they had not adopted environmental practices. However, there were no significant differences in size relating to the environmental practices, except for two activities, that is, marketing or image based on environmental claims, and keeping measurable targets for reducing energy – target energy (For the null hypotheses and the conclusions for each activity, see Table 6.1 in Appendix 11.).

Figure 6.2-2: Engagement in environmental activities by company size
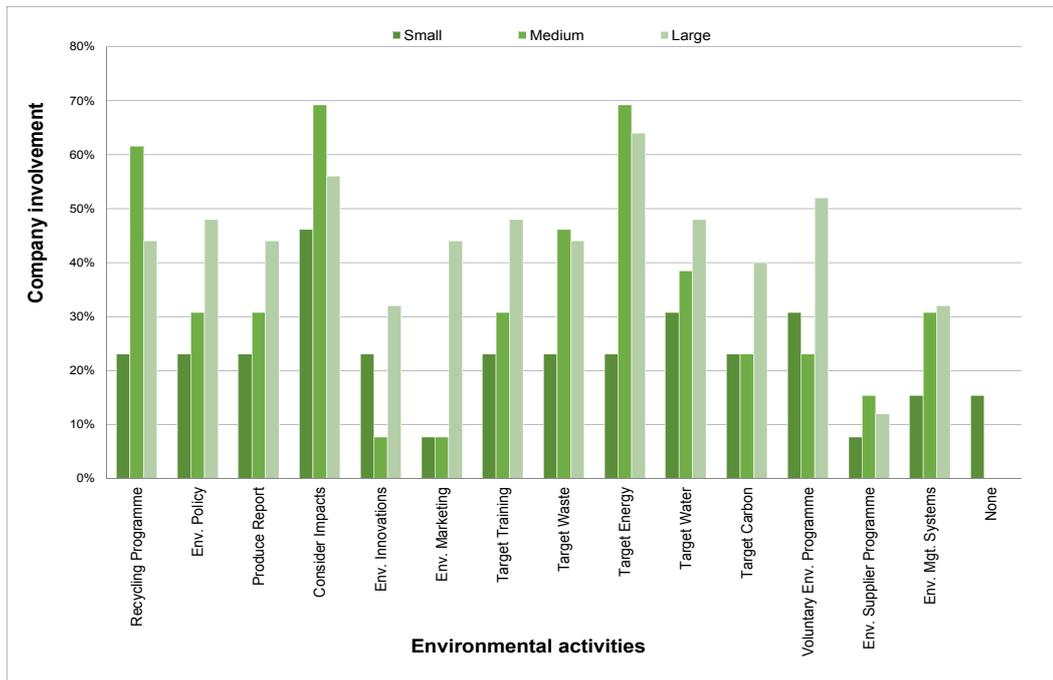
The Kruskal-Wallis ANOVA test shows that engaging in marketing or image based on environmental claims is significantly different between companies of different size (See Table 6.2-1, the level of significance is 0.013.). The Mann-Whitney U test shows that large companies have significantly higher rates of this programme than do small and medium companies. However, there is no significant difference between small and medium companies towards this activity. Similarly, Kruskal-Wallis ANOVA test shows that engaging in keeping measurable targets for reducing energy is significantly different between companies of different size (See Table 6.2-1, the level of significance is 0.029.). The Mann-Whitney U test shows that the large and medium companies have significantly higher adoption rates for this activity than the small companies have. However, there is no significant difference between the medium and large companies for this activity.

6.2.1.3. Business engagement in environmental activities by ownership

The survey results suggest that foreign-owned companies are more likely than Sri Lankan-owned companies to adopt environmental practices. All the companies which indicated that they had adopted no environmental practices are

Chapter 6: An exploratory analysis of CSR practices in Sri Lanka
The questionnaire survey analysis of CSR practices
145

Sri Lankan-owned companies (See Figure 6.2-3.). It was only in two situations that nonparametric tests found a significant difference in ownership relating to environmental practices, considering environmental impacts of their products, processes and/or services, and marketing or image based on environmental claims (See Table 6.2-1, in section 6.2.).

Figure 6.2-3: Engagement in environmental activities by ownership
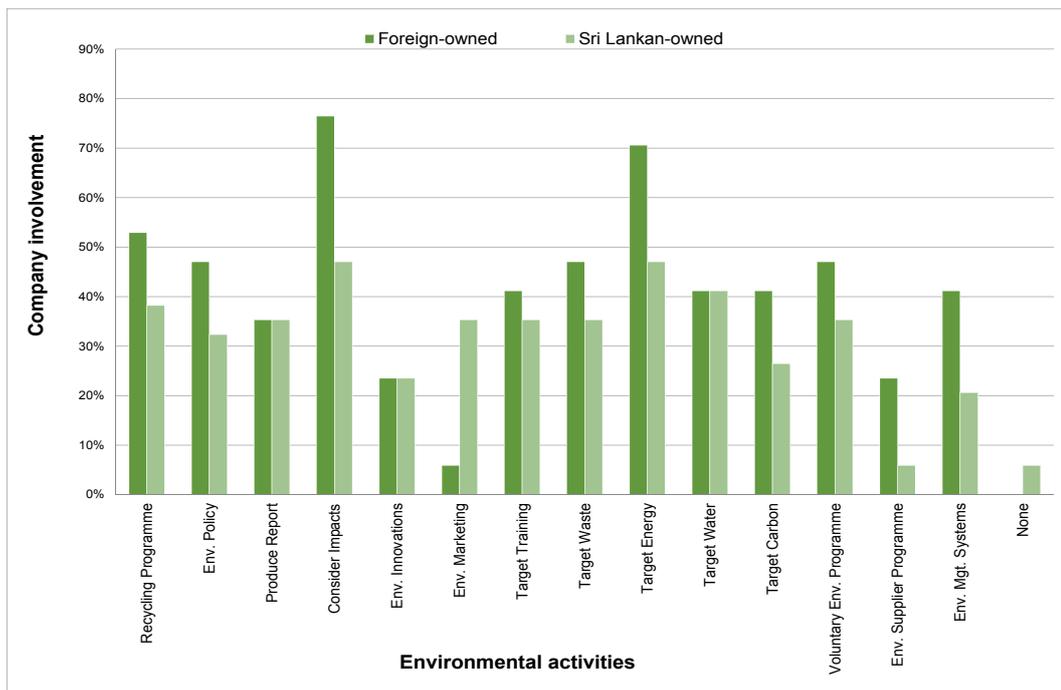
The Mann-Whitney U test shows that the foreign-owned companies consider environmental impacts of their products, processes and/or services significantly more than the Sri Lankan-owned companies do (See Table 6.2-1, the level of significance is 0.048.). Surprisingly, the Mann-Whitney U test shows that the Sri Lankan-owned companies have engaged significantly more in marketing or image based on environmental claims (environmental marketing) than the foreign-owned companies have done. As indicated in Table 6.2-1, the level of significance is 0.024 (For more details, see Table 6.2 in Appendix 11.).

6.2.1.4. Business engagement in environmental activities by scale of business operations

The results show that the companies engaged in international scale business operations take the lead in the uptake of every single environmental activity over the companies who engaged only in the local scale businesses (See Figure 6.2-4.). The geographical scale of business operations seems to be the main predictor of the uptake of environmental practices in the Sri Lankan context.

Figure 6.2-4: Engagement in environmental activities by scale of business operations
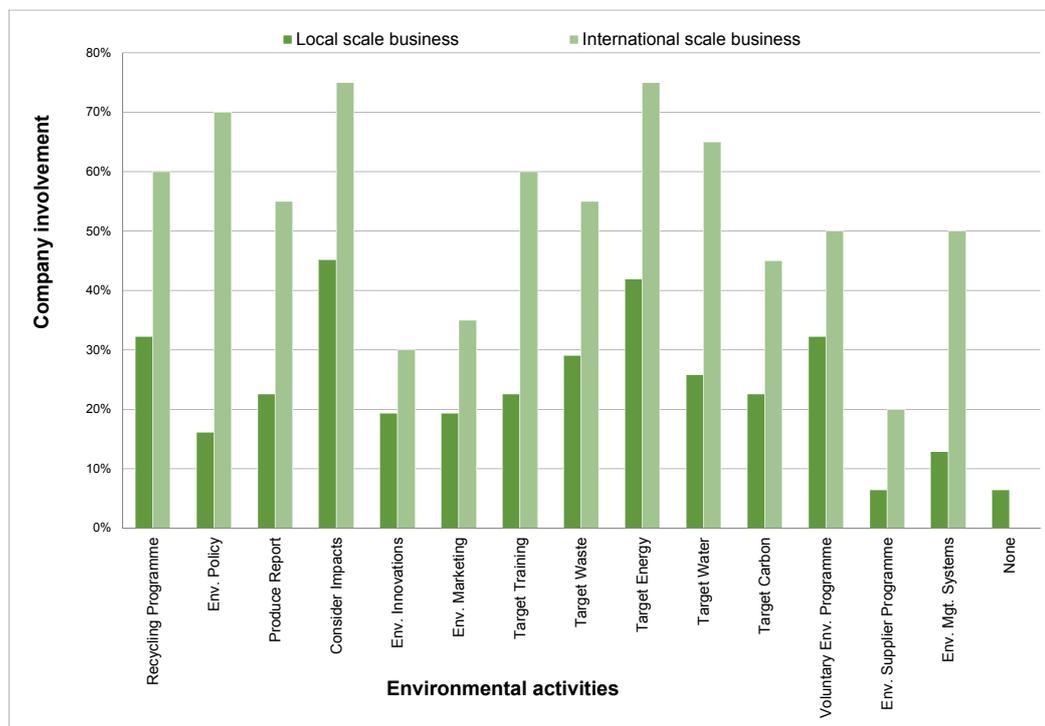
On six occasions the results found a significant difference in geographical scale of business related to environmental practices. These environmental activities are: having a company environmental policy statement; producing a public environmental and/or sustainability report; keeping measurable targets for employee training programmes relating to the company's environmental goals; keeping measurable targets for reducing energy; keeping measurable targets for reducing water; and having an environmental management system (See Table 6.2-1, in section 6.2.). The Mann-Whitney U test shows that companies engaged in international scale business have significantly higher rates of the above mentioned environmental practices than do the companies engaged only in the local scale business (See Table 6.3 in Appendix 11 for more detail.).

6.2.2.   Social practices

6.2.2.1.   Overall business engagement in social practices

Eighty per cent, 75 per cent, 71 per cent, and 63 per cent of the companies respectively indicated that they were involved in local community projects, providing job training, contributing to charity, and supporting employees to obtain tertiary education. These are the top four priorities of socially-related activities in the Sri Lankan companies. The involvement in these four activities is considerably ahead of the other social activities (See Figure 6.2-5.).

Figure 6.2-5: Engagement in socially-related activities
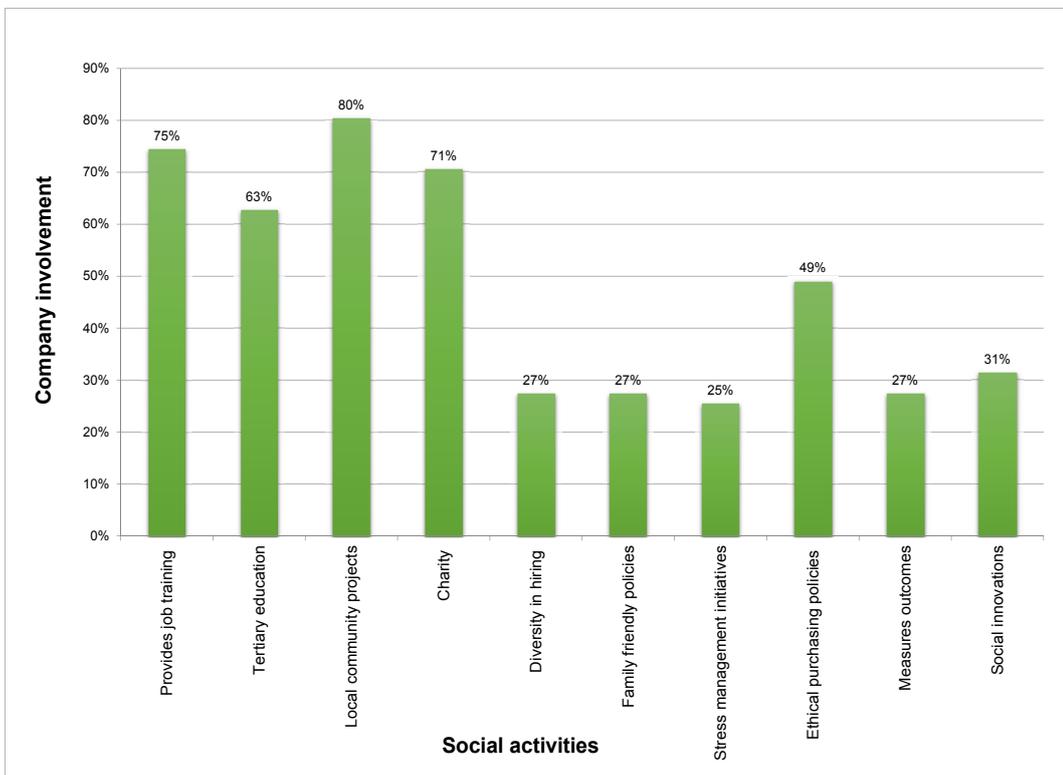
The Sri Lankan businesses' engagement in socially-related activities can be considered satisfactory when compared with the corporate sector's environmental practices. It is interesting to note that all of the companies have indicated practising at least some business engagement in socially-related activities. However, the results show that companies focused mainly on philanthropic activities rather than the other activities. These results may reflect Sri Lankan culture and history. As mentioned in Chapter Four (section 4.3), providing help and financial assistance

to the local community and for charitable purposes are historically inherent in businessmen and wealthy people in Sri Lanka (Jayawardena, 2001). Even today, the religious background and long tradition of charitable giving is part of the local culture (Simpson, 2004). Regardless of its low income level, according to the World Giving Index 2011, Sri Lanka stands number one among the developing countries and number eight among all countries including developed countries in charitable giving (CAF, 2011). This issue is raised in Chapter Eight (phase two) and explained with empirical evidence gained through in-depth interviews.

6.2.2.2.   Business engagement in socially-related activities by company size

Overall, the large and medium companies are more likely to engage in socially-related activities compared to the smaller companies with regard to all surveyed social activities. Similarly, the larger companies are more likely to engage in those activities compared to the medium companies, but with two marginal exceptions: involvement in charitable giving and adoption of family friendly policies.

Figure 6.2-6: Engagement in socially-related activities by company size
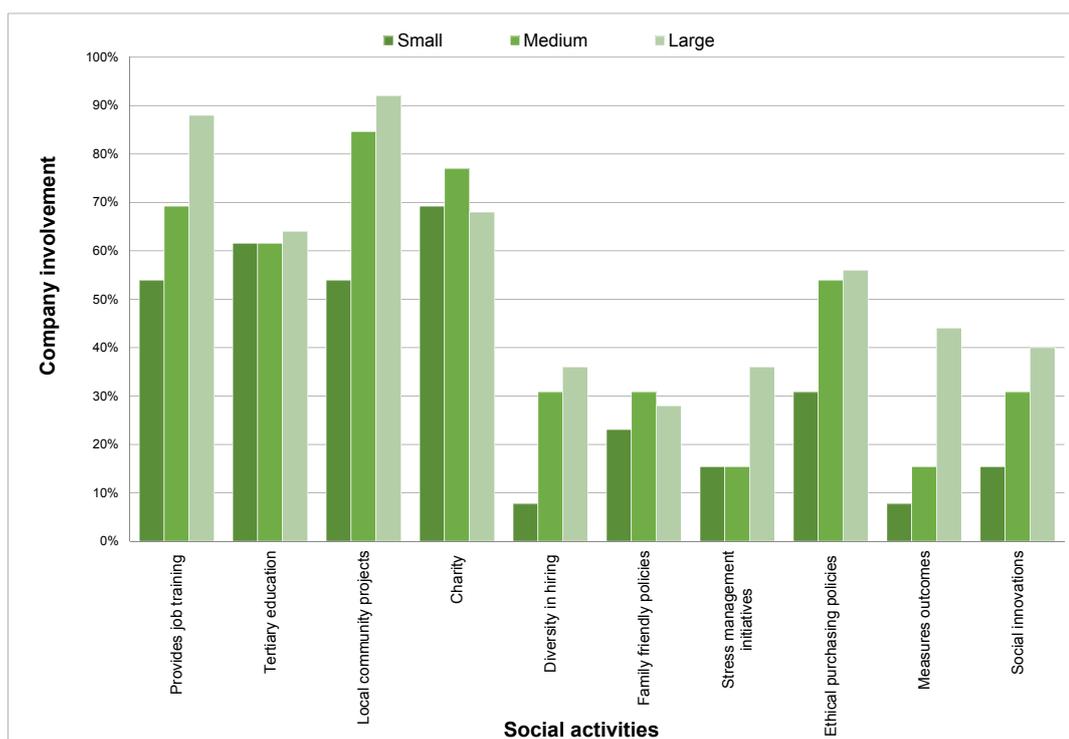
The Kruskal-Wallis ANOVA test results show that giving time, money, products or services to the local community projects is significantly different (See Table 6.2-1, the level of significance is 0.019.) between the companies of different sizes. The Mann-Whitney U test shows that the large and medium companies have significantly higher rates of this involvement than the small companies. However, there is no significant difference between the medium and large companies towards this activity. Also, the Kruskal-Wallis ANOVA test shows that measuring outcomes or impacts of socially-related initiatives is significantly different (See Table 6.2-1, the level of significance is 0.033.) between companies of different size. The Mann-Whitney U test shows that the larger companies have significantly higher rates of this activity than the small and medium companies do. However, there is no significant difference between the small and medium companies towards this activity (See Table 6.4 in Appendix 11 for the null hypotheses and the conclusions for each activity.). Figure 6.2-6 shows the results of corporate social practices analysed by company size.

6.2.2.3. Business engagement in socially-related activities by ownership

With the exception of having ethical purchasing policies, all other cases indicate statistically non-significant differences between the foreign-owned and Sri Lankan-owned companies with regard to business engagement in socially-related activities. Notwithstanding the general expectation, the Sri Lankan companies are performing well in some activities compared to foreign-owned companies, especially in the areas of ethical purchasing, providing job training, and being involved in local community projects, and in social innovations.

The Mann-Whitney U test shows that the Sri Lankan-owned companies have statistically significantly higher rates of having ethical purchasing policies than do the foreign-owned companies (See Table 6.2-1, the level of significance is 0.05.). Figure 6.2-7 shows the results of corporate social practices analysed by ownership and Table 6.5 in Appendix 11 shows other relevant details.

Figure 6.2-7: Engagement in socially-related activities by ownership
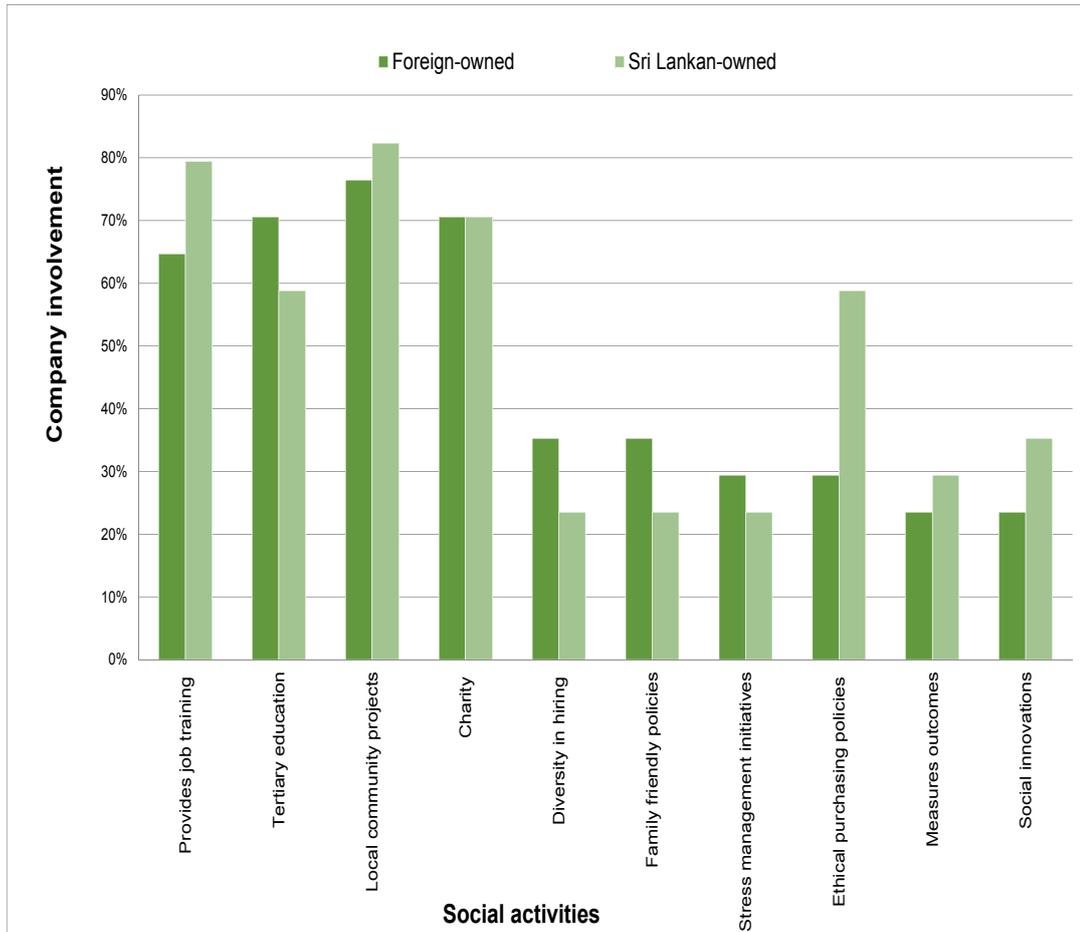
6.2.2.4. Business engagement in socially-related activities by scale of business operations

Except for charity (contributing time, money, products or services to charity), all the other activities are led by the international scale companies, but the variation is marginal in most cases. The results found no statistically significant differences between local scale business and international scale business, except for one activity, measures outcomes or impacts of socially-related initiatives. The Mann-Whitney U test shows that the companies engaged in international scale business have significantly higher rates (See Table 6.2-1 in section 6.2.) of 'measures outcomes' activity than the companies engaged in local scale business. Figure 6.2-8 illustrates the results of corporate social practices analysed by geographical scale of business.

Figure 6.2-8: Engagement in socially-related activities by scale of business operations
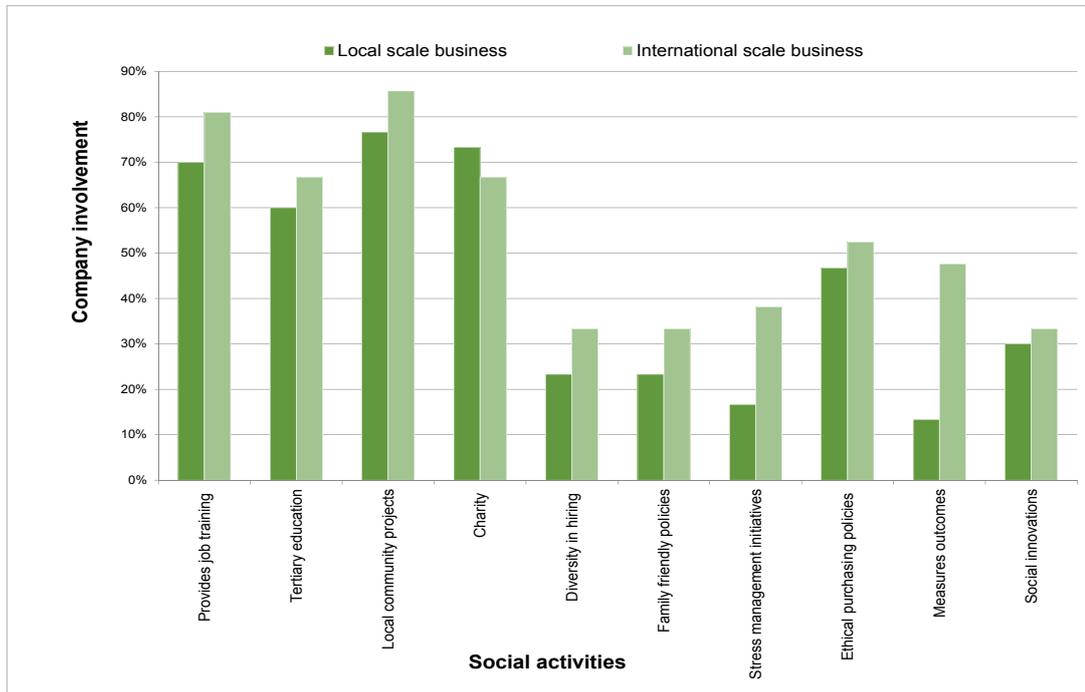
6.2.3. Internal and external pressures towards CSR practices

When considering the features of CSR practices in Sri Lanka, the reasons for companies adopting or not adopting CSR practices are important. These reasons have been investigated from two perspectives: internal and external pressures to improve CSR practices, and barriers and drivers to adopt CSR activities. Internal and external pressures were analysed separately into environmental and social perspectives.

6.2.3.1. Internal and external pressures to improve environmental and social practices

Figure 6.2-9 and Figure 6.2-10 illustrate the internal and external pressures on companies to improve environmentally and socially-related activities respectively. Almost similar results can be witnessed in both of these situations: to improve environmentally and to improve socially-related activities. An exceptionally high percentage, 71 per cent, indicated that internal pressures to improve environmentally come from personal values and beliefs of company senior management. Similarly, 69 per cent of respondents indicated that personal values and beliefs of senior management internally create pressure to improve socially-related activities.

Figure 6.2-9: Internal and external pressures to improve environmentally
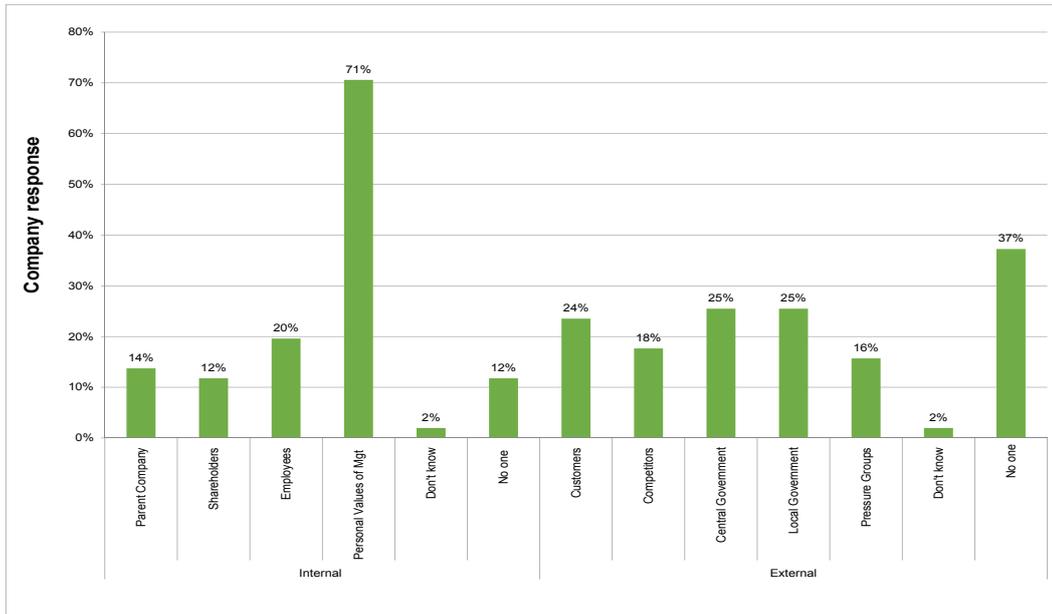
The other commonly reported internal pressure to improve environmentally was employees, but that was reported by only 20 per cent of the respondents. However, comparatively a higher rate – 29 per cent – indicated that employees exerted pressure to improve socially-related activities. Pressure may be felt from employee unions wanting social welfare to be improved.

Figure 6.2-10: Internal and external pressures to improve socially-related activities
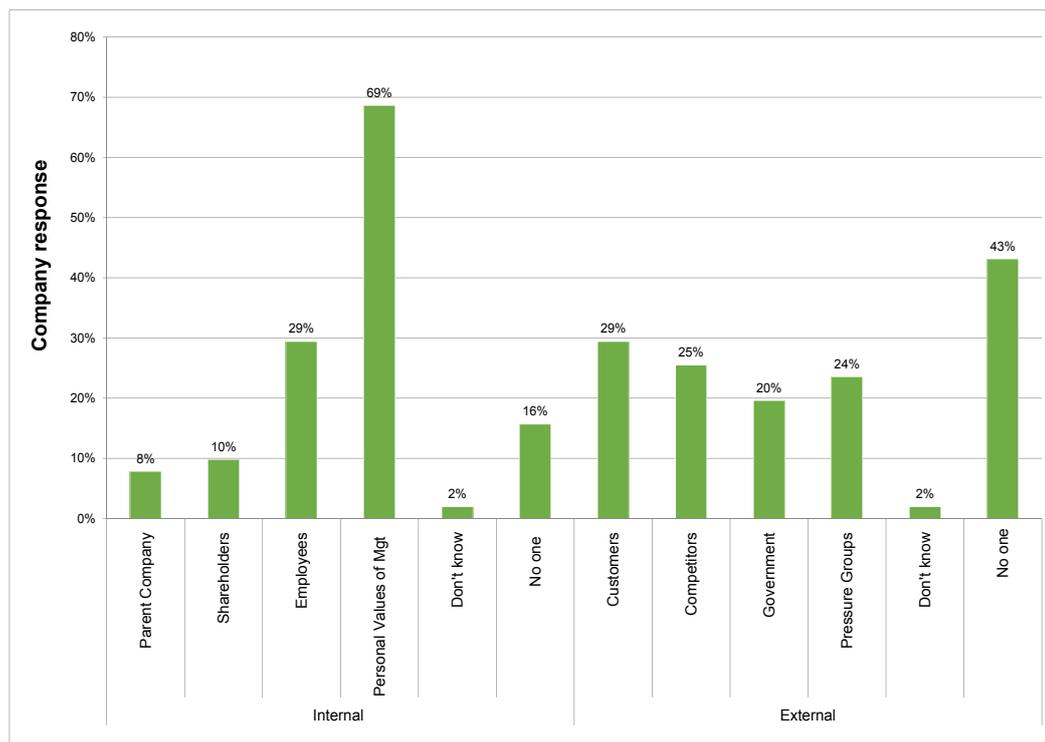
Eighty eight per cent of respondents reported some kind of internal pressure to improve environmentally, which means that 12 per cent of respondents reported no internal pressure at all. Thirty seven per cent reported no external pressure to improve environmentally. With regard to socially-related activities, 43 per cent indicated that there was no external pressure at all to improve socially. An equal external pressure, more or less, to improve environmentally and socially comes from the government, customers, competitors, and pressure groups (See Figure 6.2-9 and Figure 6.2-10.). This result reflects the willingness of the company senior management to accommodate CSR activities, but there is no pressure externally to make CSR activities happen consistently.

6.2.3.2. Internal and external pressures to improve environmentally and socially by company size

Figure 6.2-11 and Figure 6.2-12 show the survey results of internal and external pressures to improve environmentally and socially, sorted by company size. The results reflect that the large companies are more likely to undergo internal and external pressures and the small companies are more likely to experience less internal and external pressure to improve environmentally and socially. All of the large companies indicated that they feel some kind of internal pressure to improve environmentally and only 4 per cent of the large companies indicated that they experience no internal pressure to improve socially.

However, 62 per cent of the small companies indicated that they do not perceive any external pressure to improve environmentally. With regard to external pressure to improve socially, this number is even larger: 77 per cent. Overall, the smaller-sized companies are statistically significantly more likely to report having no internal or external pressure to improve environmentally or socially. Tables 6.7 and 6.8 in Appendix 11 show the results of the Kruskal-Wallis ANOVA test and the Mann-Whitney U test.

Figure 6.2-11: Internal and external pressures to improve environmentally by company size
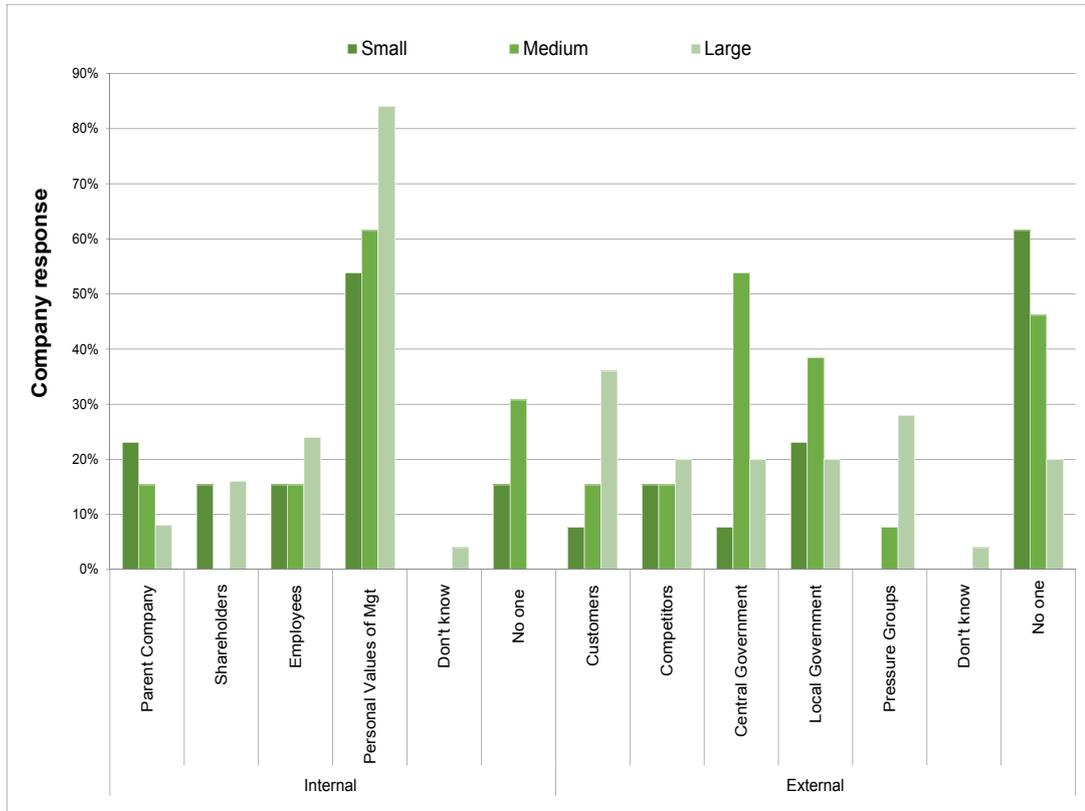
Figure 6.2-12: Internal and external pressures to improve socially by company size
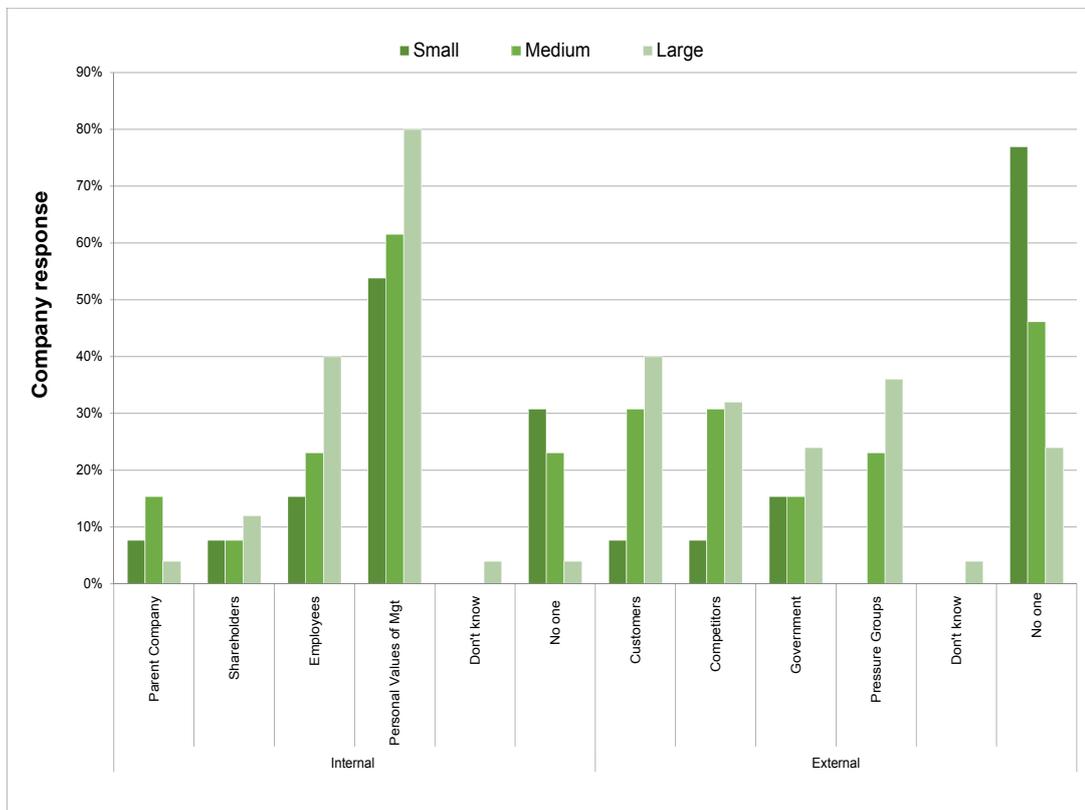
The other striking point here is that more than 80 per cent of the large companies indicated that they experienced internal pressures from the values and beliefs of their senior management to improve environmentally as well as socially. This impetus to improve may come about because most of the large companies are financially sound and the officers in the large companies may have more financial strength than the small company officers. More research is needed to identify reasons for this finding.

The Kruskal-Wallis ANOVA tests results show that the central government and the external pressure groups pressure on a business to improve environmentally is significantly different between companies of different size (See Table 6.2-1 in section 6.2.). The Mann-Whitney U test, surprisingly, shows that the medium companies experience significantly higher rates of central government pressure than the small and large companies (See Figure 6.2-11.). However, there is no significant difference between the large and small companies towards this factor.

The Mann-Whitney U test shows that the large companies (36 per cent) experience significantly higher rates of pressure from the external pressure groups than the small size companies do (0 per cent) (See Figure 6.2-11.). However, there is no significant difference between the medium and small or the medium and large companies towards this factor (See Appendices 11.7 and 11.8 for the Mann-Whitney U test results.).

6.2.3.3.   Internal and external pressures to improve environmentally and socially by ownership

Figure 6.2-13 and Figure 6.2-14 show the internal and external pressure to improve environmentally and socially by ownership. The Sri Lankan-owned companies (79 per cent) are more likely to be driven by the personal values and beliefs of management to adopt environmental activities compared to the foreign-owned companies (53 per cent). Similar results can be witnessed for the personal values and beliefs of management with regard to adoption of social sustainability.

Figure 6.2-13: Internal and external pressures to improve environmentally by ownership
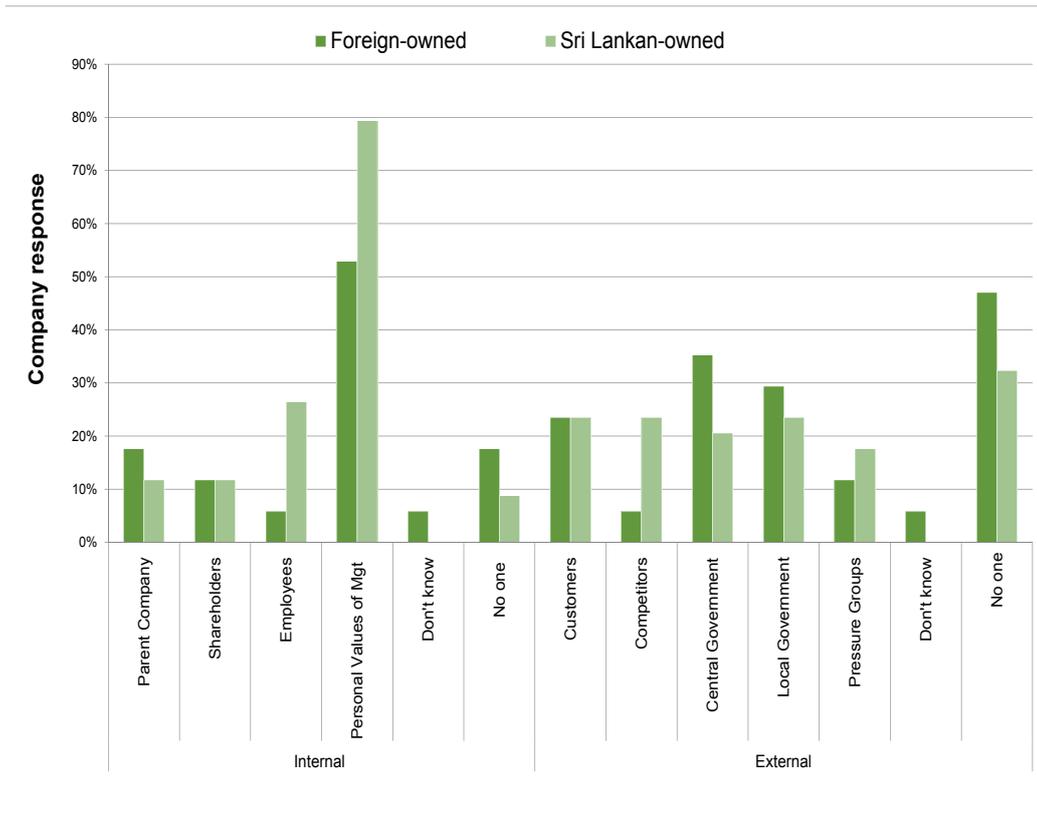
Figure 6.2-14: Internal and external pressures to improve socially by ownership
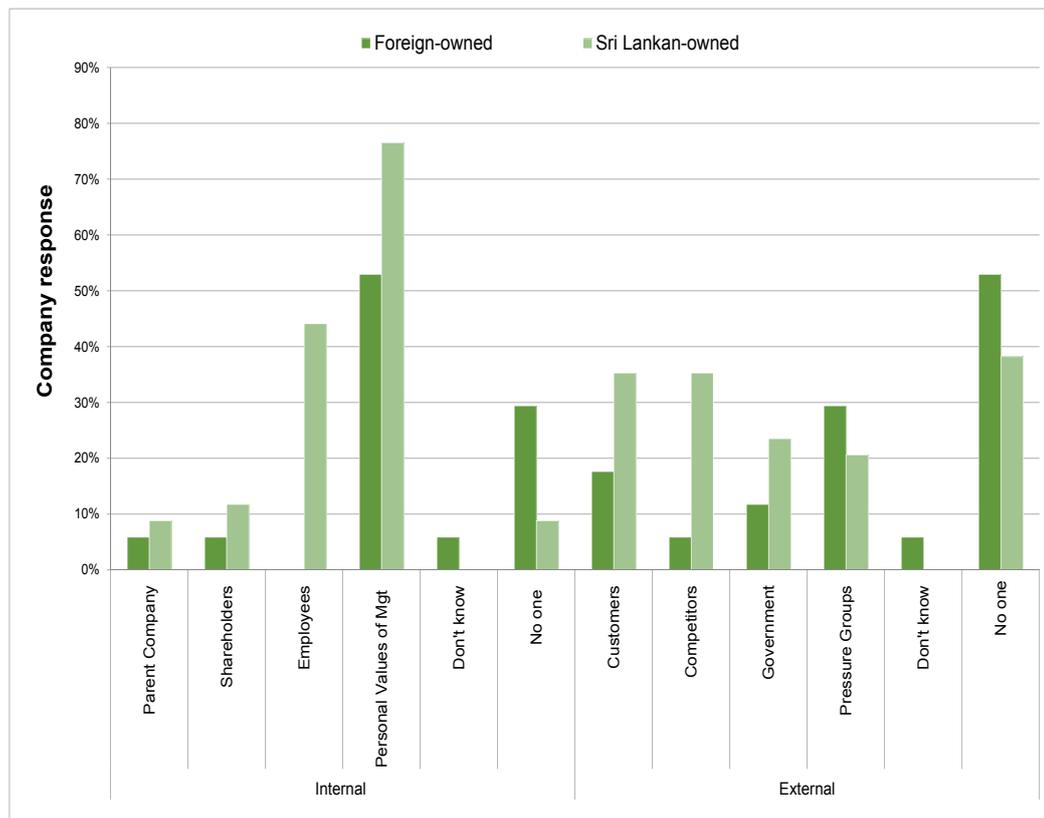
The employees of Sri Lankan-owned companies (26 per cent) exert more pressure to adopt environmental strategies compared to those in the foreign-owned companies (6 per cent). However, this difference is not statistically significant.

The most remarkable result here is that none of the foreign-owned companies indicated that employees generate pressure to improve socially, but 44 per cent of the Sri Lankan-owned companies reported that they perceive pressure from their employees to improve socially. The Mann-Whitney U test shows that the Sri Lankan-owned companies experience statistically significantly more pressure from their employees to improve socially than do the foreign-owned companies (See Table 6.2-1, in section 6.2: the significance value is 0.000.). The reasons for this unusual phenomenon require further research. A possible hypothesis is that the employees in Sri Lankan-owned companies are more active with the workers' unions in bargaining for their financial benefits and other facilities, whereas competitive forces to get into a foreign-owned company may reduce employee pressure for internal change. Also, the Sri Lankan-owned companies are significantly more likely to be driven by competitors' pressure to improve socially when compared to the foreign-owned companies (See Tables 6.9 and 6.10 in Appendix 11 more details.).

6.2.3.4. Internal and external pressures to improve environmentally and socially by scale of business operations

Figure 6.2-15 and Figure 6.2-16 illustrate internal and external pressure to improve environmentally and socially sorted by geographical scale of business. The results suggest that the companies involved in international scale business are more likely to perceive pressure from a parent company, shareholders, employees, customers, government, and pressure groups to improve environmentally and socially as well. However, the Mann-Whitney U tests show that the companies engaged in international scale business experience statistically significantly different higher internal pressure to improve environmentally only from parent companies,

shareholders, and customers compared to the companies engaged in local scale business (See Tables 6.11 and 6.12 in Appendices 11 for more detail.).

The companies with local scale business are more likely to experience pressure from the personal values and beliefs of management and from competitors, to improve environmental and social responsibilities compared to the companies with international scale business. However, these differences are not statistically significant.

Overall, the Sri Lankan companies engaged in international scale businesses experience more pressure than the companies with local scale businesses, to improve environmental responsibilities compared to social responsibilities.

Figure 6.2-15: Internal and external pressures to improve environmentally by scale of business operations
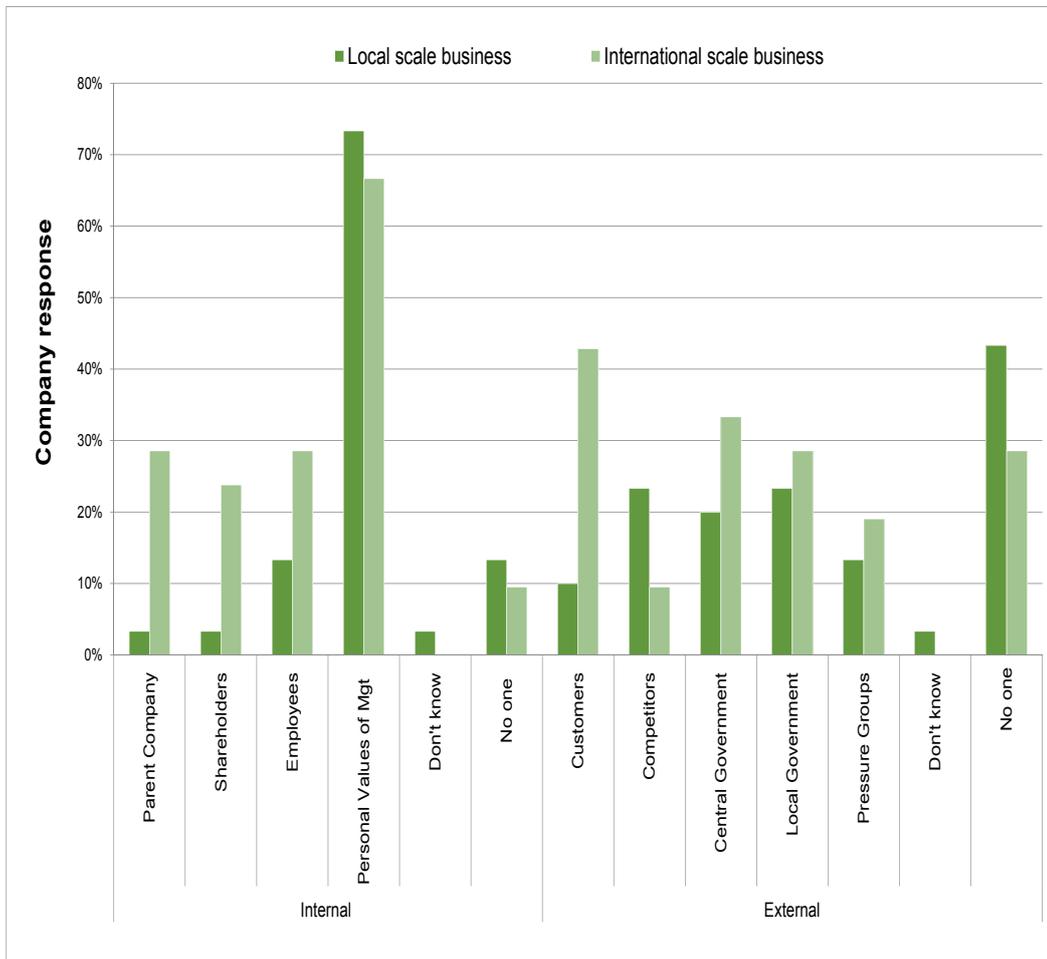
Figure 6.2-16: Internal and external pressures to improve socially by scale of business operations
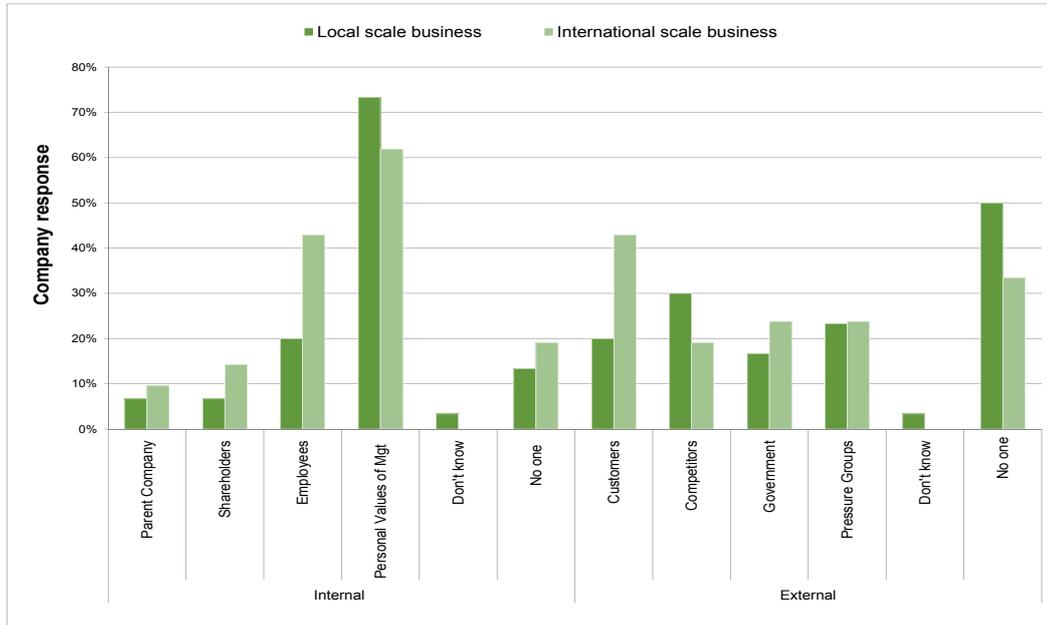
6.2.4. Barriers and drivers to adopting CSR activities

This section investigates what obstructs and what motivates the Sri Lankan companies accommodating CSR activities. Figure 6.2-17 shows the survey results for the barriers and drivers to adopting CSR activities. As expected, the most commonly reported barrier was cost implications (65 per cent). The cost implications are more than double the percentage of the next highest reported barrier: management time (31 per cent).

Figure 6.2-17: Barriers and drivers to adopting CSR activities
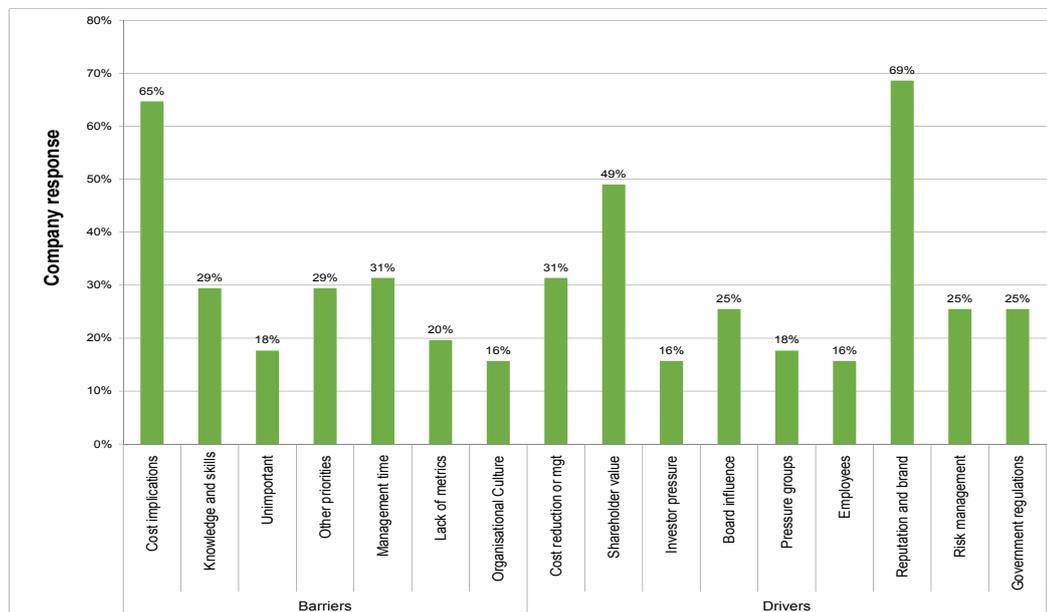
Since the cost implications directly affect the financial bottom-line of the company, getting approval from the top management for a project aimed at environmental or social improvement is not an easy task. Therefore, the companies tend to adhere to projects with immediate financial benefits such as savings on energy and water, and recycling waste management projects. In Sri Lanka, collected recyclable waste such as paper, plastic and metal can be sold for a sum that will at least to recover the cost of collection. Generating a positive financial benefit from a recycling project is not a difficult undertaking. When the companies engage in such projects they can easily get something to include in their annual report under the heading of CSR. In this context, it will be difficult for companies to invest in long-term CSR projects with uncertain financial returns. In addition to cost implications and management time, the most commonly reported barriers were knowledge and skills (29 per cent), other priorities (29 per cent), and lack of a matrix to establish a business case (20 per cent).

Reputation and brand (69 per cent), and improved stakeholder value (49 per cent) were the main two drivers to adopt CSR activities of the Sri Lankan companies. Since the companies investigated are from the top 200 listed companies, it is understandable that they give high consideration to these two drivers, but why the other drivers, such as board influence (25 per cent), risk management (25 per cent), government regulations (25 per cent), and pressure groups (18 per cent) have very low influential capability, is a question that still needs to be addressed.

6.2.4.1. Barriers and drivers to adopting CSR activities by company size

Figure 6.2-18 shows the barriers to and drivers of adopting CSR activities by company size. With regard to barriers, there are no considerable differences between companies in line with their size. However, a substantial number of small companies (38 per cent) reported that they do not see CSR as important in the organisation as a barrier compared to the medium (8 per cent) and large (12 per cent) companies. Nevertheless, this difference is not statistically significant.

Figure 6.2-18: Barriers and drivers to adopting CSR activities by company size
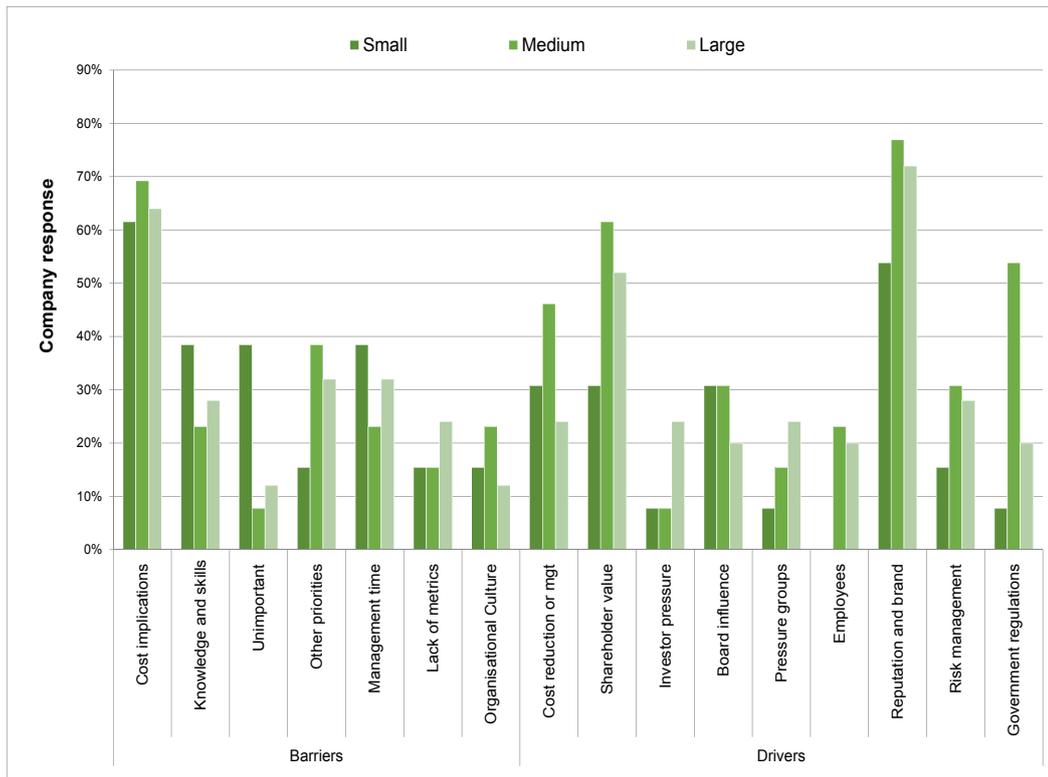
Most of the time, the small companies reported fewer influential factors (drivers) with regard to adopting CSR activities compared to the medium and large companies. However, these differences are not statistically significant. Government regulations is the only driver which showed statistical significance between companies in size. It was a notable phenomenon that the government regulations drive the medium companies significantly more than the small and large companies. Table 6.13 in Appendix 11 shows the results of the Kruskal-Wallis ANOVA test, Mann-Whitney U test, and the other details.

6.2.4.2. Barriers and drivers to adopting CSR activities by ownership

Figure 6.2-19 shows the barriers and drivers to adopting CSR activities by ownership. Almost similar results are reflected in both the foreign-owned and the Sri Lankan-owned companies with regard to barriers and drivers. No statistical significance was found on any of these occasions. Table 6.14 in Appendix 11 shows the nonparametric test results.

Figure 6.2-19: Barriers and drivers to adopting CSR activities by ownership
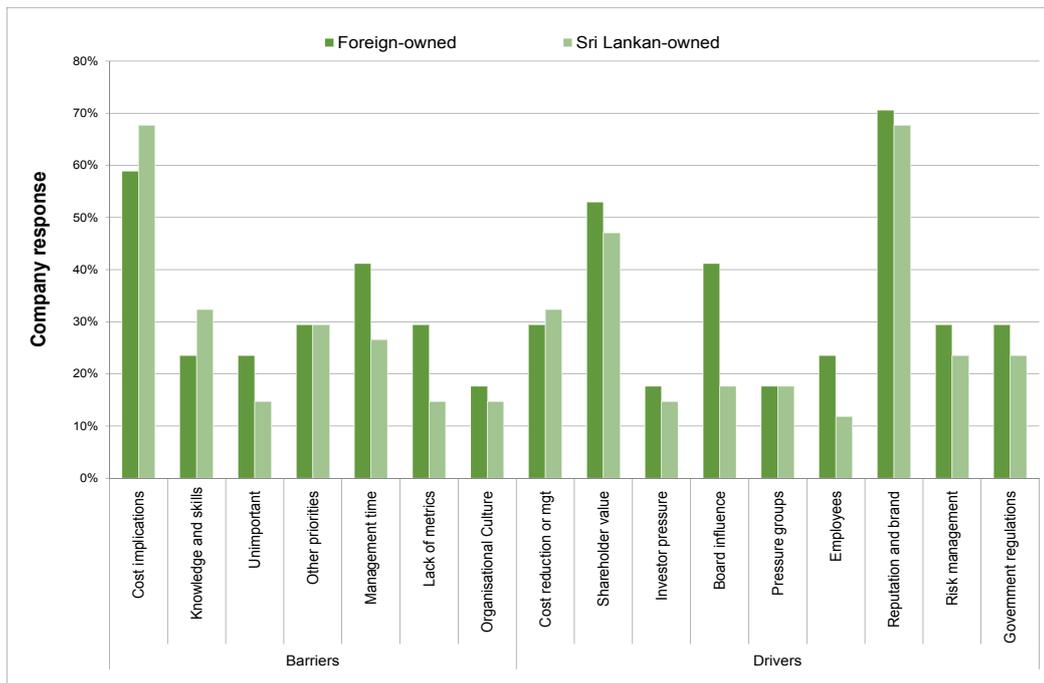
6.2.4.3. Barriers and drivers to adopting CSR activities by scale of business operations

Figure 6.2-20 shows the barriers and drivers to adopting CSR activities by geographical scale of business. The survey results suggest that there are no significant differences between the companies with international scale business and the companies with local scale business with regard to adopting CSR activities, except for one barrier: other priorities are more important, and one driver: improved shareholder value.

The Mann-Whitney U test shows that the companies engaged in local scale business consider other priorities are more important as a more significant barrier than the companies engaged in international scale business do. Similarly, the Mann-Whitney U test shows that the companies engaged in international scale business have a significantly higher rate of improved shareholder value as a driver than the companies engaged in local scale business. Table 6.15 in Appendix 11 shows the Mann-Whitney U test results.

Figure 6.2-20: Barriers and drivers to adopting CSR activities by scale of business operations
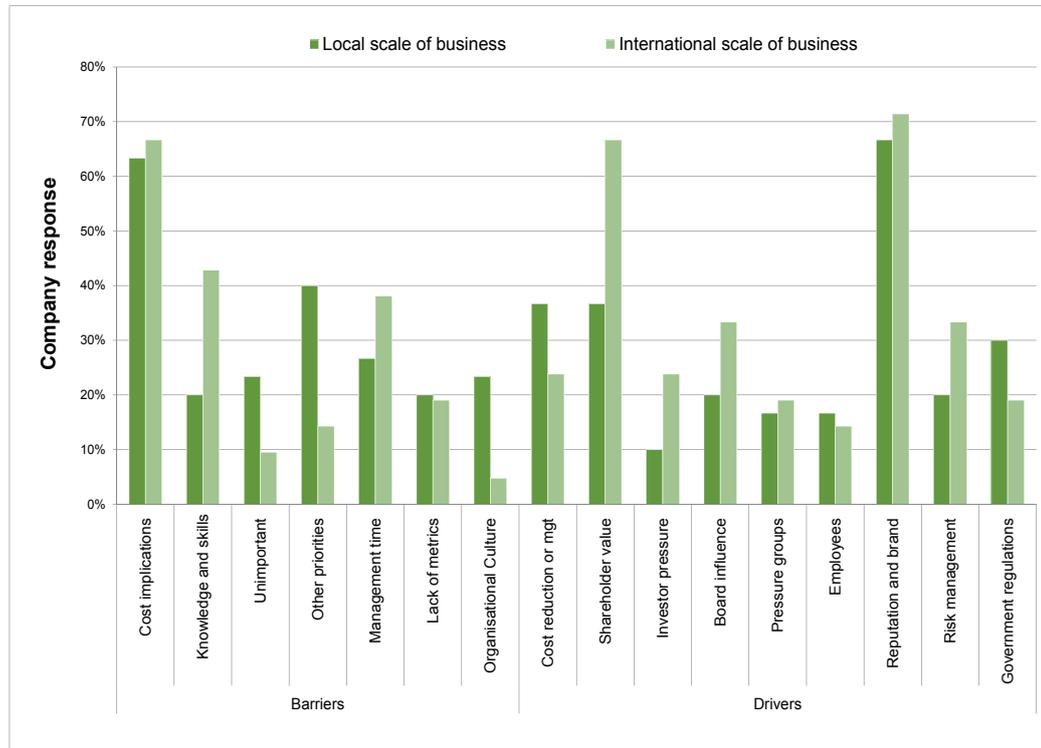
6.2.5. Management perception regarding future business engagement in CSR activities

Figure 6.2-21 provides management perception regarding future business engagement in CSR activities. Eighty per cent of the respondents reported that future business engagement in environmental management and also socially-related activities of the business are either "more important" or "much more important". None of the companies reported that the environmental management is "not important" and only 2 per cent reported that socially-related activities are "not important" in the future. Only 14 per cent of the respondents indicated that the business engagement in CSR activities is only "marginally important" in the future.

There are no statistically significant differences between companies in size, ownership, and/or geographical scale of business. The statistical test results and the other details are given in Tables 6.16, 6.17, and 6.18 in Appendix 11. Overall, a large majority of Sri Lankan managers recognise the importance of business engagement in CSR activities.

Figure 6.2-21: Management perception regarding future business engagement in CSR activities
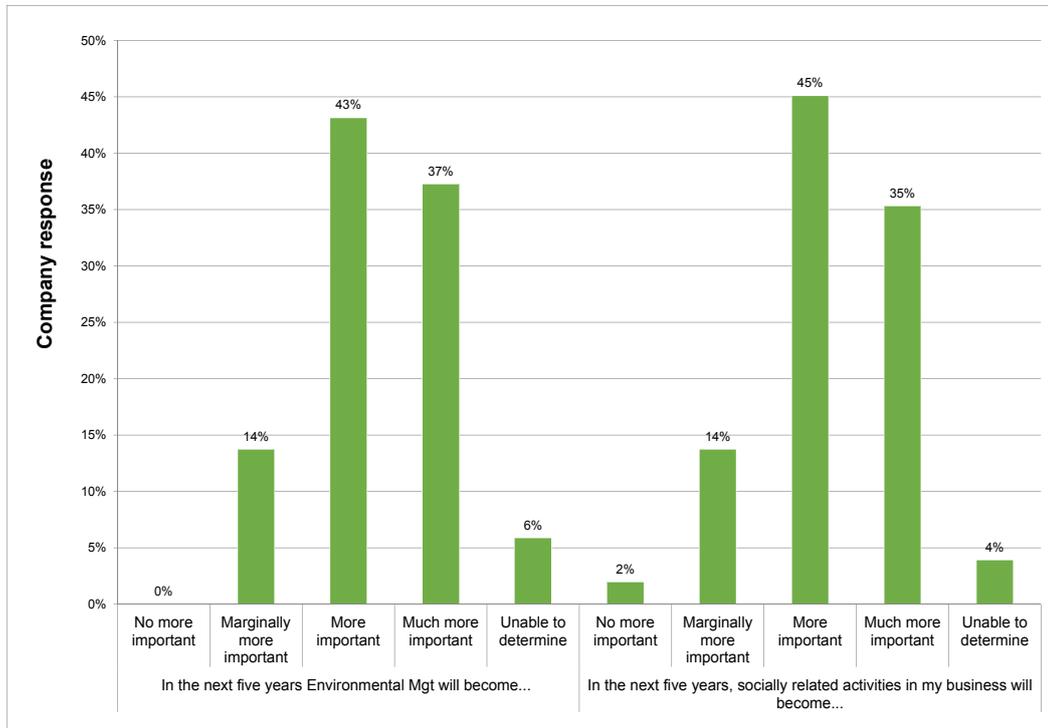
6.2.6. Overall comparison using EAPS and SAPS values

Environmental Activity Percentage Score (EAPS) and Socially-related Activity Percentage Score (SAPS) values have been calculated in order to measure the extent of companies' engagement in environmental activities and socially-related activities respectively. The higher the score value, the greater the engagement with CSR activities by the companies would be. In calculating EAPS, 14 surveyed environmental activities are considered. EAPS is calculated by getting the simple average of the individual activities' percentage of engagement. Similarly, SAPS is calculated by considering 10 surveyed social activities. The method of calculating EAPS and SAPS values is further described in Chapter Three, section 3.4.2. In order to measure the extent of involvement in environmental and social activities in each company category, EAPS and SAPS values are calculated for small, medium, large, foreign-owned, Sri Lankan-owned, international scale, local scale companies, and overall company categories. Figure 6.2-22 illustrates overall comparison between each of company categories based on EAPS and SAPS values.

Figure 6.2-22: Comparison between categories based on EAPS and SAPS values
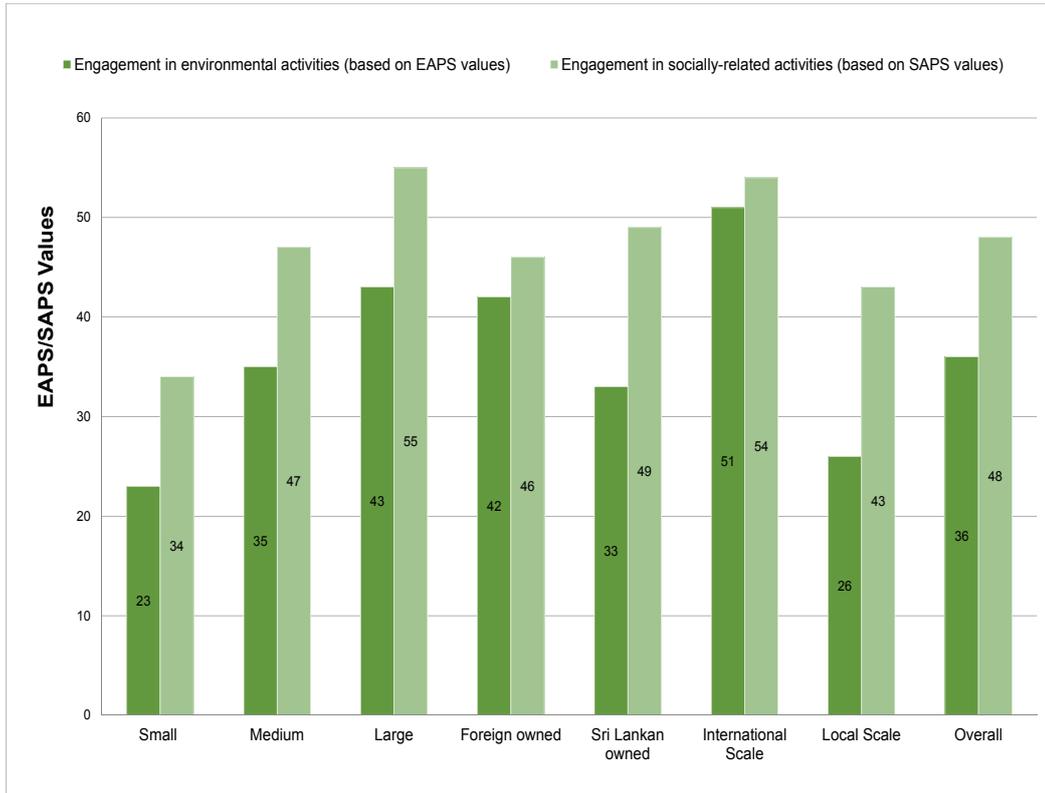
From analysing Figure 6.2-22, the following overall conclusions can be derived:

1. Overall, companies are more likely to engage in CSR in the form of socially-related activities than environmental activities.

2. As in the CSR literature (Adams & Harte, 1998; Andrew, Gul, Guthrie, & Teoh, 1989), company size has a positive relationship with regard to CSR practices.

3. Ownership of companies (foreign-owned and Sri Lankan-owned) and geographical scale of business companies (international scale and local scale) have similar kinds of CSR behaviour, where Sri Lankan-owned and local scale companies have similarities, and foreign-owned and international scale companies have similarities. With regard to this aspect, further discussions and emerging issues are elaborated on in the next section.

According to Figure 6.2-22, international scale companies are more likely to engage in a similar level in both environmental and socially-related activities as

these companies' Environmental Activity Percentage Score (EAPS) value (51 per cent) (See Table 6.19 in Appendix 11.) and Socially-related Activity Percentage Score (SAPS) value (54 per cent) (See Table 6.20 in Appendix 11.) are very close to each other. However, local scale companies concentrate more on socially-related activities than on environmental activities as their EAPS (26 per cent) (See Table 6.19 in Appendix 11.) and SAPS (43 per cent) (See Table 6.20 in Appendix 11.) are wider.

The environmental engagement in international scale companies is 96 per cent [(51-26)/26 x 100] higher than that of local scale companies, but this rate is only 25 per cent [(54-43)/43 x 100] when it comes to socially-related activities. Similar kinds of difference can be observed between foreign-owned and Sri Lankan-owned companies, whereas foreign-owned companies are similar to international scale companies and Sri Lankan-owned companies are similar to local scale companies. Surprisingly Sri Lankan-owned companies engage more in socially-related activities than foreign-owned companies do as Sri Lankan-owned companies' SAPS value is 6 per cent [(49-46)/46 x 100] higher than that of foreign-owned companies. However, Sri Lankan-owned companies' EAPS value (33 per cent) indicates that they are not concentrating very much on environmental activities. Foreign-owned companies are also not impressed about their engagement in environmental activities as their EAPS value is only 42 per cent, but this is 27 per cent higher than Sri Lankan-owned companies' EAPS value.

Overall, both local scale companies and Sri Lankan-owned companies are very much into socially-related activities compared to their engagement in environmental activities. The reasons for this behaviour could be a result of contextual factors such as cultural influences, religious backgrounds of employees of the organisations, political influences, employees' influences, personal values of management, or some other reason. This issue is raised in Chapter Eight and discussed in more detail.

The survey questionnaire reveals that personal values of management in the Sri Lankan-owned companies and in the local scale companies have more influence on CSR practices than those of foreign-owned companies and international scale companies. More than 76 per cent of the Sri Lankan-owned companies and more than 73 per cent of local scale companies indicate that the personal values of management encourage their business to improve socially as well as environmentally (See Tables 6.21 and 6.22 in Appendix 11.). These values are less than 53 per cent for foreign-owned companies and less than 67 per cent for international scale companies (See Tables 6.21 and 6.22 in Appendix 11.). However, according to the survey results, Sri Lankan-owned companies experience a greater percentage of cost implications as a barrier to adopt environmental and/or socially-related activities than do foreign-owned companies (See Table 6.23 in Appendix 11.). This finding gives an impression that the personal values of management of the Sri Lankan-owned companies drive their CSR activities more towards socially-related activities despite the existence of the cost implications.

6.3. Reflections and conclusions

The overall results of environmental practices are disappointing as the sample companies are the largest in the corporate sector in the country and the results imply that many companies in Sri Lanka have still not considerably engaged in practices related to the environment. Comparatively large companies are more likely to engage in environmental activities and only the small companies recorded that they had not adopted any environmental practices. The large companies are significantly more engaged in marketing or image based on environmental claims than the medium and small companies. Also, the large and medium companies, significantly, keep more measurable targets for reducing energy than the small companies do. The survey results suggest that the foreign-owned companies are more likely to adopt environmental practices than the Sri Lankan-owned companies. All the companies that indicated that they had not adopted any environmental

practices are Sri Lankan-owned companies. This issue is raised in Chapter Eight which discusses why the small companies and the Sri Lankan-owned companies are not engaged in environmental activities to any considerable extent. However, surprisingly, the Sri Lankan-owned companies have engaged in significantly more marketing or image based on environmental claims/marketing than the foreign-owned companies have done.

Geographical scale of business operations seems to be the main predictor of the uptake of environmental practices in the Sri Lankan context as the companies engaged in international scale business take the lead in uptake of every single environmental activity over the companies which engaged only in local scale business. The global companies in the international market increasingly demand more and more sustainability credentials from their suppliers, including the Sri Lankan suppliers. This demand may account for this difference. Statistical significant differences in geographical scale of business operations related to environmental practices were found in six situations (See Table 6.2-1, in section 6.2). This is one of the main areas that the government and the environmental authority in Sri Lanka need to be aware of.

Overall, business engagement in socially-related activities can be considered pleasing when compared with the corporate sector environmental practices. The survey results revealed that there were four common social practices covering areas such as involvement in local community projects, providing job training, contributing to charity, and helping employees to obtain tertiary education. Three out of these four practices are common to more than 70 per cent of the respondents and all four practices are considerably ahead of the other social activities. It is interesting to note that all the companies have indicated they practise some kind of business engagement in socially-related activities.

Notwithstanding the general expectation, the Sri Lankan companies do engage in more social activities than the foreign-owned companies do, especially in the situations of ethical purchasing, providing job training, involving in local community projects, and social innovations. Overall, the large and medium companies are more likely to engage in socially-related activities compared to the smaller companies as regards all social activities surveyed.

One of the remarkable results of this survey is that an exceptionally high percentage indicated that internal pressure to improve environmentally or socially comes from the personal values and beliefs of company senior management. The rest of the environmental and social pressure factors are far less common in companies. Overall, the results reflect the willingness of the company senior management to accommodate CSR activities, but the companies do not experience pressure externally to make CSR activities happen consistently.

The large companies are more likely to experience internal and external pressures to improve environmentally or socially than the small companies do. All of the large companies indicated that they feel some kind of internal pressure to improve environmentally and only very few of the large companies indicated that they experience no internal pressure to improve socially. Overall, the smaller size companies are significantly more likely to report not having internal or external pressure to improve environmentally as well as socially.

The other noticeable point here is that more than 80 per cent of the large companies indicated that they experience internal pressure from the values and beliefs of their senior management to improve environmentally as well as socially.

The Sri Lankan-owned companies (79 per cent) are more likely to driven by the personal values and beliefs of management to adopt environmentally compared to the foreign-owned companies (53 per cent). The most remarkable result here is

that none of the foreign-owned companies indicated that employees exert pressure to improve socially, but 44 per cent of Sri Lankan-owned companies reported that they experience pressure from their employees to improve socially. The results suggest that the companies involved in international scale business are more likely to perceive pressure from the parent company, shareholders, employees, customers, government, and pressure groups to improve both environmentally and socially. Overall, the international scale companies experience more pressure to improve environmentally compared to improve socially than the local scale companies.

As expected, the most commonly reported barrier was cost implications (65 per cent). The cost implications are more than double the percentage of the next highest reported barrier: management time (31 per cent). It should be mentioned that the cost implications directly affect the financial bottom-line of the company; therefore getting an approval from the top management for a project to improve environmentally or socially is not easy.

Reputation and brand (69 per cent), and improved stakeholder value (49 per cent) were the major two drivers of the Sri Lankan companies to adopting CSR activities. There are a higher number of small companies (38 per cent) reporting that they do not see CSR as important in the organisation compared to the medium (8 per cent) and large (12 per cent) companies. Most of the time small companies reported fewer influential factors/drivers towards adopting CSR activities compared to the medium and large companies. This finding may be because the large and medium companies are more engaged in CSR activities and those companies may have understood the complexity and gravity of undertaking CSR activities. Generally, a large majority of Sri Lankan managers recognise the importance of business engagement in CSR activities.

6.4. Chapter summary

In order to identify the features of CSR practices in Sri Lanka, the questionnaire survey study is undertaken and the data analysed in this chapter. The chapter identified general CSR practices as well as notable features of CSR practices which call for further investigation. With the intention of revealing categorical differentiations through statistical analysis, the respondents were classified into three categories: size, ownership, and geographical scale of business operations. The unusual phenomena were identified by statistically testing whether there were significant differences between the above categories. The study basically differentiated CSR practices into environmental and social practices and carried out the analysis accordingly.

Overall, the environmental practices are disappointing, but business engagement in socially-related activities is relatively pleasing. The predominance of social activity is quite evident throughout the analysis of questionnaire survey responses. Deeply rooted reasons for such a phenomenon will be particularly investigated in the second phase of the study. Interestingly, Sri Lankan-owned companies and local scale companies are much more linked with their society than the companies with international connections are (See section 6.2.6.). The reasons for this practice could be a result of contextual factors such as cultural influences, religious backgrounds of people in organisations, political influences, employees' influences, personal values of management amongst others. On the other hand, foreign-owned companies and international scale companies could be trying to satisfy their foreign owners, parent companies, or foreign buyers. Although this chapter explains the features of CSR practices in a developing country, Sri Lanka, the analysis section limits its discussion to the answers from a questionnaire survey and that restricts further discussion to uncover deeply rooted contextual influences or phenomena. This chapter raises further questions such as: What is the nature of CSR practices, in terms of defining characteristics, as perceived by Sri Lankan corporate managers?

Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information? Why has CSR practice developed in the way it now has in Sri Lanka? These kinds of questions cannot be properly answered without having interactive discussions with corporate managers. These questions will be investigated in the second phase of this thesis through in-depth interviews with the corporate managers who are involved in CSR activities. Before doing so, however, the results of the questionnaire survey are compared with those taken in a developed country context with a view to gaining a global understanding of Sri Lankan CSR practices. Therefore, in the next chapter, the latter part of the first phase of this thesis, will investigate: To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country?

Chapter 7:
A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand

7.1. Introduction

Drawing on the results of Chapter Six and a New Zealand based study, this chapter makes a comparison of CSR practices between two countries as the latter part of phase one of the thesis. This chapter examines the extent to which CSR practices of Sri Lanka and New Zealand are different. Sri Lanka as a developing country and New Zealand as a developed country are compared here[1], in terms of the nature and extent of CSR practices adopted in these two countries. More specifically, this chapter addresses the second research question of this thesis: To what extent are the Sri Lankan CSR practices different from CSR practices in developed countries?

The New Zealand-based CSR study used for this comparison was conducted by Collins, Lawrence, Roper, and Haar (2010) at a similar period as the Sri Lankan survey. Chapter Two, section 2.5.3 discusses the background and findings of this New Zealand study and provides a brief review of CSR practices in New Zealand. Following a positivistic approach, the chapter utilises Mann-Whitney U Test for non-parametric independent samples in order to test whether Sri Lankan and New Zealand CSR practices are statistically significant or not. These tests are performed at 95 per cent confidence level (the significance level is 0.05). While providing

---

1   However, Sri Lanka and New Zealand should not be considered as a complete representation for developing countries and developed countries respectively.

Chapter 7: A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand
Limitation of comparative analysis

174

comparative graphs in the body of the text, in Tables 7.1, 7.2, 7.3, 7.4, and 7.5 (See Appendix 12.), the asymptotic significances and other comparative figures are displayed for further references.

The rest of the chapter is organised as follows. In section two, the limitation of the comparative analysis, which basically focused on sample difference and relevant adjustments, is discussed. Section three provides the comparative analysis which forms the main part of this chapter, followed by the reflections in section four. Section five provides the chapter summary.

7.2. Limitation of comparative analysis

Sample differences exist between these two studies, which could probably be a limitation for the comparative analysis presented in this chapter. Thus, some adjustments have been made to these two studies in order to make them comparable. The New Zealand study considered small companies, with one employee, to large companies, with more than 99 employees. However, the New Zealand study was mainly centred on companies with fewer than 100 employees; these made up approximately 82 per cent of the total sample. The Sri Lankan study represents large 200 companies listed on the Colombo Stock Exchange (CSE), because the evidence suggests that these companies practise CSR to some extent (Fernando & Pandey, 2012; Senaratne, 2009). Comparing the results of these two studies, without making any adjustments to address this sample difference, could lead to misleading conclusions.

Thus, in order to make these two studies comparable, by addressing this sample issue, two considerations have been taken in to account: first, in the New Zealand study, only the results of the large companies i.e., those with more than 99 employees were considered for the comparison. The sample of the New Zealand study comprises 136 large companies for which the required data are available in the study. Second, in the Sri Lankan survey study, the total number of responding

companies is 51, out of which 6 companies have fewer than 100 employees. The data of these six companies are eliminated from the Sri Lankan study in order to bring these two studies onto a comparable platform. Finally, 136 New Zealand and 45 Sri Lankan companies all with more than 99 employees are considered for this comparative analysis.

In order to keep the study at a manageable level, this comparative study considers the holistic view mainly, instead of comparing attributes of practices based on categorisations such as size, ownership, and so on. The other limitation is that although the New Zealand study has past as well as present data, the Sri Lankan study has only the current data; this difference/limitation precludes any longitudinal comparisons for this study. A future opportunity, however, does still exist to execute a longitudinal comparative study when data become available.

7.3. CSR practices in New Zealand and Sri Lanka: A comparative analysis

This comparative analysis covers environmental practices, social practices, internal and external pressures towards CSR practices, and barriers and drivers towards CSR activities.

7.3.1. Environmental practices

Figure 7.3-1 illustrates the comparison of environmental practices between New Zealand and Sri Lanka. Overall insight can be obtained by looking at the Environmental Activity Percentage Score (EAPS) values[2] where these values are calculated to measure the involvements with environmental activities. EAPS value for the New Zealand context is eight percentage units (46 per cent – 38 per cent) higher than the Sri Lankan context (See Table 7.1 in Appendix 12.), mainly because of the significant positive differences in the activities of having a

---

2   The meaning of EAPS values and their way of calculation are given in Chapter Three section 3.4.2.

recycling programme, maintaining an environmental policy statement, retaining an environment-focused supplier programme, and considering the environmental impacts of company products, processes and/or services. According to the Mann-Whitney U test results, all four of these activities for New Zealand companies are statistically significantly higher than that for Sri Lankan companies (See Table 7.1 in Appendix 12 for more details.). In line with the general expectations, the New Zealand companies are leading in most of the environmental activities compared to the Sri Lankan companies. On the other hand, Sri Lankan companies are leading in three activities: namely, having measurable targets for reducing energy, and water, and keeping measurable targets for employee training programmes related to environmental goals (See Table 7.1 in Appendix 12 for more detail.). It is interesting to note that these activities lead to short-term cost savings.

A few other activities, such as producing a public environmental and/or sustainability report, engaging in environmental marketing, having measurable targets for reducing carbon, and participating in a voluntary environmental programme, have almost similar levels of involvement in both countries. Another important observation is that New Zealand companies are well ahead of Sri Lanka, having many recycling programme related to the environment. The New Zealand companies are 40 percentage units higher than the Sri Lankan companies (the significance value is 0.000). The problem of not having a proper recycling programme for the whole country – Sri Lanka – is highlighted by most of the interview respondents in phase two of this thesis.

Overall results reflect the extent of Sri Lankan companies' lack of environmental consciousness compared to that of a developed country. It seems that the Sri Lankan companies' involvement in environmental activities depends on the short-term financial returns or organisational structural motivations. For example producing an annual report is a mandatory requirement for the Sri Lankan listed companies which comprise the sample, and that may drive some company managers to engage in low cost or cost saving environmental activities to include in the annual report.

Figure 7.3-1: Engagement in environmental practices : A comparison
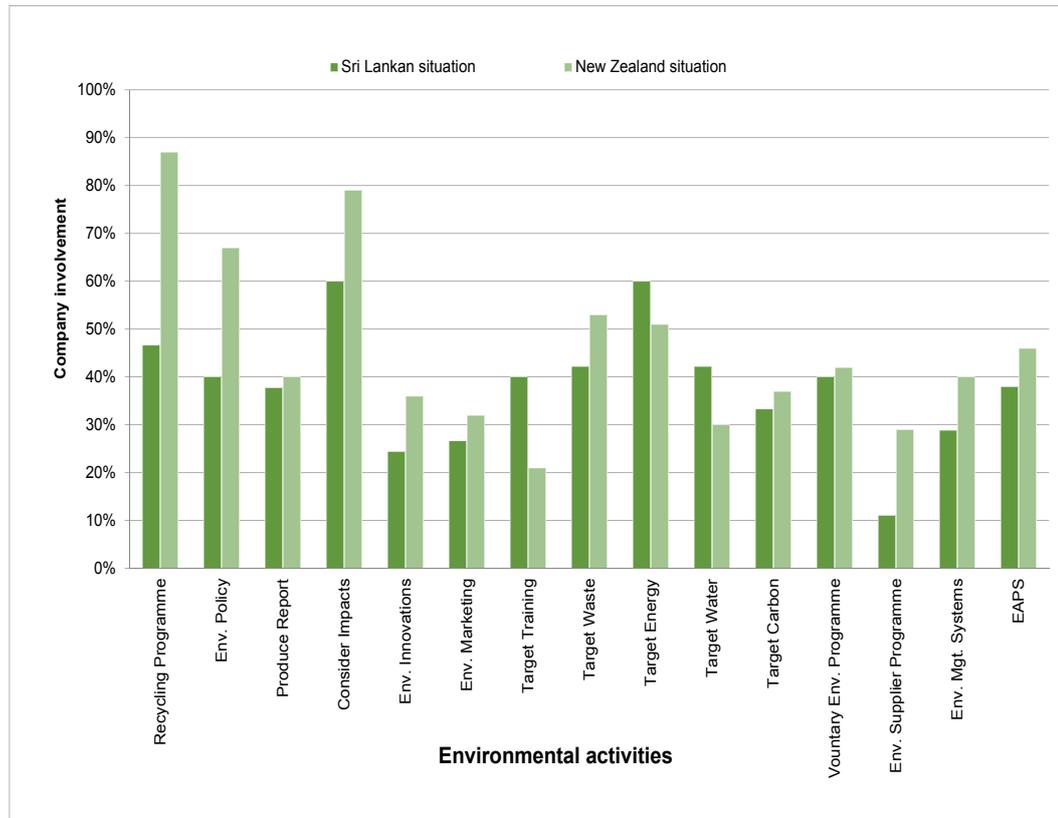
Note: EAPS denotes environmental activity percentage score. The calculation method is explained in Chapter 3 under the heading of 3.4.

7.3.2. Social practices

The comparative situation concerning Sri Lankan and New Zealand social practices is illustrated by Figure 7.3-2 (See Table 7.2 in Appendix 12 for additional details.). For both contexts, the Socially-related Activity Percentage Score (SAPS) value[3] is calculated to measure the involvements in socially-related activities. The higher the SAPS value, the greater the companies' engagement with socially-related activities. For the Sri Lankan companies, the SAPS value is higher than the EAPS value by 12 percentage units (50 per cent – 38 per cent), whereas for the New Zealand companies, this corresponding EAPS value is 13 percentage units (59 per cent – 46 per cent) (See Tables 7.1 and 7.2 in Appendix 12.). Thus, it is apparent that the companies in both countries are more involved with social practices than with

---

3   The meaning of SAPS values and their way of calculation are given in Chapter Three section 3.4.2.

environmental practices. The SAPS value for the New Zealand context is 59 per cent, whereas for the Sri Lankan context the value is 50 per cent, suggesting that the New Zealand companies adopt socially-related activities considerably more than Sri Lankan companies do.

This positive difference, where the New Zealand companies have a lead those in Sri Lanka, is explained by New Zealand companies' significant involvement in three activities: namely, adopting family friendly policies (New Zealand leads by 41 percentage units.), introducing stress management initiatives (New Zealand leads by 41 percentage units.), and considering diversity in hiring decisions (New Zealand leads by 30 percentage units.). The Mann-Whitney U test shows that all three of these activities are statistically significantly different between the two countries and the significance values are 0.001, 0.000, and 0.000 respectively (See Table 7.2 in Appendix 12.). In terms of business culture, most of the New Zealand companies have flexible working time or part-time work which can be considered as a part of family friendly policies, whereas in the Sri Lankan business culture, flexible working or part-time work is hardly visible. Further, in Sri Lanka, handling employees' stress or introducing stress management initiatives is limited to a only few companies; this difference could be because, generally, the term "stress" is not in employees' day-to-day vocabulary there, unlike in New Zealand. Consequently, employees may not demand such a initiative, unless it is introduced by the company management.

Eighty seven per cent of the Sri Lankan companies are involved in local community projects, whereas, for the New Zealand companies, this percentage is 74 per cent, suggesting that companies in both countries interact very much with their community, but the Sri Lankan companies are exceptional in this regard, although the difference is not statistically significantly different. In addition to this activity, the higher adoption of another three activities: namely, providing job training; assisting employees to obtain tertiary education; and, contributing time, money,

products or services to local community projects, by the Sri Lankan companies can be highlighted, although the New Zealand companies' involvement in these activities is slightly higher than for the Sri Lankan companies.

The main reason for the high involvement in these activities by the Sri Lankan companies could be because the Sri Lankan culture is more oriented towards philanthropy (Azmat & Zutshi, 2012; Fernando, 2010). Flexi-time or part-time work is a low-cost family friendly policy for the New Zealand companies, whereas for the Sri Lankan companies providing job training is a low- cost social activity. Sri Lankan companies are not supported by the government for job training, unlike in New Zealand (e.g., the Mainstream Employment Programme introduced by the Ministry of Social Development in New Zealand). Sri Lankan companies are not statutorily required to pay a minimum wage for working-age students. Even were these companies to decide to pay an allowance, it would most likely be a minimal amount.

Furthermore, currently in Sri Lanka, most of the university degree/diploma programmes have compulsory or optional internship training programmes. Most of the students of these degree/diploma programmes obtain their training in large companies with or without remuneration. This situation is a motivation for the Sri Lankan companies to provide job training and, at the same time, most importantly, these activities can be used as a part of their CSR involvements. Another possible reason for providing job training and assisting employees to obtain tertiary education could be a company's strategic decision to enhance its human resources and intellectual capital.

A low percentage of involvement in "developing product and service innovations based on social benefits" was found in the companies of both countries, because this activity may involve high research and development costs.

Figure 7.3-2: Engagement in socially-related activities
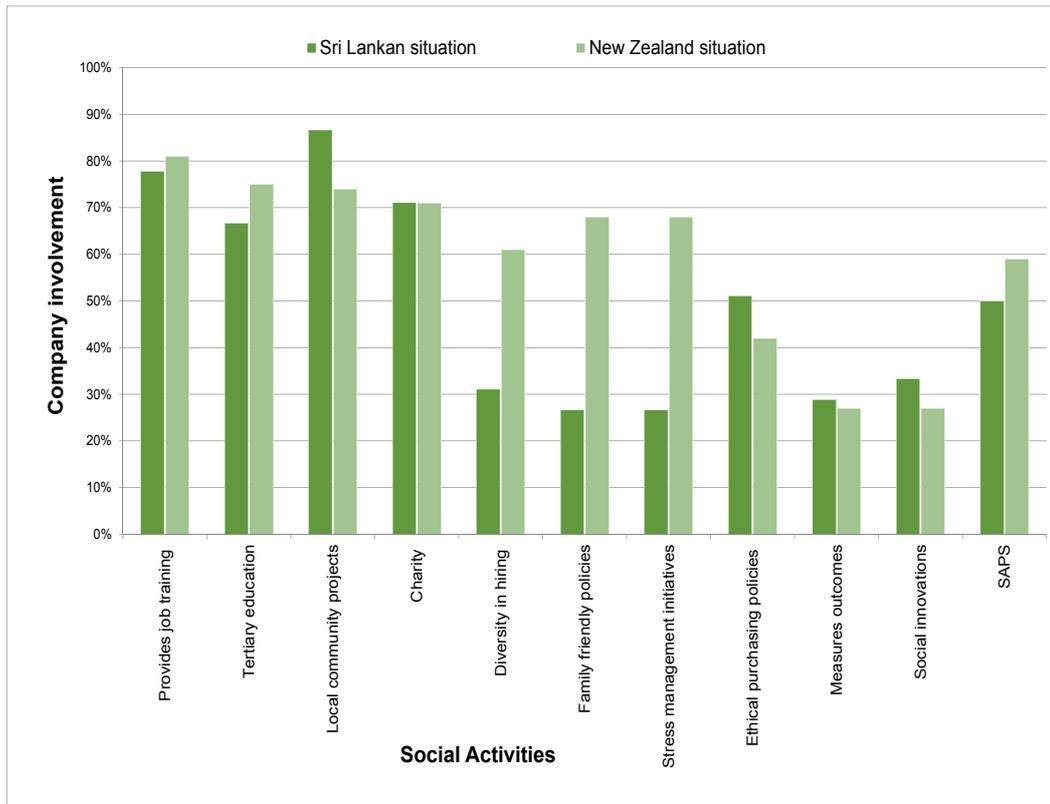
Note: SAPS denotes socially-related activity percentage score. The way it is calculated is explained in Chapter 3 under the heading of 3.4.

7.3.3. Internal and external pressures towards CSR practices

Internal and external pressures towards environmental and social practices are illustrated by Figure 7.3-3 and Figure 7.3-4 respectively (See Table 7.3 and 7.4 in Appendix 12 for additional detail.). The most significant finding here relates to the high percentages of managers whose personal values lead them to improve environmental and social practices, particularly in Sri Lanka. Approximately 73 per cent of the companies indicate that personal values of management provide pressure to improve environmentally as well as socially. Similarly, the New Zealand study reveals that the personal values of management are the most cited internal pressure factor for adopting environmental (48 per cent) and social (33 per cent) activities. However, in comparison, it comes as a surprise to find that these values are statistically significantly lower (different) to those from the Sri Lankan context (See Table 7.3 and 7.4 in Appendix 12 for the significance values of Mann-Whitney U tests.).

Chapter 7: A comparative analysis of CSR practices: Evidence from Sri Lanka and New Zealand
CSR practices in New Zealand and Sri Lanka: A comparative analysis

181

This finding shows that the Sri Lankan CSR practices are significantly driven by the personal values of managers. Deeply rooted reasons related to this finding are discussed in phase two of this thesis in Chapter Eight, section 8.3.4. Furthermore, Sri Lankan companies are statistically significantly more pressurised by their external pressure groups to improve socially than are New Zealand companies. Some companies emphasised this aspect in the interview stage by saying that Sri Lankan society expects the companies to engage in socially-related activities, especially philanthropic activities.

However, it is a surprise to see how the recession impacted on the values of senior management in the New Zealand companies, with this driver dropping to 44 per cent in 2010 from 52 per cent in 2006. Collins et al. (2010) surmise, "it seems when managers are fighting for the survival of their business, the values shift from treating their workers and community well to trying to keep the business afloat" (p. 1).

Figure 7.3-3: Internal and external pressure to improve environmentally: A comparison
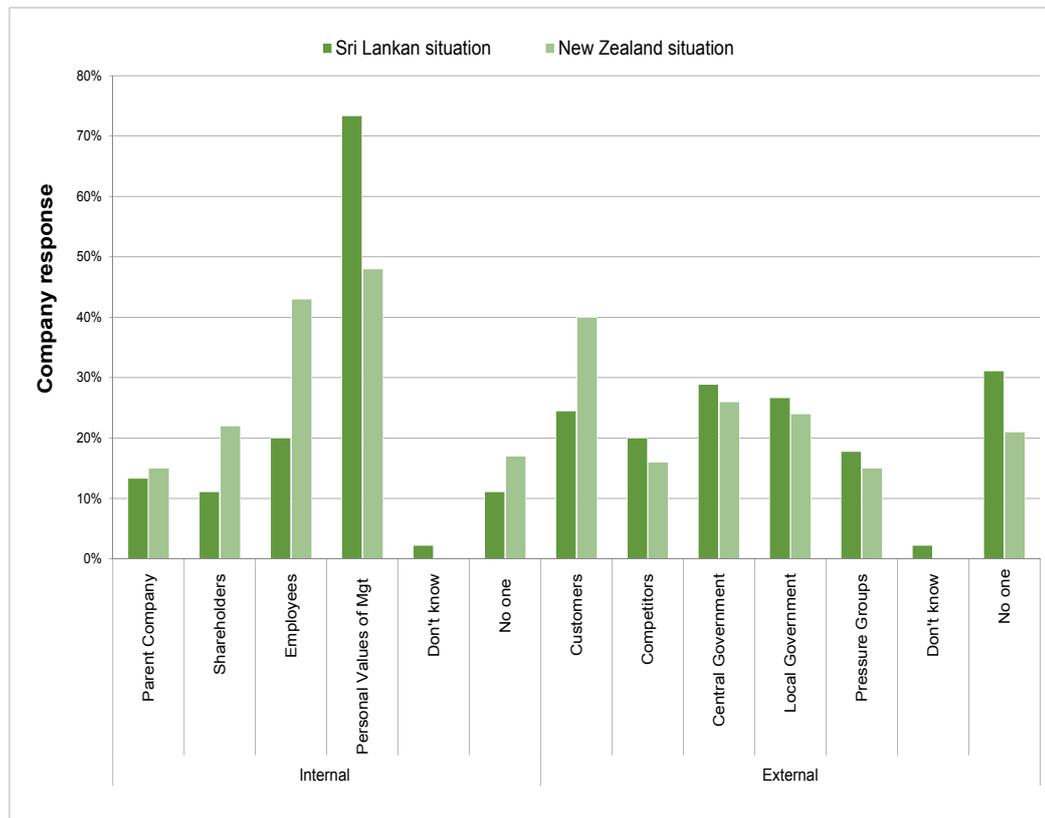
Figure 7.3-4: Internal and external pressure to improve socially: A comparison
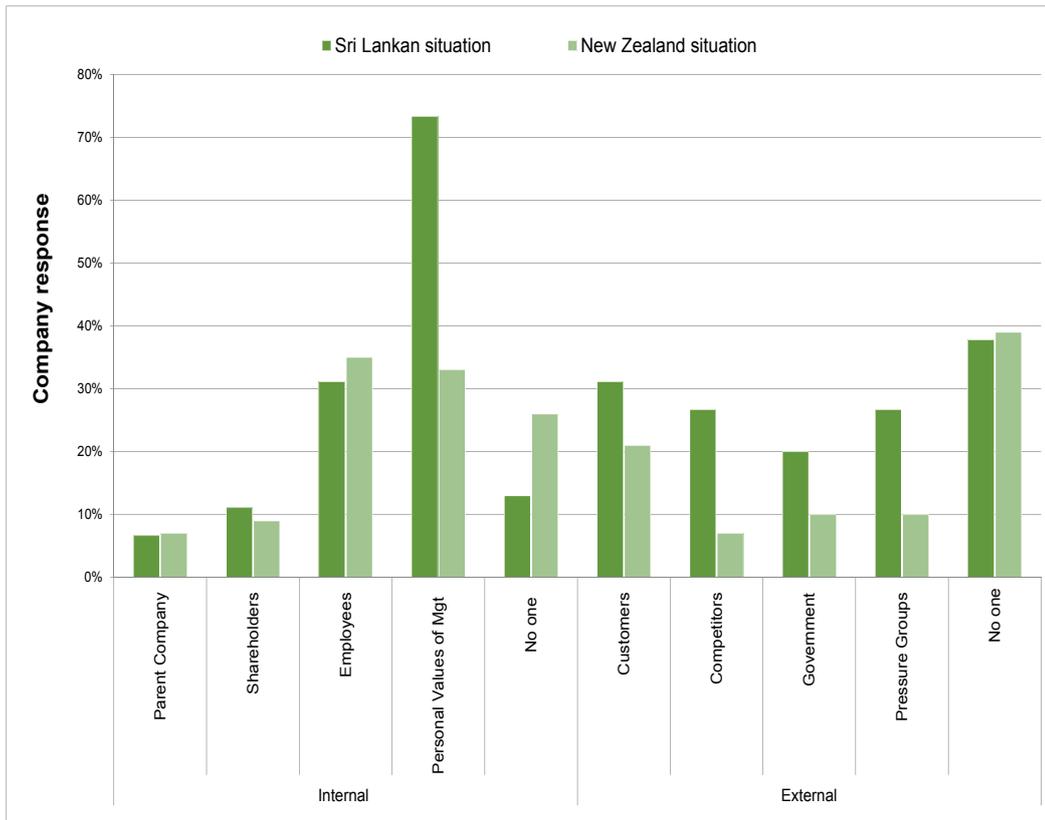
Generally, in Sri Lanka, the companies perceive more pressure to improve socially than to improve environmentally, whereas in the New Zealand context, the companies experience more pressure to improve environmentally than to improve socially. Pressure from employees can be highlighted as an example; 20 per cent of the Sri Lankan companies and 43 per cent of the New Zealand companies experienced pressure from employees to improve environmentally (See Figure 7.3-3.), whereas when it comes to improving socially, the Sri Lankan companies' percentage values increased by 11 percentage units to 31 per cent (See Figure 7.3-4.), but the New Zealand companies' percentage values decreased by 7 percentage units to 35 per cent (See Figure 7.3-4.). This finding could mainly be because Sri Lankan people value the 'well-being of society more than environmental conservation, whereas in New Zealand the opposite is true. This difference might also be accounted for by these countries' differing levels of development.

With the exception of the external pressure from customers towards environmental activities, the Sri Lankan companies experience more external pressures from all other parties to improve environmentally as well as socially than the New Zealand companies do. This variation could be because of the globalisation influences coming from international buyers, competitors, and pressure groups, rather than an effect exerted by local parties, given that a lack of local pressure was highlighted by many respondents throughout the interview process in the phase two of this thesis.

Overall, the perceiving of more pressure on the Sri Lankan companies can be looked at from two perspectives: One is the influences of globalisation and the other is the cultural impact which results in pressure from personal values of managers, which is statistically significantly higher in Sri Lanka. On the other hand, it is the managers' personal values, and the influence of employees and customers which provide most of the pressure to improve environmentally and socially in the New Zealand context.

7.3.4.   Barriers and drivers to adopting CSR activities

In both studies, barriers and drivers related to adopting CSR practices were an important area of investigation. Figure 7.3-5 illustrates barriers and drivers to adopting CSR activities (See Table 7.5 in Appendix 12 for additional details.). In the statistical comparison, none of the investigated barriers is statistically significantly different between these two countries. The "cost implications" was cited as a barrier by 64 per cent of the Sri Lankan companies and 65 per cent of the New Zealand companies. The fact that the CSR activities are not integrated into companies' business strategy could be one of the main reasons why cost is considered as a high barrier in both countries. In CSR practices, the link between costs and benefits is complex. Some CSR costs could be related to short-term benefits; some costs could be related to long-term benefits. Additionally some costs might not procure any apparently tangible benefits for the company. So, these possibilities could lead

managers to indicate "cost implications" as a barrier for CSR practices. The second most cited barrier for the New Zealand context is the "other priorities" (46 per cent). By contrast "management time" (33 per cent) is the second most cited barrier for the Sri Lankan context,.

With regard to the drivers, one of the points that stands out here is that 53 per cent of the Sri Lankan companies indicated shareholder value as a driver, whereas only 21 per cent of the New Zealand companies did so. According to the Mann-Whitney U test results, this difference is significant (See Table 7.5 in Appendix 12.). Similarly, most of the remaining drivers, for example, investor pressure, board influence, pressure groups, and government regulations, are indicated by both the Sri Lankan companies and those in New Zealand. On the other hand, for the New Zealand context, recruitment and retention of employees (41 per cent) play an important role as a driver for CSR, whereas this driver has very minor impact on the Sri Lankan context at only 18 per cent. This difference is also statistically significant (See Table 7.5 in Appendix 12.). This finding suggests that managers in the Sri Lankan companies do not engage in CSR activities for the purpose of retaining and recruiting employees. Or, perhaps, they do not believe that existing employees or prospective employees in Sri Lanka place any emphasis on the CSR status of the company on their decision of seek/accept employment.

Overall, the two most commonly indicated drivers for the Sri Lankan context are reputation and brand management (69 per cent), and shareholder value (53 per cent), whereas for the New Zealand context, again, reputation and brand (65 per cent) and cost reduction or cost management (44 per cent) are the most indicated drivers. Except for statistically significant recruitment and retention of employees, and other two drivers (reduction of cost, and management of risk), the other drivers all have more influence on Sri Lankan companies than on New Zealand companies, suggesting that Sri Lankan company management may not consider recruitment and retention of employees as a reflection on a company's CSR status. Although the

Sri Lankan companies saw reputation and brand, and shareholder value as drivers of CSR practice, it became evident during the interview process of this thesis that Sri Lankan culture also plays an important role as a driver in adopting CSR activities (See Chapter Eight, sections 8.3.4 and 8.4.).

Figure 7.3-5: Barriers and drivers to adopting CSR activities: A comparison

7.4. Reflections and conclusions

Both countries are more focused on social activities than environmental initiatives. The extent to which social activity predominates can be illustrated by the positive difference between SAPS value and EAPS value. These positive differences for the Sri Lankan context and for the New Zealand context are 12 (SAPS value 50 per cent – EAPS value 38 per cent) and 13 (SAPS value 59 per cent – EAPS value 46 per cent) percentage units respectively. Therefore, it is clear that the companies in both countries are more involved with social practices than with environmental

practices. This finding could be due to companies in both countries either positively utilising contextually advantageous situations or implementing their companies' strategic decisions. For example, for the Sri Lankan companies, providing job training is less costly for country-context reasons, while low-cost flexi time and part-time work, which are often categorised as a "family friendly policy" are, generally, valued by New Zealand people. More specifically, "family friendly policy" was adopted by 68 per cent of the New Zealand companies, whereas only 27 per cent of the Sri Lankan companies adopted such practices, not because it is costly, but, probably, because it is not valued by most of the country's low income earning employees. Instead of flexi time or part-time work, these Sri Lankan employees may like to work overtime and earn some extra money to boost their poor living standards. On the other hand, a company's strategic decision to enhance its human resources could offer another possible reason for the Sri Lankan companies' high level of engagement in the provision of job training and assisting employees to obtain tertiary education because all these companies are quite large and they are, consequently, more likely to engaged in developing their intellectual human capital.

However, companies in both countries conduct costly activities such as providing time, money, products or services to local community projects and charity work. Especially in Sri Lanka, 87 per cent of the respondents reported that they are involved in community projects. For New Zealand this figure is 74 per cent, which still indicates quite a high degree of involvement. Such involvement could be the result of cultural impacts and the personal passion of the people in the organisations. Overall, it can be concluded that whatever context the companies are in, they mostly opt for the cheapest or lowest cost activity/s, unless the values of the people internal to the organisation drive more inspiring activities. This conclusion is further confirmed by the finding that in both countries "cost implications" is the most cited CSR barrier.

Despite the Sri Lankan companies' interview respondents' emphasis on the lack of external pressure to improve environmentally and socially, the Sri Lankan companies experienced more external pressures to improve environmentally (excluding from customers) and socially than New Zealand companies did. This finding provides an indication that in both countries the external pressure is inadequate to improve the levels of CSR practices. This conclusion is further justified by the fact that, in New Zealand 39 per cent of the companies, and in Sri Lanka 38 per cent of the companies, perceived no external pressure to improve socially. Considering that all the companies in the sample are large, the percentage values for this absence of perceived external pressure are quite high.

With regard to the internal pressure to improve environmentally and socially, (most of which comes from the values of management, particularly for the Sri Lankan context) approximately 73 per cent of the companies indicated perceiving such pressure. Similarly, 48 per cent and 33 per cent of the New Zealand companies indicated that management values provide pressure towards engaging in environmental activities and social activities respectively. Compared to New Zealand's other forces of internal pressure, these percentages (48 per cent and 33 per cent) are relatively high, but these values are statistically significantly lower when compared with the Sri Lankan context. These findings support the conclusion that, in both countries, but particularly in the Sri Lankan context, CSR practices are mainly driven by the people inside the organisation rather than the forces outside the entity. According to Mathis' (2004) study, German companies mention internal factors such as "aspirations of a strategic leader" as driving forces for CSR development and implementation, whereas the companies of the UK and the Netherlands are more likely to start CSR because of external factors such as public pressure and media coverage. Correspondingly, Sri Lankan companies and New Zealand companies are similar to German companies and different to the companies of the UK and the Netherland with respect to CSR driving forces.

It is remarkable to note that all the barriers investigated exert more influence on the New Zealand companies than on the Sri Lankan companies, although the extent of this difference is not statistically significant for all barriers. However, the most cited barrier for both countries is the "cost implications" barrier as it is cited by 64 per cent of the Sri Lankan companies and 65 per cent of the New Zealand companies. The fact that the CSR activities are not integrated into companies' business strategies could be one of the main reasons for cost being considered as a very high barrier in both countries.

Similarly, in both countries, the most cited driver to adopt CSR activities was "reputation and brand management" (69 per cent and 65 per cent). The second most cited driver for the Sri Lankan companies is the "shareholder value" (53 per cent), which is statistically significantly higher than the New Zealand companies' 21 per cent. This disparity could be a result of all the Sri Lankan companies investigated being listed on the Colombo Stock Exchange (CSE). Stock exchange listing may tend to make the Sri Lankan companies want to improve shareholder value, as this desire influences the market value of the company. The "recruitment and retention of employees" as a CSR driver shows another significant difference between these two countries: 41 per cent by the New Zealand companies and only 18 per cent by the Sri Lankan companies. This finding suggests that the New Zealand company managers anticipate that existing employees or prospective employees in New Zealand do place a considerable emphasis on the CSR status of the company in their employment decision. Thus, this driver partly reflects some kind of the anticipated pressure from existing and prospective employees. For the Sri Lankan companies, this argument is applicable in the opposite way.

7.5. Chapter summary

Developing and developed world comparative analysis of CSR practices is conducted drawing on the evidence from Sri Lanka and New Zealand. The New Zealand study used for this comparison – Collins, Lawrence, Roper, and Haar (2010) – was undertaken at around the same time as the Sri Lankan survey. Following a positivistic approach, nonparametric independent sample Mann-Whitney U tests were employed for differential testing. Environmental activities, social activities, institutional pressure towards such activities, and barriers and drivers of CSR practice were specifically compared across the two countries. In eight instances, it was found that there were statistically significant differences in environmental and social activities. In seven of these instances New Zealand's CSR situation is significantly higher than Sri Lanka's situation (See Table 7.1 and 7.2 in Appendix 12.). In addition to these eight instances, statistically significant differences were found in another seven instances for institutional pressure towards environmental and social activities, and drivers towards CSR practices (See Table 7.3, 7.4 and 7.5 in Appendix 12.).

Thus, overall, it can be concluded that CSR in these two countries is not homogeneous, and that it varies, although some similarities exist. In line with the predictions or prepositions of the literature, in most areas, the condition or status of CSR practices in the companies in New Zealand – a developed country – is significantly or slightly higher than that of the companies in Sri Lanka – a developing country. These results indicate that the level of economic development of the country could influence the level of CSR practices, although further research is needed to confirm this conclusion. However, this conclusion cannot be negated by the evidence of this comparative study. Other reasons accounting for the variances of CSR practices between these two countries could be the social, cultural, political and other differences between the two countries. For example, statistically, pressure coming from the values and beliefs of Sri Lankan company managers towards the

CSR practices of their company is significantly higher than that of New Zealand company managers. During the interview process, the second phase of this thesis, it was evident that the Sri Lankan culture plays an important role as a driver in adopting CSR activities (See Chapter Eight, section 8.3.4.). Since the culture of the country is not considered as a driver or driving force in the either the New Zealand nor the Sri Lankan questionnaire survey, it was not possible to investigate cultural influences as a driver or driving force in phase one of this thesis. Culture will, however, be considered in the second phase of the thesis in Chapter Eight which follows.

Chapter 8:
An investigation of CSR practice in Sri Lanka

8.1. Introduction

This chapter represents the second phase of the study which provides further insights on CSR practices in Sri Lanka. Statistical analysis in Chapter Six and Chapter Seven revealed that there were differences in responses between various categories of companies as well as between country contexts with different development levels. Drawing on these outcomes, this chapter explains and interprets the results of the interviews with corporate managers. As mentioned in Chapter Three: Research methodology, the first phase of the study limits its discussions and analysis to the answers of close-ended survey questions. The quantitative analysis in phase one provides a limited understanding and explanation of CSR practices in Sri Lanka. Further, it allowed for no discussion on the part of the respondents about the nature or significance of their questionnaire responses. Here, the corporate senior managers, who are directly involved in CSR disclosure and/or the decision making process of the case companies, are interviewed allowing them to talk freely. Their responses have been used to identify and explain deeply rooted contextual characteristics underpinning CSR practices in Sri Lanka.

The research approach used in phase one is positivistic, attempting to establish certain facts about the companies' CSR practices. Utilising mixed methods, the researcher adopts the approaches of interpretivism and constructivism paradigms

in conducting the second phase of this thesis. Here company representatives were asked to respond to open-ended questions in their own words to draw out their subjective interpretations of their companies' practices and reasons for those practices. Starting with general introductory questions relevant to the organisation, the subsequent interview discussions concentrated largely on the following four research questions: What is the nature of CSR practices, in terms of defining characteristics, perceived by Sri Lankan corporate managers? Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information? Why has CSR practice developed in the way it now has in Sri Lanka? Finally, How do mainstream CSR theories such as legitimacy, stakeholder, and institutional theories help to explain operational and reporting CSR practices in Sri Lanka?

The questionnaire survey findings along with company-published data such as annual reports and sustainability reports were employed to substantiate the interview responses. Detailed discussions of the philosophical framework, sample selection strategy, data collection process, case company categorisation, and data analysis methods related to the managerial interviews are presented in Chapter Three: Research methodology, especially in sections 3.3 and 3.4.3.

The rest of this chapter is organised as follows. Section two provides a description of the case companies interviewed and the identification of interview analysis themes. Section three presents the interview data analysis based on the themes identified. In this section, the mainstream CSR theories are used, wherever possible, to analyse the circumstances, and try to understand whether these theories are challenged or supported by the interview evidence. The chapter reflections are presented in the fourth section. This section first provides the discussion of motives behind the CSR practices by employing the theoretical framework, developed in Chapter Five, and then delivers the summarised and overall conclusion. The final section provides the chapter summary.

8.2. Interview case companies and themes

Purposive sampling was employed in selecting 26 case companies for the interviews. Most of the companies are selected from the respondents to the questionnaire survey who gave their consent for the interviews. The selection process is illustrated in Figure 3.4-1: Case company selection process for interviews, in Chapter Three.

For the purpose of this analysis, the interviewed companies were coded C1 to C26; companies C1 to C23 were listed companies and were coded according to the descending order of their market capitalisation. C24 is a public bank and C25 and C26 are both private companies. Different classifications related to these companies are given in Table 3.5-2, Table 3.5-3, and Table 3.5-4 in Chapter Three, section 3.5.3. Table 8.2-1 provides a summary of the codes and details of the companies.

The analysis is based on five themes/characteristics emerging from the interviews. It should be noted that the territories of these characteristics are not mutually exclusive or independent of each other; they are interrelated and interdependent. The themes are given below:

1. The various terms used by participants to signify CSR
2. The apparent predominance of social issues in CSR
3. The concentration of CSR activities on employees
4. Potential CSR roots in the historical, cultural, and customary traditions of philanthropy
5. Global and cultural influences in the practices of CSR disclosure

In Chapter Six, the questionnaire survey analysis, the companies were grouped into size, ownership, and geographical scale of business operations. As shown in Table 8.2-1, the interviewed companies also represent different groups according to these three classifications, but the discussion in this chapter is presented according to the themes identified above. However, company categories are still used in the interpretive comments. Within a developing country context, whether companies provide their products and services to an international market, as well as ownership structure, are important factors in determining their CSR involvements. This point was evident in the previous stage, phase one, of this thesis presented in Chapter Six (See Appendix 11.). Thus, these categories are used as context for interpretive comments.

Table 8.2-1: Details of case companies

Com code	Industry	Interviewee's Designation	Ownership		Company size based on number of workers			Geographical scale	
			Foreign Owned	Sri Lankan-Owned	Large	Medium	Small	International scale	Local Scale
C1	Telecommunication Sector	Head – Group Public Policy & Corporate Responsibility	✓		✓			✓	✓
C2	Diversified Holding	Manager – Sustainability Integration	✓		✓			✓	
C3	Telecommunication Sector	General Manager		✓	✓			✓	✓
C4	Bank, Finance & Insurance	Assistant Manager Marketing		✓	✓			✓	✓
C5	Power & Energy	Company Secretary		✓			✓	✓	✓
C6	Beverage Food & Tobacco	Communication Manager		✓		✓		✓	✓
C7	Beverage Food & Tobacco	1. CSR Manager 2. Corporate and regulatory affairs Manager		✓		✓		✓	✓
C8	Diversified Holding	Manager Corporate Relations/ CSR		✓	✓			✓	
C9	Diversified Holding	Manager – Resource Developments		✓	✓			✓	✓
C10	Diversified Holding	Manager Business Developments		✓	✓			✓	
C11	Bank Finance & Insurance	CSR Manager		✓	✓			✓	
C12	Land & Property	Chief Executive Officer		✓		✓		✓	
C13	Bank, Finance & Insurance	Deputy General Manager		✓	✓			✓	
C14	Manufacturing	Director/General Manager Finance		✓			✓	✓	✓
C15	Diversified Holding	General Manager		✓			✓	✓	✓

Table 8.2-1 (continued)

Com code	Industry	Interviewee's Designation	Foreign Owned	Sri Lankan-Owned	Large	Medium	Small	International scale	Local Scale
C16	Construction & Engineering	General Manager – Finance	✓		✓			✓	✓
C17	Motors	Executive Director – Finance		✓	✓	✓			✓
C18	Beverage Food & Tobacco	Finance Manager		✓	✓				✓
C19	Bank, Finance & Insurance	Senior Manager – Accounts		✓	✓				✓
C20	Manufacturing	1. Finance Manager 2. Accountant	✓			✓			✓
C21	Bank, Finance & Insurance	Director Finance and Treasury Management		✓	✓		✓		✓
C22	Plantations	General Manager		✓	✓			✓	✓
C23	Manufacturing	Factory Controller	✓				✓		✓
C24	Bank Finance & Insurance	Deputy General Manager		✓	✓				✓
C25	Manufacturing	Manager – Corporate Social Responsibility		✓	✓			✓	✓
C26	Telecommunication Sector	1. Chief Executive Officer – CEO (Main Contributor) 2. General Manager – Finance 3. Product Manager – Value Added Services		✓	✓				✓

8.3. Analysis of interview results

8.3.1. Various terms used by participants to signify CSR

The Sri Lankan corporate managers use differing terminology for CSR. They interpret CSR in different ways according to their own way of thinking. The significance of respondents employing differing terminology is discussed under this theme.

The concept of corporate social responsibility or CSR is being interpreted by some of the Sri Lankan companies, particularly large foreign-owned companies, in line with their own definition. In other words, different terms are used for the CSR concept, for example, "sustainability", "corporate responsibility", or both CSR and sustainability together. The respondents of these companies interpret the above terms/concepts in different ways according to their own understanding. For example, one large foreign-owned conglomerate uses both CSR and sustainability concepts together: CSR in a narrow sense and sustainability in a comprehensive sense. The terms "strategic philanthropy" and "corporate philanthropy" are used interchangeably to emphasise CSR in a narrow sense. The respondent from one company explained:

> It was widely understood that going forward, with CSR or as we call it strategic philanthropy, that we do have its limits . . . Today, we have brought in the concept of sustainability, not undermining . . . the corporate philanthropy. So, corporate philanthropy is still in operation, like 10 years ago . . . But in terms of sustainability, it talks about how an organisation performs internally in terms of economics, environment, and society. It's also called the triple bottom line concept (Manager – Sustainability Integration, large foreign-owned company – C2).

This quotation implies that the company had been engaged in philanthropic activities long before it started to use CSR or the sustainability concept. This is only one of the many examples taken from the Sri Lanka as a developing country

context perspective which shows that philanthropy is a locally originated and culturally embedded practice, whereas CSR or sustainability is an internationally borrowed concept or a result of so called "globalisation". It is apparent that this large foreign-owned company wants to maintain a good relationship with the society in which it operates and that is why in this company "corporate philanthropy is still in operation, like 10 years ago . . ." (C2). At the same time, it is apparent that the company wants to adhere to international stakeholders' requirements mainly due to its international connections as a foreign-owned company or as an international supplier. Apparently, the reasons for using different wordings to express the concept of corporate social responsibility arise mainly because these companies want to show their foreign counterparts that they are moving away from a philanthropic or charity framework and going towards a concept of "sustainability", which has been a buzz word in the global business world for the past few years. Nevertheless, these Sri Lankan companies carry out their traditional philanthropic activities in order to satisfy the expectations of the local society in which they operate.

There was only one company which did not engage in philanthropic activities. This company, which is very particular about its CSR terminology, uses the term Corporate Responsibility (CR) instead of Corporate Social Responsibility (CSR). The respondent of this company sees sustainability as an outcome of CR which can be measured only in the long run. The respondent explains the reason for not using the term CSR:

> We think that by using corporate social responsibility [CSR], people tend to interpret that it's what the company does for the community, which is mainly the social aspect of it. So that has the danger of being defined as charity, which we don't necessarily adopt. Our approach to defining corporate responsibility is to distinguish between what is called philanthropy and what is called integral CR. So integral corporate responsibility is essentially how we do business. It is our practices, our operations, our supply chain, our employee practices, our procurement practices, so essentially how as a company we act

and behave, and how we run our course of business. We feel that it is our primary responsibility. And if we do that part in a transparent and accountable manner then we would eventually be responsible to the community as well (Head – Group Public Policy & Corporate Responsibility, large foreign-owned company – C1).

This is another example to show that the respondents of the companies interpret the CSR related terms/concepts in different ways according to their own way of thinking. Interview evidence suggests that, except for this company, all the other companies with international ownership or supply connections, and also local companies, try to continue philanthropic activities and the activities related to relationship building between the business and society (See section 8.3.4.).

Apparently, companies with international connections face a challenging situation in balancing philanthropic activities with globally influenced sustainability activities. In responding to this challenge, some companies strategically established a separate entity like an NGO for philanthropic work while undertaking wider activities under sustainability. It seems that companies with international connections take a dual role in responding to external expectations. Due to their international connections, they are exposed to foreign influences, but at the same time, locally they are expected to carry out philanthropic activities. A respondent from one of these companies mentioned that, "we knew that we can't stop our philanthropy; we need to carry it forward, simply because many of our communities expect us to do that" (Manager – Sustainability Integration, large foreign-owned company – C2). This comment implies that this company is deeply concerned about community expectations such as engaging in philanthropy. The behaviour of these foreign-owned companies with regard to philanthropy (mostly external expectation driven) can be explained by legitimacy theory and institutional theory. It is apparent that these companies try to conform to these kinds of social norms and beliefs which are largely imposed on an organisation. According to legitimacy theory, survival of a company depends on

the continued public perception that it is functioning within the bounds and norms of the society in which it operates. By conforming to the expectations of society, a company could expect its business to be legitimised.

In contrast to companies with international connections, most of the local companies are not very particular about the term they use for CSR. Their main concern is social activities. Philanthropic or charitable work has been undertaken by most of these companies from their companies' inception. For example, a respondent said, "Even before we had started the CSR community projects, you know millions were given as donations for painting up hospitals or . . . some sort of things like that" (Manager, large Sri Lankan-owned company – C8). These companies' philanthropic work is mostly driven by their managers and employees' values. However, the philanthropic work had been streamlined after they categorised these activities under the term CSR. Most of the local companies use the term CSR, but a few other companies use some alternative terms such as sustainability, corporate responsibility, and social responsibility. Irrespective of the terms the companies use for their CSR activities, when it comes to CSR reporting almost all of these reporting companies use "Sustainability Report" as the title, regardless of whether the disclosure is a standalone report or a separate section in the annual report. This practice could be because these local companies tend to follow large foreign-owned company practices – following institutional practices. Through the lens of institutional theory, this behaviour could be a part of the isomorphic process, particularly mimetic isomorphism which involves organisations trying to emulate or copy other organisations' practices, mainly because of obtaining competitive advantage or avoiding the uncertainty of being out of step with others. This process leads to organisational legitimacy.

Overall, the thinking pattern of the respondents is influenced by global factors and expectations of the local community in which the companies operate. It seems that companies with international connections play a dual role in responding to

external, local, and international, expectations. Local companies tend to follow large foreign-owned companies and leading institutional CSR practices, to a certain level. This situation reflects an isomorphic effect.

8.3.2.   Apparent predominance of social issues in CSR

Social issues such as unemployment and poverty, the typical issues in a developing country, often override environmental (material resources) issues. The evidence suggests that social issues are more prominent in the Sri Lankan context, but less so in the companies with global links. In the latter case environmental and material resource concerns are on a par with social issues. The evidence is interpreted, and the possible reasons are identified and discussed under this theme.

Confirming the finding of the questionnaire survey, the interview evidence suggests that corporate managers in Sri Lanka are concerned with social issues primarily. During the interviews, corporate managers talked positively about engagement in social activities. Without exception, all the company respondents share a common view that the corporate sector has a responsibility towards the country's broad social issues. The following comments are fairly typical:

> I don't say it's a responsibility. I think it's an obligation more than a responsibility. If you look at who is responsible, anybody will pass it on to the government but I think it's an obligation for a corporation (General Manager, large, Sri Lankan-owned international scale company – C22).

> Certainly, to whatever capacity you can. We look at the company's responsibility, and whatever we can do to support the society, we do it, ranging from small to big things. And sometimes we use excess resources. Recently we dismantled one of our cranes . . . . We built a bridge using these two steel bars . . . . Likewise, we look at the resources available and the need in society collectively with the employees (General Manager – Finance, large, foreign-owned international scale company – C16).

> Any business enterprise has a wider responsibility for the society in which
> they operate. There are no two words [no argument] about that responsibility"
> (CEO, medium, foreign-owned international scale company – C12).

> The poverty, poor people, income distribution, all these things have to be
> looked at from the top . . . so definitely, the corporate sector has a responsibility"
> (Finance Manager, Sri Lankan-owned local scale company – C18).

Apparently, companies tend to respond to social issues such as unemployment and poverty, the typical issues in a developing country. The main point highlighted by most of the company respondents is the discrepancies in income distribution. Further, the respondents emphasised that they should use their competencies or their area of speciality in contributing to the country's social development. A respondent said,

> "We are in a third world country. There is a very huge gap between haves and
> have-nots. So . . . the private sector can come in . . . with their expertise . . . .
> According to our statistics there are one million poor families, we are targeting
> only 10,000. What private sector companies could do on this type of project
> is that they can show the government and others a practical model that works
> out for elimination of poverty" (CSR Manager, medium, foreign-owned local
> scale company – C7).

 Another respondent said,

> Particularly in countries like ours, where governments fail to meet all the
> obligations in terms of societal needs, corporates are sometimes bigger than
> governments in their ability to create change . . . . Corporates have their own
> strengths. Like I said earlier, XXX [the company name] has its strength in
> technology, and we use that strength in certain areas. If you take a company
> like Hayleys, they might be stronger in their agriculture sector. So each
> company has its own competence, and they should do what they can (Head –
> Group Public Policy & Corporate Responsibility, large, foreign-owned local
> scale company – C1).

With regard to CSR practices, interview evidence from Sri Lankan managers suggests that in a developing country social issues around poverty and unemployment are given more emphasis than environmental issues. This is less so in the companies with global connections as an international supplier or as a foreign-owned company, where environmental issues are on a par with social issues. These companies try to balance the social aspect and the environmental aspect. A respondent from a company with international scale operations said:

> There are two aspects. On the environmental side especially coming from a manufacturing [angle], there's a lot that we utilise, natural resources. I think it's about time that we look at how our processes work where we affect the natural environment. On a social side, the people who are the foundation of the company are the poorest of the poor, so they basically produce the garments for the company, and I think it's time that we start giving back to them as well; that's on the social side (Manager CSR, large Sri Lankan-owned manufacturing company – C25).

Most of the respondents of companies with international connections hold a similar view. These respondents' comments reflect not only social issues of a developing country, but also the sensitivity to global concerns about material depletion or environmental issues. Evidence suggests that these companies try to conform to international buyers' requirements since they are the most crucial and powerful stakeholders for these companies. Respondents of companies with international scale operations tended to emphasise that they consider both the environmental and social aspects in order to have their CSR practices recognised by foreign buyers and/or foreign parent companies. This practice could be employed to ensure their survival in the long run. One respondent said, "Our customers, our buyers in the US and England, like to work with companies who are socially responsible" (Manager – CSR, large, Sri Lankan-owned international scale company – C25). Export companies, especially companies in the garment industry, are highly competitive; and survival depends on receiving continuous export orders and

meeting their deadlines. Thus, the critical stakeholders for these companies with international connections definitely include international buyers, employees, and parent companies. The above respondent again mentioned that:

> We are 100 per cent exporters. Satisfying our customers is immensely important for us. It is our duty to identify their expectations and fulfil their requirements. Similarly, as I mentioned to you earlier, our employees are our foundation. They have done enough for us throughout all these years; without them the company can't survive. So it is our responsibility to look after them (Manager – CSR, large, Sri Lankan-owned international scale company – C25).

This situation can be explained through the lens of a managerial perspective of stakeholder theory which focuses on managing the relationship between an organisation and its critical stakeholders. In the managerial (positive) perspective of stakeholder theory, an organisation is expected to meet the expectations of stakeholders who control the critical resources required by the organisation, and be accountable to its powerful stakeholders (Deegan, 2009).

Some companies have set up themes for CSR activities. Here are some fairly typical examples of CSR themes:

> Our CSR theme is care for water . . . . So it's usually water-related projects but we work with very rural communities . . . . We give access to water. We give access to portable water. We give out purified [water], and then something we're trying to go into now is like rainwater harvesting, and also shared water management. So anything related with water (Manager –CSR, large Sri Lankan-owned company – C25).

> Our CSR are mainly on health and safety (Director/General Manager Finance, small foreign-owned company – C14).

> We focused our [CSR] projects on Early Childhood Development (Manager Corporate Relations/CSR, large Sri Lankan-owned company – C8).

Our practices, policies and guidelines are in line with improving three areas we have identified: nutrition, water and rural development. These three areas we have identified through Sri Lanka's national issues (Communication Manager, medium, foreign-owned international scale company – C6).

Furthermore, a respondent from a large diversified holding company indicates that they tried to establish a CSR policy and to integrate what subsidiaries are doing rather than establish a narrow CSR theme. According to the respondent, the purpose of setting up a CSR policy for a whole group is to "bring a conceptual framework for CSR and make it more of a planned initiative than a fragmented way of doing things" (Manager – Business Developments, large, Sri Lankan-owned company – C10). By performing in this way, this diversified company carries out a wide range of CSR activities. Further he said, ". . . most of the things which most of the other companies do, we also have embarked upon in different subsidiaries" (Manager – Business Developments, large, Sri Lankan-owned company – C10).

All 15 local scale companies engage in CSR initiatives, ranging from multimillion mega projects to very small projects. Some of the local scale companies' CSR activities are based on planned CSR themes which range from five themes to a single theme. Most of these themes are derived from or based on the triple bottom line (TBL) three pillars: social, environmental, and economic. Although some companies set "environment" as a theme, when it comes to the implementation stage, most of the local scale companies were exceptionally partial towards social activities. Limited involvement in the internal environmental activities such as "waste paper and other recycling", and "energy saving" were evident in local scale companies.

More specifically, most of the local scale companies try to address "poverty" and "unemployment" issues through their CSR involvements. As a social activity, "entrepreneurial development" is given priority by four local scale banking institutions with the intention of addressing the unemployment issue. Two

comments from local scale respondents are given here.

> Entrepreneurs' development is one of the very important activities in our organisation. Our research found that there is a young segment in the community, especially in the villages and semiurban areas. This segment is not recognised by the government or NGOs because they have certain issues such as institutional phobia, lack of collateral and domestic issues at the village level. So we recognise this segment and we capitalise it [this company has introduced a micro finance project targeting this segment – a win-win position]. We have generated more than 500 direct employments last year and 1500 indirect employments (CSR Manager, large Sri Lankan-owned company – C11).

> There have been concession loan schemes for the self-employees, which we called "Grameen" [literal meaning is village] which is very popular for the low income groups [there were 157,883 beneficiaries – C19 Annual Report 2009,p. 116]. That is basically with less security, small amount loans, but when it comes to the total it is a large amount . . . . That is part of self-employment, especially targeted for the women . . . . This loan scheme improves their lifestyles and some manage to get a permanent income. If you visited those projects and you could see the evidence of the start, how they started . . . . I can remember once when we checked with the one client who had got a loan under this scheme. Now she has three or four businesses . . . . The initial loan was a small amount with two guarantors . . . . All her three children are now in school. Earlier they had not attended schools for months. That's just a one case . . ., but there have been a number of occasions like that. The amount of the loan scheme is totalling to two to three billions. But when that impact is on society, it is very high. There have been massive implications: socially, culturally and as well as economically (Senior Manager – Accounts, large Sri Lankan-owned company – C19).

Similarly, a local scale company has identified 10,000 poor farmers and implemented a CSR project worth 400,000,000 rupees to uplift their quality of life. Most of these planned types of CSR activities are clearly aimed at a permanent kind of result for

poverty and unemployment. A CSR manager indicates that "we don't give fish; we give fishing rods to people" (Medium, foreign-owned local scale company – C7).

A great majority of local scale companies emphasised that they want to do something for society – which reflects that they are more oriented towards social activities than environmental activities. Statements from some of these respondents reflect the extent of their interest in performing social activities:

> We believe that as a responsible organisation, we have a social responsibility to do something for society. Otherwise we cannot survive (CSR Manager, large Sri Lankan-owned company – C11).

> CSR is a good concept, because the organisations have to contribute towards society (Marketing Manager, large Sri Lankan-owned company – C4).

> As a responsible corporate citizen we want to do something for the country (Company Secretary, small foreign-owned company – C5).

> We make money, we make good money for the last two years and we could have just put this money to the bottom line, but we believe in giving something back to society (CSR Manager, medium foreign-owned company – C7).

> As a corporation, if we have to survive we have to think of our responsibility towards society. At the end of the day any organisation can't survive on its own. It has to have its own links with society. Unless you look after society you will definitely fail (Finance Manager, medium foreign-owned company – C20).

These interview responses from local scale companies that emphasise social activities support the questionnaire survey findings. Environmental issues seem to be overshadowed by the scale of social issues such as poverty and unemployment. In analysing the reasons of this partiality, a few interpretations can be highlighted.

First, the way the companies plan their CSR activities may have some kind of influence on social issue predominance. Almost all of the companies with

international scale operations strategically plan their CSR activities, but doing so is a recent development for some companies. These companies focused their CSR activities towards promoting primary business objectives and accommodating them into their corporate strategic plan. This approach gives more licence to practise CSR. One respondent indicated "we adopt CSR strategically rather than on an ad hoc basis since we do it purely for a business case" (Manager Business Developments, large Sri Lankan-owned company – C10).

Unlike companies with international scale operations, most of the local companies are not particular about engaging in CSR activities as a business case. They perform their CSR activities mostly on an ad hoc basis, especially when the need arises. It can be argued that when generating CSR activities on an ad hoc basis, there could be a tendency to focus on typical developing country social issues such as poverty and unemployment, because of the cultural background of the Sri Lankan managers and employees (See Chapter Four, section 4.3.). Furthermore, the researcher through his personal experience knows that culturally Sri Lankans, including corporate managers and employees, are happy to engage in social activities such as taking care of the clergy, looking after needy and elderly people, and being involved in charitable donations including donation of human tissue such as eyes, blood, and kidneys. For example, while appreciating the work of the Sri Lankan Eye Donation Society, Simpson (2004) asserted that "In 1965 on Vesak day (25 May), a key Buddhist festival . . ., it was reported that three pairs of eyes were sent to Singapore, where vision was restored to three people. From this point onwards the export of eyes began in earnest, and to date 44,000 have been transported to over 60 different countries. It is a source of great pride to many Sri Lankans that these eyes are given free of charge to those who have need of them" (p. 845). Thus, such aforementioned cultural practices are traditional customs in Sri Lanka, and these customs can still be seen within the general lives of Sri Lankans (Dhammapiya, 1999; Simpson, 2004). Therefore, there could be some cultural influences towards this predominant engagement with and concern for social issues.

Second, corporate managers in Sri Lanka know that the majority of the public are very concerned about social issues and do not worry about the environmental issues unless these issues are directly affecting them. Almost all local respondents were in general agreement about the Sri Lankan's lack of environmental consciousness. Some typical comments are given below:

> It's a very pathetic situation I would say, because you can see as you walk on the streets, the way the garbage is dumped . . . People don't take much notice (Company Secretary, small, foreign-owned company - C5).

> I think people are not concerned [about the environment]. They have learnt some lessons from the tsunami, what they did to corals and how it affected [them]. Now people understand more than before, but it's at an infant stage. Again disposing of waste is at a very infant stage . . . it's a sad situation. The Sri Lankans who love to keep their little 10 perches just clean and try to put their garbage in somebody else's . . . . So that is what we need to change (CSR Manager, medium foreign-owned company – C7).

> I think not the majority, only educated people are concerned about their environment, because the politicians are selfish and the other segment lacks the education about the environment. They don't know the value of the environment (CSR Manager, large Sri Lankan-owned company – C11).

> I think they're concerned about the area in which they live. Their immediate surroundings, not bothered about anything else (Executive Director – Finance, medium, Sri Lankan-owned local scale company – C17).

These comments suggest that the managers believe the people in Sri Lanka place minimum weight on their environmental activities, because in general Sri Lankan society is not very concerned about environmental issues. It can be argued that this situation leads managers to give more prominence to social issues than environmental issues, because managers may believe that society values activities of corporations in addressing social issues such as poverty and unemployment more than addressing environmental issues. Therefore, it can be contended that local

corporations' social issue predominance could be a part of companies' conformity to society's expectations.

Finally, in Sri Lanka, as a typical developing country, most of the companies are involved in labour intensive operations, unlike the companies in developed countries. This feature is particularly apparent in the Sri Lankan local companies. When the respondents from local companies were asked about the social issue predominance, most respondents indicated that it was due to their employees' influence. According to the respondents of local scale companies, most of the CSR activities were generated and initiated by the employees, instead of top management. A fairly typical comment by a respondent from a local scale company is reported here:

> It's the employees' passion I think. And even from the top of the management, when we [employees] come up with a proposal, they [top management] say ok go ahead. If it is a CSR one, they don't touch it, they don't want to limit it, and we all understand that we have a responsibility (General Manager, large, Sri Lankan-owned local scale company – C3).

So, it could partly be employees' preference towards social activities and partly top management's desire to maintain a strong relationship with their own employees and with the local community that accounts for this bias towards social rather than environmental issues. Thus, employee influence could be one of the reasons for the social issues predominance. This phenomenon is further elaborated in the next theme.

8.3.3. Concentration of CSR activities on employees

A considerable number of companies' CSR activities are centred mainly on their employees. Four main explanations are identified: historical factors, labour intensive and labour dependent explanations, performance evaluation, and cultural factors. Except for cultural factors, all the other explanations are either idiosyncratic to a

particular industry or to a company. In most cases, employees are able to influence the companies' CSR activities; and in some cases employees' welfare is the main focus in their CSR activities. It is rather difficult to explain the reasons for having CSR activities centred on employees through mainstream theories. However, CSR activities centred on employees are a main characteristic in the Sri Lankan context.

First, in the plantation sector, CSR activities are centred on employees for historical reasons. CSR in the plantation sector in Sri Lanka is aligned with the needs of its employees as the employees' quality of life is extremely poor. Historically, the plantation sector evolved with immigrant coolie labour (from South India) which was characterised by coercive, semislavery, and bonded labour (Alawattage & Wickramasinghe, 2009) (See Chapter Four, section 4.3.). The management and employee relationship in the plantation sector in Sri Lanka is organised and controlled by a paternalistic system. The conception of paternalism, "especially in the context of colonial plantations . . ., is one essentially seen "from above" and is based on the metaphor of a benevolent father aware of his responsibilities to his compliant offspring" (Isaacman, 1992; as cited in Alawattage & Wickramasinghe, p. 712). In this paternalistic system, customarily management of the companies in the plantation sector is compelled to take care of the employees and their families, as the employees are a crucial factor in the plantation sector. This aspect is highlighted in one of the plantation companies' annual reports:

> As always, the human resource factor in the Company has been identified as the most critical component for the success of its operations. Having identified this, steps are being taken to improve living standards and quality of life of both employees and the workers' families (C22, Annual report 2010, p. 90).

In the following quotation, the respondent of this company describes the background of its CSR activities with reference to its employees:

We have a very big workforce of about 16,000 workers and 52,000 dependent families. Mainly we concentrate on medical aspects of workers, and we have health camps for estate workers. They don't know that they are sick or [their] eyesight is weak or [they're] diabetic. They will only know that they had poor eyesight when they see better after getting glasses . . . . The line-rooms where the estate workers used to live were converted to cottages to a certain extent. It is more going towards the ultimate village concept. So the other thing we do is building villages for estate workers who came from India and became citizens of Sri Lanka. So actually they don't have a village to call their own for them. We are going to build villages for them, but this cannot be done overnight. Plantation companies are working towards the ultimate village concept where they will have an address of their own. Now they don't have an address. The letters come to the superintendent, and they distribute to the divisions and to the person. This is a long process . . . . (General Manager, large Sri Lankan-owned company – C22).

Thus, the companies in the plantation sector focus mainly on their employees as doing so is the long tradition or custom of the industry. However, another important perspective was raised by the respondent from the plantation sector. This respondent indicated that the companies in the plantation sector have an issue of recognition for CSR activities. It seems that the plantation sector in the Sri Lankan context is idiosyncratic when it comes to CSR activities. The respondent said:

Even before CSR became something people talked about, we were expected to look after our workers. Although this is now considered as part of CSR, we have been doing these activities for so long. So, this is part of our normal management. By engaging in CSR activities, a lot of companies hope to achieve some recognition which is perfectly legitimate. But there is no special recognition coming towards us by doing what we do, because we were expected to do this. That is the nature of this plantation industry where the worker is looked after by the company from the birth until the burial of the body. Even the coffin is given by the Estate. So the problem is we cannot suddenly say that this is CSR; actually this is the custom (General Manager, large Sri Lankan-owned company – C22).

Second, there is a tendency for labour intensive and dependent companies to organise their CSR activities centred on their employees. For example, a labour intensive and dependent company conducts CSR activities not because the company wants to have CSR but because of the employees' demand for it. The situation appears to be that the management does not want to fail to satisfy the employees. The annual report of this company highlighted that:

> All the CSR activities are centred on employees of the company. Employees' facilities include high salary and remuneration benefits that are well above the local industry standard. Also, employees were given a lot of welfare, education, and safety facilities (C16, Annual Report 2010, pp. 76-89).

Apparently, among its stakeholders, this company wants to fulfil only the expectations of employees. The respondent undervalues the significance of organisational legitimacy by saying that they do not need recognition locally as they cater for the international market:

> If you look at our volume of operation in the country, it is just 5 per cent. We don't need any publicity . . . We don't need to spend a single cent on the local society, because we are an international company. We don't need any protection or recognition from the Sri Lankan community (General Manager – Finance, large foreign-owned company – C16).

This respondent's comment here challenges legitimacy theory. However, this company carries out CSR activities, mainly through the influence of its employees. The company does not have a particular CSR target or arranged programme for CSR. According to the respondent, the CSR activities are more on an ad hoc basis, and are driven by the employees:

> If the society needs something we're there to help them. And it's not a company commitment. Our company is a joint thing. The employees come up with the suggestion[s] and the company backs it up (General Manager – Finance, large foreign-owned company – C16).

This company is a labour intensive, large manufacturing company and, therefore, it is very much dependent on its employees. These employees have to work long and extended hours as this company works on deadlines with their buyers. The respondent of this company said:

> When the workers come to work in the morning they don't know what time they could go home . . . Their task is to finish the job within the given time frame agreed . . . We expect them to come every day, they work all night, extended nights and long hours, and even if there is a home affair, they leave that and come to work. Even the wife and children have to sacrifice things; the wife has to take care of the house and children because this employee has no time to do so (General Manager – Finance, large foreign-owned company – C16).

When considering the above quotation, it seems that the company is exploiting its employees. Although there could be a possibility that the company breaches prevailing labour laws of the country, the employees seem to be happy to work in this company because it pays better wages than the industry average, and provides exceptional employee facilities. These exceptional employee facilities include three buffet meals every day on site. According to the General Manager – Finance, this is mainly because the company wants to motivate the employees to come to work every day on time; otherwise the company would not be able to meet the deadlines and would end up with a penalty. Further, this company organises frequent employee family get-togethers. According to the interviewee, this is mainly because employees do not have much time to spend with their families. So, the managers of the company consider employee family get-togethers are an alternative solution for this problem, as well as believing that this activity makes employees' spouses happy. The company categorises the above employee facilities under the label of CSR, although the employees seem to be exploited by this company. There is a doubt as to whether this company uses CSR as a shield to cover-up the exploitation of its employees. The reason for engaging in such (CSR) activities in this large

foreign-owned company cannot be explained by the mainstream theories such as legitimacy theory, stakeholder theory, and/or institutional theory. Instead it challenges legitimacy theory.

Third, the involvement of employees in CSR activities is also considered as a part of performance evaluations of employees by one of the Sri Lankan-owned companies. This company respondent said:

> For our staff members we consider their involvement as an internal development tool. When they involve [themselves] in CSR projects they improve their community skills, their networking skills, and so on. This is considered as a part of the performance appraisal (CSR Manager, large Sri Lankan-owned company – C11).

This company tries to formalise and strategise its employees' CSR involvement by considering it as a part of the employees' performance evaluation. According to the respondent, this decision allows something in return to employees for engaging in CSR activities, and it formalises philanthropy and allows for the CSR practices.

Finally, for cultural reasons, Sri Lankan employees undertake CSR activities to support the community. It was evident that, especially in local companies, employees are the initiators and implementers of CSR activities. One local scale company respondent said:

> It's a kind of passion of people . . . We're all employees. I just don't separate the company from the employees because it's the employees that make the company. So it's the employees' passion I think. And even from the top management, when we come up with a proposal, they say 'ok go ahead'. If it is a CSR one, they don't touch it, they don't want to limit it, and we all understand that we have a responsibility (General Manager, large Sri Lankan-owned company – C3).

This behaviour reflects the wisdom of traditional Sri Lankan culture. Evidence suggests that most of these people want is to be happy and feel that they have performed meaningful endeavours for their community. This behaviour is encouraged by the traditional Sri Lankan culture and the Buddhist teaching (Kalupahana, 1995; Keown, 2001). This aspect can be further justified by the evidence of respondents' expected benefits from engaging in CSR practices.

Expected CSR benefits could be a crucial factor in managers deciding to become involved in CSR practice. According to the literature, the link between CSR involvements and company financial performance is weak (For more detail, see Margolis, Elfenbein, & Walsh, 2007.), but the adoption of CSR has been rising and the managers view it as important, even though short-term financial benefits are not visible (Economist, 2008). Mainly, two expected benefits were highlighted by the respondents in this investigation of the expected CSR benefits in Sri Lanka as the context of a developing country. In line with the literature, reputation or image building was the first one as it leads to creating a reservoir of public goodwill (Peloza, 2006; Werther Jr & Chandler, 2005); further, the reputation from CSR is a kind insurance that protects the companies during any difficult situations (Godfrey, Merrill, & Hansen, 2009; Minor, 2011). The second commonly mentioned CSR benefit cannot be seen in the CSR literature. It leads to managers' or employees' personal satisfaction/personal happiness. The respondents simply do not expect any financial return. The following are typical comments of the company respondents, who have not considered corporate reputation as their expected benefit of CSR:

> Nothing, just our satisfaction (Manager, small foreign-owned company – C15).

> Satisfaction to the company and myself (General Manager – Finance, large foreign-owned company – C16).

> None really, none, it's just for our satisfaction that we have done something . . .

If you were to go for a cocktail party, no-one congratulates you and says you have done a good CSR project. They congratulate you, if you have done a new project and you make some money. So, we do CSR just for our satisfaction (Executive Director – Finance, medium, Sri Lankan-owned local scale company – C17).

It's our duty. As a corporate citizen you can't live in isolation. We have to help each other to develop the country as a whole . . . You know when you do CSR activities you get some kind of publicity and improve image, but we don't do CSR for that purpose (Director Finance and Treasury Management, small, Sri Lankan-owned local scale company – C21).

We did it all without expecting anything in return (CEO, large, Sri Lankan-owned local scale company – C26).

In addition to the above, even the respondents who emphasised image building as one of the CSR expected benefits, also indicate internal feeling, benefit to society, and employees' and management satisfaction or happiness as their expected benefits. These results support Buddhist ethics and Sri Lankan culture. Some quotations are presented here to explain this situation:

The employees feel happy . . . Their objective is not to get anything in return. It's not for the financial return; it's for the joy of giving. You know culturally we were brought up in that way, when you help someone you feel happy. The happiness that you get by helping others is inexplicable.   You can't value this in monetary terms (Deputy General Manager, large Sri Lankan-owned company – C13).

Well mainly our satisfaction and happiness. The company's point of view is it's our reputation, informing our key stakeholders (Manager, large Sri Lankan-owned company – C8).

Of course the internal feeling that you get is amazing. I'm sure even the employees would be motivated to see that their company is doing something for society. We can be proud of that; the internal pride keeps you going (Director/General Manager Finance, small foreign-owned company – C14).

> So, in turn what we get is our satisfaction, employees' satisfaction, and our top management satisfaction . . . . We don't engage in CSR for the sole purpose of getting financial benefits but indirectly it does impact our corporate image and how external parties perceive the company (Manager, medium foreign-owned company – C6).

> At the end of the day everyone can be satisfied. I don't have words to describe the satisfaction that I get and my people get. So what we want to do is contribute to society, who does what, is immaterial (General Manager, large, Sri Lankan-owned local scale company – C3).

> I don't think that anybody is coming to our business as customers solely because of the fact that we are practising CSR. Maybe in developed countries . . . So, we do CSR because we want to do ethically sound good business (Finance Manager, large, Sri Lankan-owned local scale company – C18).

Irrespective of the category of the company, whether it is local scale or international scale and Sri Lankan-owned or foreign-owned, almost all the managers and employees of these companies are Sri Lankans and were brought up with Sri Lankan cultural values. Thus, based on these cultural values, Sri Lankan managers and employees undertake CSR activities to support the community. In the next theme, managerial perceptions towards the discourse of the Sri Lankan historical, cultural, and customary tradition of philanthropy are discussed.

8.3.4.   Potential CSR roots in the historical, cultural, and customary traditions of philanthropy

The researcher identified that philanthropy, a part of the historical, cultural, and customary tradition in Sri Lanka, is deeply embedded in the CSR practices. This CSR characteristic is discussed here along with Buddhist ethics and Sri Lankan corporate managers' perceptions and their experiences.

The previous phase of this thesis reveals that corporate managers' personal values are the main internal pressure to drive companies towards the adoption of both

the environmental and the social practices in the Sri Lankan corporate sector (See Chapter Six, section 6.2.3.1 and Figure 6.2-9 and Figure 6.2-10.). Even when this is compared with New Zealand as a developed country, the Sri Lankan situation is outstanding (See Chapter Seven, section 7.3.3 and Figure 7.3-3 and Figure 7.3-4.). New Zealand managers' personal values, in promoting the adoption of CSR practices, are statistically significantly lower (different) than those in the Sri Lankan context (See Table 7.3 and 7.4 in Appendix 12 for the significance values of Mann-Whitney U tests.).

This divergence indicates that the virtue of Sri Lankan managers' values plays an important role in shaping the Sri Lankan CSR practices. Thus, it can be argued that these managers are inspired and influenced by those forms of the Sri Lankan culture and its customary tradition of philanthropic giving which historically flourished under Buddhist ethics (Dhammapiya, 1999; Liyanarachchi, 2008; Simpson, 2004) (See Chapter Four, section 4.3.). Dhammapiya (1999) emphasised that "Buddhist ethics are very much concerned for the welfare of society and the well-being of its members . . .; It will be beneficial for lay people to practise the ethical instructions in order to be good for their own benefits as well as for society" (p. 43). To conform to these ethical instructions, generally, Sri Lankans are engaged in philanthropic activities. Taking care of the clergy, looking after disadvantaged and elderly people, giving dana (alms giving) are essential parts of Sri Lankan culture. These customs can still be seen within the general lives of Sri Lankans (Dhammapiya, 1999). In Sri Lanka, where more than 70 per cent are Buddhists, people are conscious of Buddhist moral rules and social ethics (Dhammapiya, 1999). According to the literature, CSR practices are influenced by cultural aspects and are contextually driven (Amaeshi, Adi, Ogbechie, & Amao, 2006; Azmat & Zutshi, 2012; Chapple & Moon, 2005; Jamali & Mirshak, 2007; Kamla, 2007; Mathews & Perera, 1996). In line with the literature, Sri Lankan evidence suggests that CSR practices are greatly influenced by historical, cultural, and customary traditions of philanthropy. Thus,

drawing on this background evidence and the findings of this thesis, this section holistically presents and interprets managerial perceptions in order to understand why CSR practice has developed in the current way in Sri Lanka.

Except for three company respondents, all the others are in common agreement that the Sri Lankan culture influences CSR practices in their company. Most of the commonly highlighted Sri Lankan cultural characteristics which influence CSR practices are explicitly or implicitly related to philanthropy. Specifically, the cultural characteristics mentioned include care for people, charitable giving, concern about others, sympathy, and generosity towards less privileged people. Culturally influenced and philanthropically oriented Sri Lankan CSR practices are encouraged by the poor economic background with significant poverty and unemployment. Some typical comments are highlighted here:

> The [Sri Lankan] culture has a strong corelation with philanthropy, so it might be quite hard to step away from philanthropy completely in the near future, until Sri Lanka comes to the standard where it becomes like Singapore or until the poverty is eliminated; because as long as poverty's there, the need for philanthropic CSR or corporate philanthropy will be there (Manager – Sustainability Integration, large, foreign-owned international scale company – C2)

> Yes, our culture is to help each other, it's in our blood (General Manager, large, Sri Lankan-owned local scale company – C3).

> Motivation for engagement in CSR is our philosophy to stick by our practices, policies, and guidelines which are in line with improving three areas we have identified: nutrition, water, and rural development. These three areas we have identified through Sri Lanka's national issues. When we work on these areas, naturally, we help people; on the other hand, this is a part of our culture . . . . Culturally Sri Lanka is a hospitable nation. At the same time some companies are engaged in philanthropic practice. In that sense, Sri Lankan culture has an influence on CSR (Communication Manager, medium, foreign-owned international scale company – C6).

If you take Sri Lanka, we are a very giving nation. We want to help relatives and others. I think, you know, during this Wesak festival [It celebrates the Buddha's birthday, and marks His enlightenment and death], see the amount of "Dansal" [freely giving away foods, coffee, tea etc.] we had. It is unbelievable. I know it is a bit of a mess there, creating huge traffic jams in cities. Normally, if somebody is in need, Sri Lankans will always come to the rescue . . . it might be donating a kidney or blood or anything (CSR Manager, medium, foreign-owned local scale company – C7).

Why this passion for CSR? When you take the Sri Lankan culture, it's a little philanthropic. It's in our culture this giving thing, and you always want to give back something. Even before we had started the CSR community projects, you know millions were given as donations for painting up hospitals, or you know, some sort of things like that. So that's very much in-built in our culture, so people had been doing it . . . tax concessions were not there. It's just in as an expense, that's it . . . We have not started this because of other requirements. It was genetically within our community, within our country, all these companies do it . . . CSR is part and parcel of the Sri Lankan culture (Manager – Corporate Relations/ CSR, large, Sri Lankan-owned international scale company – C8).

Sri Lanka has a very good history of caring, and helping others. People of Sri Lanka do feel to do CSR (General Manager, small, foreign-owned international scale company – C15).

We're always trying to care for others, so our culture does support it (General Manager – Finance, large, foreign-owned international scale company – C16).

Historically, our culture is to help others. And this does influence the present CSR practice in the corporate sector in our business. But I'm not quite sure about all the details in that . . . I don't know about the urban areas but the rural villages still practise things like looking after each other (Finance Manager, large, Sri Lankan-owned local scale company – C18).

Yes. Sri Lankan culture is interactive. People are very much concerned about neighbours and others. In the Sri Lankan culture, people tend to be sympathetic

and generous to less privileged people. Although there may be exceptions, this cultural background definitely supports CSR in the business sector. So I think Sri Lankan culture plays a big role in CSR (General Manager, large, Sri Lankan-owned international scale company – C22).

I think because by nature we're a giving people. So it's such a beautiful country that I think it's time we give some of it back (Manager – CSR, large, Sri Lankan-owned international scale company – C25).

Two respondents specifically mentioned religious beliefs and Buddhism/Buddhist teachings while they were commenting positively about cultural influences on CSR practices:

For our company, I think it is 99 per cent or even 100 per cent. Especially, I observed that the relationships, helping other people, religious beliefs including Buddhist teachings and that kind of thing have influence on CSR. In XXX [name of the company] 70 per cent [are] Buddhist people, but we have Christians, Muslims [Islamic] and other religions. All of these people help others. I can remember during the tsunami time how people helped the affected people. But when such types of incidents happen in the USA the individual help is minimal. Some researchers came to Sri Lanka during that time and studied why Sri Lankan people helped other people without expecting anything in return. That is mainly because of the culture. The Sri Lankan culture has a significant impact on CSR practices in Sri Lanka (CSR Manager, large, Sri Lankan-owned local scale company – C11).

In Sri Lanka, we are primarily a Buddhist country; lots of people are religious-minded; and we are conscious about giving and caring. Also I think naturally people are like that. I mean there is nothing to be taught or embraced on that. That is my understanding (Director/General Manager – Finance, small, foreign-owned international scale company – C14).

Another respondent from a Sri Lankan-owned company emphasised that they report CSR because of annual report competition and more importantly because of the virtue underpinning CSR activities:

> Our company is competing in the annual report competition that enables us
> to get a comprehensive annual report . . .. So that might be the reason we
> are driven. We will disclose the information for competition reasons, but
> why we're doing it is purely by all the goodness of it. Tomorrow is dane [the
> almsgiving], we raised Rs.150,000 [for this activity] within our employees
> (Deputy General Manager, large Sri Lankan-owned company – C13).

A respondent from a large, Sri Lankan-owned company supported his answer with
two well-known historical facts relevant to the environmental aspect:

> Absolutely, King Parakramabahu's [Parākramabāhu the Great ,1123 – 1186]
> one of his most famous utterances is you know, "not even a little water that
> comes from the rain must flow into the ocean without being made useful to
> man"; then King Devanampiyathissa set the first environmental legislation
> in the world, where animals have equal rights to human [(See Weeramantry,
> 2002.)]. There is obvious influence (Manager – Business Developments,
> large, Sri Lankan-owned international scale company – C10,).

Even the three respondents who did not mention positive cultural influence did not
straightaway reject the possible existence of cultural influence on CSR practices.
One of these three respondents said, "It's difficult to say whether our culture has
any impact" (CEO, medium, foreign-owned international scale company – C12).
Another respondent in the same category indicated that the "culture" influences
CSR in a limited way.

When it comes to a national disaster like the tsunami in December 2004, all these
companies like to respond as a priority (Fernando & Almeida, 2012). Although
the interviews were conducted several years after the massive Indonesian tsunami
hit the country, the respondents did not forget to explain how they contributed
to overcoming the difficult situation of the country. The way the corporations
and individuals reacted to the tsunami reflects Sri Lankan culture and Buddhist
teaching. The researcher personally experienced this recovery period and it was

remarkable how the business corporations generously contributed their resources and their employees' time towards this common cause; this recovery period was further elaborated by Mulligan and Shaw (2007) in their article titled, "What the World can learn from Sri Lanka's post-tsunami experiences". This is a fine example of a situation where Sri Lanka's engrained cultural heritage was reproduced in its people's own actions. Here are two comments as examples:

> For the tsunami project, we built 45 houses. Employees donated 10 per cent of one year's salary. Donations came from the UK and other countries as well. The cost of this project was approximately 80 million rupees (General Manager, small foreign-owned company – C15).

> When the tsunami happened we ran one camp for over 3 months, and we collected a lot of funds and built 23 houses with the support of our funders (General Manager – Finance, large foreign-owned company – C16).

Overall, most of the respondents made positive comments about the cultural traditions of philanthropy that influence CSR practices. Some respondents highlighted the environmental consciousness in the history of Sri Lanka, whereas some others emphasised the lack of environmental consciousness among present Sri Lankans. However, the evidence suggests that philanthropy is deeply embedded in practice. It was identified that there was a tendency for companies to be reluctant to use the terms philanthropy or charity, and they preferred to use the term CSR or some other term with a similar meaning. However, most of the companies more or less engaged in philanthropic activities. Thus, the main feature here is that what was once referred to as "philanthropy" has now been refashioned as "sustainability" or "corporate social responsibility". These terms are, more or less, technical words or global buzz words that have become fashionable, typically as slogans.

8.3.5. Global and cultural influences in the practices of CSR disclosure

Through the evidence of interviews, it was identified that Sri Lankan CSR disclosure practices are driven broadly by two types of influences: "globalisation" impacts – more visible in companies with international connections – and cultural inspirations – more visible in local companies. However, both influences can be seen to a certain extent in most of the companies. This section provides a general background for CSR disclosure in the case companies and then discusses global and cultural influences on the CSR disclosures of the companies.

8.3.5.1. Background of CSR disclosure in case companies

All the companies investigated are involved in CSR activities, but some companies do not disclose their CSR activities. For example, out of 26 respondent companies, 5 do not provide CSR disclosures. Most of the CSR reporting companies have a range of voluntary CSR disclosure methods. Annual reports are the most popular method of CSR disclosure, except for one of the two non-listed companies (C25). Although this company (C25) does not publish an annual report, it is considered as one of Sri Lanka's pioneers in CSR. This company publishes its own magazine dedicated to CSR and circulates it among its stakeholders. The respondent from this company explains how it works:

> We call it the Reach Magazine, which comes out once in 6 months, and that's sent to our customers, to the Government agencies, and to our partners . . . . Whatever we do it's always in the papers, it's in our magazines. If it's a public company, yes of course, it's much easier, but we are a private company . . . . (Manager – CSR, large Sri Lankan-owned manufacturing company – C25).

The other nonlisted company (C26) in the sample is not interested in CSR disclosure, but it has an internally circulated newsletter which includes some CSR information. However, the CEO of this company said, "we don't consider it as CSR [disclosure]. It's just like company activities" (CEO, large, Sri Lankan-owned local

scale company – C26). The government-owned public bank (C24) in the interview sample is also not mandatorily required to publish an annual report, but it produces annual reports with a separate sustainability section based on GRI guidelines. The vast majority of the reporting companies use company websites, newsletters or magazines, CSR brochures, press releases and email circulars, in addition to their annual reports.

The level of CSR reporting varies greatly among the reporting companies. Except for five nonreporting companies, all the other companies publish a sustainability report either as a standalone report or as a section of the annual report and which varied between half a page and 49 pages in the financial year 2010/11.

8.3.5.2. Global influences on CSR disclosure

Drawing on different kinds of evidence, the researcher argues that CSR disclosure practice in Sri Lanka is partly driven by global influences. First, some respondents from international scale companies implicitly or explicitly emphasised that international stakeholders such as the parent company, foreign investors, global buyers, and global retail customers drive their CSR endeavours. Some comments from these companies' respondents are presented here:

> Our parent company in the UK is quite keen on this. They contribute a lot of money for CSR activities. We as a company, then our workers and managers, are also willing to do that (Manager, small foreign-owned company – C15).

> Our customers, our buyers in the US and England, like to work with companies who are socially responsible, that's one of the reasons (Manager – CSR, large Sri Lankan-owned manufacturing company – C25).

> Mainly, it's something which bonds the workers along with the management, also a global requirement. People are looking at more than a product when you look at anything. They look at the ethical part of it, for example, from where you source your supplies. So that's a strong motivation (Manager, large, Sri Lankan-owned international scale company – C22).

> Our purpose of CSR reporting is transparency. From the investor's point of view we have foreign investors. From the feedback we get from them we know that the business is managed well (Head – Group Public Policy & Corporate Responsibility, large, foreign-owned company – C1).

Second, most of the international scale companies held the view that stakeholder accountability and transparency mainly or partly drive CSR disclosure practice in their companies. It can be argued that this homogeneity of international scale companies comes from global influences of the "Western World", through the expectations and influences of global actors. Some typical quotations exemplify the stakeholder accountability and transparency "motive":

> A sustainability report is a commitment to all our stakeholders. It's a performance disclosure on what our current status is and it's a commitment on our future. So, if you read the final page here [showing the company sustainability report], each chapter will have a commitment paragraph which is for the coming year. And that entire agenda, that entire commitment is summarised in this, which we called the agenda 2010/11. So, this becomes our commitment to all our stakeholders. In other words it's the motivation for the next year (Manager, large foreign-owned international scale company – C2).

> The objective is that our stakeholders must know what we are doing for our additional wealth and how we create value. That is the objective of disclosing CSR information in our annual report (General Manager, small, foreign-owned international scale company – C15).

> The main drivers: one is that we want to be doing good business, and part of doing good business is to be able to manage corporate sustainability and then report it; report it to our stakeholders. So, one is that it's good business; it has business benefits; and then there are also some partners and customers (Manager, Business Developments, large Sri Lankan-owned international scale company – C10).

> We believe that every cent we earn has to be transparent and earned in a responsible way. So everything we earn should be done in a responsible

manner giving true respect and recognition to the society as well. That is why

we do the CSR work. Disclosing it is not again for advertisement, we want to

show them what we're doing for society (General Manager – Finance, large,

foreign-owned international scale company – C16).

Third, in developed countries the pressure from civil society groups, consumers, mass media, environmental friendly groups, ethical investors, NGOs and other stakeholders are the main driving forces for CSR reporting (Belal, 2008; KPMG/ WIMM, 1999). Following this trend some respondents from companies with international connections indicated that they perceive pressure from international shareholders. For example, one respondent said:

There are many foreign shareholders. We do business in India, the UAE, the

UK, and the US. Also, we have many clients from overseas. All our hotels are

dependent on overseas clients. So we get some kind of pressure. They also

require our sustainability reports and reports on how we perform (Manager,

large foreign-owned company – C2).

Although most of the other respondents highlighted that they do not perceive any external or internal pressure, it seems that some companies experience certain kinds of international pressure from their buyers, parent companies, foreign shareholders, and international partner companies but, for some reason, they are reluctant to call it a form of pressure. It appears that these respondents want to show that all the CSR initiatives are internally generated as proactive actions of their own, but if evaluated carefully a "globalisation" influence can be witnessed through the pressure from global actors. Following quotations illustrate this aspect:

I wouldn't say pressure . . . for example, now some stakeholder . . . if you

were going to do supply or service to them they'll ask "do you have a human

right policy?" You have those questions now being asked more than before

[foreign influence]. Albeit only a few still, the thing is this trend will rise . . . .

It is not a pressure, no. So, again as I said earlier, it's not because someone

is pressuring us to do. That is because we think it's the right thing to do as a

business . . . . It's not about being good, it's about doing good business . . . . It is not something we have been forced to do, it's something internally which we have decided to do (Manager – Business Developments, large, Sri Lankan-owned international scale company – C10).

It's not pressure, it's just when they implicate [initiate] the strategy they share it with the market. We also adopt those strategies, because we are a part of the global company [foreign influence]. And we have the same vision, especially in terms of CSR (Manager, medium, foreign-owned international scale company – C6).

There is no external stakeholder pressure as such, but we know that the European buyers look for environmental aspects, fair trade and such things [foreign influence] (Manager, large Sri Lankan-owned international scale company – C22).

Personally I don't feel any pressure . . . . Like I said, our customers like to know that they're working with a socially responsible company, and also in Europe and the US people are starting to become more [aware], and in the garment industry, the customers who walk into shops like to know that these garments are manufactured by a company with a social responsibility [foreign influence]. Give more value to the garment. The thing is it kind of filters down from our clients as well, because they have a CSR strategy, and that filters down too to their providers as well. So there's no pressure as such, it's more like it's a partnership but at XXX [the company name] we come to realize that we are actually influencing our clients, rather than them influencing us. With certain initiatives we've done, absolutely we did in 'our own way', like for example "Seeduwa" factory, a green factory, it's an all eco-friendly factory, and there is a 5-year plan to do that to all our factories. That was initiated by the Board; it's not a result of any external influence . . . It ["Seeduwa" factory] is a manufacturing plant; we are manufacturing Marks & Spencer stuff. They didn't put in any money, but we say that it was done in partnership with Marks & Spencer. It looks good on them as well, and they always use our factories as part of their CSR . . . The thing with Marks & Spencer is that they have what they call a Plan E, which is also the CSR policy or strategy. So, one of their

things was to make their customers, their suppliers environmentally friendly. So, we took a leaf off that, and that's how we decided to go into CSR . . . Indirectly they influence [foreign influence], they kind of put the idea in our head and we took it from there (Manager – CSR, large Sri Lankan-owned international scale company – C25).

Fourth, major social accounting standards such as GRI guidelines, AA 1000 and/ or SA 8000, international initiatives such as the United Nations Global Compact (UNGC) and Millennium Development Goals (MDGs), and environment-related ISO certifications such as ISO 14001: 2004 (Environmental Management systems), ISO 18001: 2007 (Occupational health and safety management systems), and ISO 50001 (Energy management systems) can be considered as a part of international influential trends. Except for one respondent, all the others were aware of social accounting standards. Even this exceptional respondent showed her willingness to learn about GRI guidelines and use them in the near future. This respondent said it was, ". . . nice to know about it [GRI guidelines], I'll take note of that. The first time we report it we have to report it in the proper manner" (Company Secretary, small, foreign-owned company – C5). At the time of the interviews, eight companies followed GRI guidelines for CSR reporting including the government-owned public bank. Most of the company respondents who follow GRI guidelines highlighted that they decide the content based on GRI. Of these company respondents, the following comment was fairly typical: "We use the GRI guidelines to decide CSR disclosures" (Manager –Sustainability Integration, large, foreign-owned company – C2). In 2010, one company produced Sri Lanka's first GRI checked A+ report (C1, Sustainability report). The nonlisted international scale company (C25) in the sample indicated that it follows SA 8000 for CSR reporting. Further, this company demonstrates its commitment to the principles of the UNGC by posting an annual Communication on Progress (COP), MDGS, and some international initiatives. The respondent directed the researcher to the company's UNGC statement of continued support which states that:

> We rely on the ILO conventions, national and international laws and regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc. We have built our policies and procedures incorporating all these regulations/conventions/standards in order to maintain the highest possible [conformity] on this aspect . . . . Our management strategy is a combination of WRAP and SA8000 standards; WRAP helps us to maintain higher ethical standards in our workplace, while SA 8000 supports us to ensure the human rights protection at our supplier/subcontractors work places (C25 – UNGC statement of continued support 2010, p. 3).

In addition to the above company, another two reporting companies indicate that they support UNGC initiatives and MDGs. Most of the companies, despite their level of reporting, tend to obtain environment-related ISO certifications such as ISO 14001: 2004 (Environmental Management systems), ISO 18001: 2007 (Occupational health and safety management systems), and ISO 50001 (Energy management systems).

Fifth, some companies consider annual report competitions as very important events in their corporate calendar. Although these annual report competitions are organised locally, these are originated from international institutions such as ACCA. Some respondents mentioned that annual report competitions are the main reason for CSR reporting. A respondent from one of these companies said:

> Well of course we take part in Annual Report competition. We have been the winners of annual report competition for many years. We've just targeted at CSR. So that is one reason, and also I think it's good to let the people know, and our shareholders know that some of the profits that we earn are being channelled to the greater good of society, and people outside the organisation (Executive Director – Finance, medium, Sri Lankan-owned local scale company – C17).

Sixth, adopting the global trend, two large companies, which previously published standalone sustainability reports, have started to publish integrated annual reports using GRI guidelines for the financial year 2011/12. The reasons for their change are given in their annual report:

> The Group has published its annual financial and sustainability reports separately in the past, and this year it has embarked on integrated reporting which reflects the Group's strong commitment to sustainable development, covering financial and economic, environmental and societal performance, thereby striving to meet the reporting expectations of all its stakeholders in a concise and single document (C2 – Annual report 2011-12, p. 2)

> The 2011/12 annual report of XXX PLC [the company name] is presented as an integrated report – an attempt at portraying the sustainability strategy of the Group in its actual implementation structure. We believe that integrated reporting allows our stakeholders to evaluate the strategic, long term focus of our sustainability programmes (C10 – Annual report 2011/12, p. 161).

Most of the companies which do not follow GRI use internally generated simple reporting formats, while some of these companies strive towards aligning themselves to the GRI process. One respondent from the latter group said, "GRI is coming our way. Actually our documenting is from studying GRI, but not in this report" (Deputy General Manager, large, Sri Lankan-owned company – C13). Another respondent from this same group indicated:

> We are trying to follow [GRI Guidelines]. This year we are trying to, yeah, get familiar with the whole thing. We're looking at producing our first sustainability report next year. Started work on it right now, so that we have time to get accustomed with this. So we're just going to start somewhere, so that we will go with the GRI next year (Manager, large, Sri Lankan-owned company – C8).

Further, a respondent of a large company (C2) indicated that it voluntarily conducted some workshops on GRI for other companies. Also, most of the nonusers

of international standards expressed their interest in adopting these international standards in the near future.

All the aspects outlined above emphasise the global influences on CSR reporting. On the other hand, they give the impression of driving towards having homogeneous characteristics or forms in organisations which are within a same "organisational field". In agreement with institutional theory, organisations conform within an organisational field, perhaps, due to institutional pressure for change, because "they are rewarded for doing so through increased legitimacy, resources, and survival capabilities" (Scott, 1987, p. 498). DiMaggio and Powell (1983) contend that, once an organisational field is structured, various powerful forces emerge within society, which cause organisations within the field to become more similar to one another. However, there were some unusual situations which cannot be easily explained with the help of mainstream theories. For example, one large company has drastically reduced its CSR reporting. This company used GRI guidelines for CSR reporting until 2010, but in the past 2 years it has stopped following them and kept the reporting to a minimal level. When asked about the reason, the respondent said:

> CSR is good but I don't believe in CSR reporting, since I don't want to spend time and money on reporting. The reporting for us is one-to-one discussion with people like you, people who are interested in the subject. Otherwise if you produce a CSR report you get a thousand, ten thousand requests for the CSR report. I don't know for what reason. So reporting is focused only for much selected people. Maybe we are different because you know for some companies this is a big thing, to report all the things they have done (CSR Manager, medium foreign-owned company – C7).

8.3.5.3. Cultural influences on CSR disclosure

Apart from global influences, it was evident that CSR disclosure practice in Sri Lanka is partly driven by cultural influences or ethical aspects. It is interesting to highlight that, although most of the respondents from local companies stated that they were engaged in CSR activities, especially social activities, some of

them emphasised that they were not very interested in disclosing CSR activities. According to them, disclosing CSR activities does not reflect the genuine effort of carrying out CSR activities. This view gives the impression that managerial intent overruled the accounting aspect – accountability and transparency objective – of CSR. CSR scholars and stakeholders generally demand organisational change towards greater accountability and transparency through CSR disclosure (Adams, 2002; Thoradeniya, Lee, Tan, & Ferreira, 2012), but this managerial behaviour is a kind of a challenge to the accounting aspect of CSR. It seems that the reason for this managerial behaviour lies in Sri Lankan cultural influences. The background for not being interested in CSR reporting is illustrated by one respondent:

> We are focusing more on the intent, than on disclosure. Anyway, it's my personal opinion that the people who are more and more concerned about disclosure and the accounting treatment might not have that purity of intent for CSR, because then you're doing it as an exercise to increase the effectiveness in order to be recognised. So I believe we do it as a holistic part (CEO, large Sri Lankan-owned company – C26).

The above company has more than 15 billion rupees turnover per annum and is spending a significant amount of money and employees' time on CSR activities. Some examples are available to show that management and employees of this company were able to achieve common CSR goals successfully. The following story gives an indication: An employee who has been working as a technician for more than 10 years had to undergo a liver transplant within a month, but he had no money for it. The total estimated cost amounted to seven million rupees. With the support of other employees the company successfully responded to this employee's issue. The CEO of the company described their attempt:

> We collected that 7 million, without company money, by our own employees contributing and we also got well-wishers. They staged a drama and well-wishers contributed some money as well. And basically, we collected exactly 7 million in a month. We didn't expect that to happen in a month (CEO, large Sri Lankan-owned company – C26).

They do not want to disclose what they have carried out for CSR, mainly because they want to be genuine. They argue that:

> We have a turnover of about 15 billion moving to about 20 billion this year. But if you look at a smaller company, I think that smaller companies do more CSR than bigger companies. Why it is the case is because their intentions are pure; they actually have a sense of belonging to the community so they often undertake and do community-based activities and will not be doing it with the mind-set of achieving a CSR project (CEO, large Sri Lankan-owned company – C26).

This argument is a clear deviation from the Western-based mainstream CSR literature. Also this situation could be much more specific to the Sri Lankan context. The CSR literature established the fact that the large companies perform more CSR disclosure than small companies (Adams, Hill, & Roberts, 1998; Collins, Lawrence, Roper, & Haar, 2010), but this company CEO argues that since small companies have the pure intent of performing "good" for society the virtue of their CSR activities is more than that of a big company:

> So we have undertaken the philosophy of CSR in the context of the caring aspect of whatever we do. So in that context, we are nimble, or as nimble as maybe an SME. And our mind-set is to do with we really want to do it, rather than we want to win a CSR award. In that context we are led by our desire to do something we believe is good for the community at large . . . Most of what we do, we believe the true intent of CSR should be one where you will make it impactful to the community or society that you undertake to do it in, rather than be measured financially per se. So just because somebody says that they spent 5 million vs. somebody saying that they spent 200 hours, maybe the 200 hours was far more reach in terms of its impact. So that's our overall philosophy, and we believe that any good CSR should be one where the left pocket must not know what the right pocket did. That is the purest form of CSR, but . . . CSR has been used as a marketing gimmick, and people are trying to attribute a lot of their financial spend to CSR endeavours, so in that sense, I don't think it's mandatory in Sri Lanka under the accounting standards

to report it separately. It's voluntary, and therefore, as we speak, we don't do

it in that fashion, in an accounting standpoint (CEO, large Sri Lankan-owned

company – C26).

This company (C26) was not the only one which did not want to formally disclose what they carry out for CSR; there were also a number of respondents from other companies who had the same way of thinking. Not being interested in reporting CSR information does not mean that they have not reported at all. Most of them have reported, but with less content. For example, some respondents from local scale companies stressed that CSR reporting is not for image building purposes. Two comments from these respondents are highlighted here in support of that idea:

It was not for a marketing gimmick; it was not based on wanting to differentiate

the organisation based on PR and stuff like that (Head – Group Public Policy

& Corporate Responsibility, large, foreign-owned local scale company – C1).

We will never display any Sinhala advertisement regarding company CSR . . . .

Actually, the annual report is the only source that we publish to disclose what

we do for the community, other than this we never use mass media or any

other advertising campaign to popularise our CSR activities; because we don't

believe [in] that (CSR Manager, large, Sri Lankan-owned local scale company

– C11).

This argument or organisation behaviour challenges legitimacy theory and stakeholder theory. In contrast, it supports Aristotle's theory of virtue ethics and Buddhist teaching. Furthermore, a few other companies' CSR views were identified with the Sri Lankan cultural influences. For example, a local scale company representative precisely acknowledged that conducting a business ethically is more important than carrying out CSR activities and reporting:

So essentially we have perceptions; one is perceived as being integral to the

business. How we behave is the first thing. The argument we bring is that

there's no point in us bringing anything unethical and doing the wrong thing

making money, and then doing and building a temple and saying that we're a good company. That is not what we do. So the first thing is to do the right thing as an organisation – integral CR [Corporate Responsibility]. The outreach CR is, basically, once we've done the good things and the right things, if we are making profits from that, we allocate some of that funding to work in the communities (Head Group Public Policy and Corporate Responsibility, large Sri Lankan-owned company – C1).

With regard to the local scale nonreporting companies, a respondent from a medium, foreign-owned company highlighted multiple reasons for nondisclosure, but the researcher would like to draw attention to the following comment which is relevant to ethical aspect:

> I must tell you this, but we don't want to talk about it [CSR activities]. As a company we have made a low profile, right throughout our 55 years . . . We have done okay; we have done our part for the shareholders; we have treated our employees well . . . . So, we as an organisation know what our duties are to our society; we do that and keep quiet. That's it . . . (Finance Manager, medium, foreign-owned local scale company – C20).

Another respondent from a small company highlighted its reason for nondisclosure relating to cultural and ethical aspects:

> We are a small manufacturing company, but our company with our employees do lots of social work. For example, we maintain two wards at the Kalubowila [Colombo South] General Hospital. We freely distribute dry food among the needy people, especially during the Wesak [It celebrates the Buddha's birthday, and marks His enlightenment and death] and Poson [It celebrates the arrival of Buddhism in Sri Lanka in the third century BC] festivals. Not only the company, but also our workers and their families willingly contribute towards these kinds of good causes in many ways . . . Yes, I know, generally, everyone expects a kind of transparency when the financial and other assets are involved, but in our company no one worries about keeping records for social work. We trust each other. We help people; we look after disadvantaged

people. And we believe, we all have a kind of a social responsibility. We are just encouraging and financially supporting our employees; the hard part is done by them. You know, culturally our people like to help others . . . Even before the CSR concept becomes known to us, we used to do all these things. Our chairman and managing director, both are philanthropists; they don't like to blow their own trumpets by publishing all our good work. What is the point of 'doing good' and telling everyone? Can you find any logic? What does your religion say about publishing your good work? After you have done your work it is always better to be silent (Factory Controller, small, foreign-owned local scale company – C23).

It is evident that the reasons for nondisclosure or underdisclosure in the above cases are related broadly to the Sri Lankan culture or ethical aspects. However, some managers from foreign-owned companies argued against the behaviour of nonreporting of CSR information using stakeholder theory. According to a respondent from a large company, the corporate sector is not getting enough pressure for CSR reporting:

If there was more pressure I think there'd be more organisations in this country doing the right thing in terms of [CSR] reporting. The fact that you only have a few companies doing sustainability reports to begin with, even the league organisations they don't have sustainability reports, they might have good practices but we don't know how good they are because they're not publicly disclosing. What they say is the face value; you can't take beyond that . . . I think there is a big need for it [CSR disclosure], but there is not enough pressure to make a change . . . . In the whole of Sri Lanka there are only a few companies that are currently focusing on sustainability reporting of some form or the other of which four companies are considered to be platinum [Referring to an Accountability Index (Sting Consultants, 2011)]. That should give you an idea of how weak the external pressures are. Because, the whole concept of CR is driven by stakeholder theory, stakeholders are demanding from the companies that they be more transparent and accountable; therefore,

> companies have to disclose on nonfinancial disclosure . . . We are not getting
>
> pressure to the extent where it goes beyond the voluntary domain (Head –
>
> Group Public Policy & Corporate Responsibility, large, foreign-owned local
>
> scale company – C1).

Sri Lankan culture or ethical aspects clearly challenge legitimacy and stakeholder perspectives. However, it is uncertain to what extent these culturally embedded CSR practices in Sri Lanka will remain the same in the future while experiencing globalisation influences or isomorphic pressure towards homogeneity of institutional practices through companies with international connections.

8.4. Reflections

This section is twofold. First, it discusses the motives for undertaking CSR activities and CSR disclosure, presence and absence, by employing the theoretical framework which was constructed in Chapter Five. Secondly, it provides summarised as well as overall conclusions.

8.4.1.   Reflections on CSR motivations

The constructed theoretical framework (See Chapter Five.) is employed in this discussion. In constructing this theoretical framework, the researcher attempts to integrate three mainstream CSR theories: legitimacy theory, stakeholder theory, and institutional theory, and interrelates each by identifying the convergent features of these theories. Following Gray et al.'s (1995) ideas, the researcher argued that these mainstream theories are complementary, rather than competing. Thus, by integrating these theories, the framework identified possible reasons or motives for firms to engage in CSR practices: first, to legitimise the business or organisation (legitimacy motive); second, to perform accountability to the organisation's stakeholders (accountability motive); and finally, to conform to legitimate norms and beliefs that are largely imposed on an organisation, which ultimately lead to homogeneity in organisations in the same field (isomorphic motive).

The discussion considers to what extent the above theoretically derived CSR motives are relevant in the Sri Lankan context or, in other words, how mainstream theories help to explain the motives of CSR practices: operational and reporting. Involvement in CSR initiatives and disclosure of CSR information are interrelated most of the time, because what companies report about CSR depends on what CSR initiatives they have undertaken. In building the state of organisational legitimacy and in performing accountability to stakeholders, the communication between the organisation and its stakeholders/relevant publics plays an important role (Suchman, 1995). Thus, motives for CSR disclosure, presence and absence, are given prominence in this discussion; however, a considerable attempt is also made to identify the motives behind undertaking CSR activities (operational). Through interview evidence with corporate managers as to their perceptions of the motivations for CSR practices, this discussion provides the Sri Lankan story of the motives for CSR practices through the lens of a multitheoretical framework, developed using mainstream theories.

Overall, the interview evidence suggests that: the relevance of mainstream theories in interpreting CSR motives in certain circumstances is challenged; in some situations it is supported; and, in some other situations it is mixed. Furthermore, corporate managers' perspectives highlight the complexity and confusion in some cases behind the motives for CSR practices.

All of the respondent companies are involved in some sort of CSR initiatives, but five companies do not engage in voluntary CSR disclosure. The presence of internal or external pressure on companies to carry out CSR activities or report on them signifies some kind of legitimacy threats/gaps (O'Dwyer, 2002). O'Dwyer argued that companies can use a variety of legitimatisation strategies, including CSR reporting, in responding to the legitimacy threats/gaps. It was revealed that the legitimacy motive occasionally guided the CSR practices in the Sri Lankan case companies. Throughout the interviews, only one respondent explicitly indicates that

they perceive pressure from international stakeholders: ". . . we have many clients from overseas. All our hotels are dependent on overseas clients. So, we get some kind of pressure. They also require our sustainability reports and reports on how we perform" (C2). This comment indicates that this company's motive for CSR reporting is to legitimise its business within the eyes of its foreign counterparts. Also, a few other companies with international links implicitly expressed the point that they perceive international pressure, and none of the companies indicate that they experience internal pressure. It seems that only a few of the companies with foreign links perceive legitimacy threats/gaps in the form of pressure and use CSR disclosure as a legitimisation strategy. This fact expresses the (low) degree to which companies use CSR reporting as a motive to legitimise their businesses.

Interview evidence suggests that some of the companies with international links have identified and differentiated the foreign and local expectations, and they followed different tactics to fulfil them, which means they play a dual role in responding to foreign and local expectations. For example, the aforementioned company's (C2) respondent indicated that, as a response to the international pressure, they produce CSR reports, but at the same time he indicated that locally they are expected to carryout philanthropic activities: "we knew that we can't stop our philanthropy, we need to carry it forward, simply because many of our communities expect us to do that" (C2). This point implies that this company is deeply concerned about community expectations such as engaging in philanthropy. In addition to this, some other interview evidence suggests that society values corporations that address social issues such as poverty and unemployment than address environmental issues more. Apparently, the motive of carrying out such (philanthropic) activities is to comply with the local norms and beliefs. This company's (C2) behaviour with regard to philanthropy is relevant to legitimacy theory and institutional theory. It is apparent that this company tries to conform to these kinds of social norms and beliefs which are largely imposed on an organisation. According to legitimacy

theory, survival of a company depends on the continued attempt to ensure that it is perceived as functioning within the bounds and norms of the society in which it operates. By conforming to the expectations of society, a company could expect its business to be legitimised. Thus, it can be concluded that some foreign companies carry out local philanthropic activities and engage in CSR disclosure because they are motivated by legitimacy reasonings.

However, some evidence challenged the legitimacy motive, instead of embracing it. For example, one respondent said, "If you look at our volume of operation in the country, it is just 5 per cent. We don't need any publicity . . . We don't need to spend a single cent on the local society, because we are an international company. We don't need any protection or recognition from the Sri Lankan community" (C16). This respondent undervalues and challenges the significance of organisational legitimacy by saying that they do not need recognition locally. This particular company engaged in CSR activities and reporting, but apparently it rejects the theoretically derived CSR motives. This respondent specifically stated that his company engaged in CSR activities mainly because of its employees. However, in this company, CSR disclosure motivation seems rather complex, because it is very focused on shareholders, not employees or other stakeholders. The respondent said, "We are a shareholder company, so nondisclosure . . . is wrong because your shareholders should know what is happening and not happening. That is the duty of the management to inform even though it's not a mandatory requirement" (C16). This comment illuminates only the shareholder accountability, not the stakeholder accountability. Thus, legitimacy theory, stakeholder theory, or institutional theory cannot be used to explain the actual motive of CSR practice in this company.

According to the interview evidence of a few companies, the motive for undertaking CSR activities cannot be explained by mainstream theories; however, the motive of CSR disclosure can be explained using stakeholder theory and institutional theory. For example, a respondent from a large local company said:

> How we behave is the first thing. The argument we bring is that there's no
> point in us bringing anything unethical and doing the wrong thing making
> money, and then doing and building a temple and saying that we're a good
> company. That is not what we do. So the first thing is to do the right thing (C1).

In this company, the main motive of carrying out CSR activities is surrounded
by ethical aspects, and not related to theoretically derived CSR motives. When it
comes to CSR disclosure, this respondent further rejects the legitimisation motive
by giving an example:

> If you went to a supermarket in Europe, if a product is ethically manufactured
> you buy that, whereas here [in Sri Lanka] you look at a product, you look at
> the price. We don't look at the label that says whether it's manufactured by
> child labour, it doesn't matter, if it's cheap, you buy it. I don't want to say this,
> but in Sri Lanka, I think that there are a very few people who are discerning
> (C1).

The argument behind this comment is that the state of legitimacy of an organisation
does not play a significant role in the survival of the organisation (locally) in
developing countries such as Sri Lanka. Furthermore, this respondent justified
this argument by expressing his views about "wrong doing" companies: "Take
the number of organisations that have been doing the wrong things, I don't want
to mention names but these companies still exist, people go and work with them
and do business with them" (C1). Interview evidence suggests that this company
engaged in voluntary CSR disclosure not because of legitimacy reasons, but
because of accountability and isomorphic reasons. This respondent explicitly
indicated that, "keeping in touch with best practices and global standards [is
important] [This illuminates globalisation influence and represents isomorphic
pressure driving towards homogeneity of organisations] . . . In terms of local
communities its acceptance in the community and the understanding that we as

a company are transparent and accountable" (C1). In this company, legitimacy reasons are completely rejected, but theoretically derived accountability motive and isomorphic motive are supported in explaining CSR disclosure motive of the company.

There are a number of companies which carry out CSR activities, but do not engage in CSR disclosure, or do engage but provide lesser contents. The motive of carrying out CSR activities by nonreporting companies cannot be explained by mainstream theories, because their motive is driven by local cultural influences. These culturally driven motives run contrary to claims for "transparency" and "accountability" aspects. Thus, these cultural motives go against legitimacy theory and stakeholder theory. For instance, a respondent from a nonreporting company completely rejected the accounting aspect of CSR:

> We are focusing more on the intent, than on disclosure . . . The people who
> are more and more concerned about disclosure and the accounting treatment
> might not have that purity of intent for CSR, because then you're doing it as an
> exercise to increase the effectiveness in order to be recognised(C26).

Further, this respondent indicated that they are involved in social work because they want to do something good for the community and not because the community expects something from them. That means in this context, CSR activities are not a response to the expectations of society (or a legitimisation strategy). The respondent said:

> We are led by our desire to do something we believe is good for the community
> at large . . . . Most of what we do, we believe the true intent of CSR should be
> one where you will make it impactful to the community or society that you
> undertake to do it in, rather than be measured financially per se (C26).

The interview evidence found many other similar instances which follow the same pattern of thinking. This situation is a clear deviation from the Western-based CSR literature, and mainstream theories are also challenged by this practice.

Throughout the interviews, some evidence was found in support of the theoretically derived isomorphic motive i.e., to conform to norms and beliefs that are largely imposed on organisations. It was evident that local companies tend to follow international requirements/expectations and the behaviour of internationally linked companies. In some local companies this trend is further boosted due to the fact that some of their managers have overseas experience, foreign education, or local education with the knowledge of globally accepted best practices. These managers in local companies try to adopt internationally accepted CSR best practices, in order to mitigate the risk of being considered as non- compliers or in other words, in order to be recognised as a member of the common cluster. Interview evidence shows that most of the companies adopt at least one or more features from international influences. For example, almost all the companies, including local companies, engaged in CSR reporting use "Sustainability Report" as the title of the report. Deciding to use such a title can be considered as an isomorphic move by these companies to avoid the uncertainty of possibly being considered excluded from the leading companies. As another example, there is a growing tendency to follow internationally oriented social accounting standards such as GRI guidelines and AA 1000, international initiatives such as UNGC, MDGs and ISO certifications. All this evidence suggests that in the Sri Lankan context companies try to conform to generally expected legitimate norms and beliefs.

This conclusion means that motives of Sri Lankan companies to engage in CSR practice are greatly driven by mixed perspectives. Overall, mainstream theories seem to be challenged by the CSR motives related to cultural aspects, whereas mainstream theories seem to be useful and relevant to a certain extent when the Sri Lankan companies' CSR motives are related to globalisation influences. However, in some cases corporate managers' perspectives illuminate the complexity and confusion behind the motives for CSR practices.

8.4.2. Reflections on conclusions

The researcher arrived at the following conclusions on the nature of CSR practices in Sri Lanka:

First, the researcher argued that the Sri Lankan corporate managers tend to use different terminology for CSR. It was concluded that they interpret CSR in different ways according to their own way of thinking with the influence of globalisation and expectations of the local community in which the companies operate.

Second, the researcher argued and concluded that social issues predominate in the Sri Lankan context, but this was less so in the companies with global links, where environmental issues were on a par with social issues. A belief that social issues such as unemployment and poverty, the typical issues in a developing country, often override environmental issues was the idea behind the social issues predominance. Social issues predominance was evident mainly from companies with local operations, but generally a significant emphasis was placed in all companies on social issues.

Third, the researcher argued and concluded that for a variety of reasons CSR practices in Sri Lanka tend to be centred on company employees. Fourth, it was argued that philanthropy, a part of historical, cultural, and customary tradition, was deeply embedded in the CSR practices. Drawing on the Buddhist ethics and the evidence of Sri Lankan corporate managers' perceptions, the researcher tried to justify this argument. Finally, the researcher argued that Sri Lankan CSR disclosure practices are driven broadly by two types of influences: globalisation influences and cultural influences.

Overall, it can be concluded that globalisation influences and local structures such as historical, cultural, and traditional rituals have an impact on the behaviours of corporate managers and employees in Sri Lanka; subsequently, these behaviours

shape the nature of CSR practices in this context. These influences not only characterise the Sri Lankan CSR disclosure practices, but also the Sri Lankan CSR operational practices.

It was evident that globalisation influences are more visible in companies with international connections. These globalisation influences have been formed in a specific way in recent history. In the Western world in the twentieth century neoclassical economic theory-derived agency theory became dominant. Profit maximisation and personal interest were recognised as what business was about (See, Friedman, 1970.). Global actors such as the United Nations and some scholars recognised that the resultant Western business behaviour had to change. Consequently, some Western businesses adopted environmental and social friendly practices. Consequently, the Western reactions to the antisocial behaviours of large companies led to social friendly phenomena such as CSR/sustainability practices, Triple Bottom Line (TBL) disclosure, broad concerns for stakeholders instead of shareholders, and integrated reporting practices. These socially friendly phenomena were embraced by people who had perceived unacceptable behaviours on the part of some Western corporations. Socially and environmentally aware people and institutions in the West expected that these changes had to be adopted by economic firms. It was evident that increasingly Western, firms along with some other firms in the non-Western countries, tried to comply with such expectations. The behaviour of the many global actors makes us believe that the reaction to Western problems is most necessary and should be adopted around the world. This behaviour of global actors (globalisation influences) directly or indirectly encourages or prescribes the firms in the non-Western countries to adopt Western-originated initiatives such as GRI guidelines, Millennium Development Goals (MDGs), ISO certifications, and so on.

This research found that the CSR practices in Sri Lanka are partly driven by these globalisation influences, for example, in the form of relationships between companies and global actors such as the parent company, foreign investors, global buyers, and global retail customers; in the form of implicit or explicit pressure to adopt sustainability initiatives from such global actors; and, through major social accounting standards such as GRI guidelines, AA 1000 and/or SA 8000, international initiatives such as the United Nations Global Compact (UNGC) and MDGs, and environment-related ISO certifications.

CSR practices in Sri Lanka are also driven by local structural influences. The local structural influences are more visible in local companies. Through the personal values of corporate managers and employees, these local structural influences such as historical, cultural, and traditional influences mainly come into the companies. Regardless of the category of the company, almost all the managers and employees of the respondent companies were Sri Lankans and were brought up with Sri Lankan cultural values. These managers and employees were inspired and influenced by the forms of the Sri Lankan culture (Liyanarachchi, 2008). Thus, the local structural influences play a crucial role in driving CSR practices in Sri Lanka. However, when considering individual case companies, both globalisation and local structural influences, more or less, can be seen at the same time in a same company. Thus, the circumstances are sometimes complicated and confused. The corporate managers, occasionally, have to cope with an anxious situation in making CSR decisions while facing both these influences; at times it seems that they struggle within contradicting expectations. For example, global influences prescribe, "Do good and tell the world about it" (according to accountability and transparency concepts) while, local influences suggest, "Do good but do not tell the world about it" (according to local culture/ethics). The latter injunction runs contrary to claims of accountability and transparency concepts and against legitimacy theory. Managers were uncertain about how to respond to or how to balance both global and local expectations, especially in the companies with international links. Apparently, this

"complexity and confusion" is less of an issue in the local companies, since they are more concerned about local structural influences.

This thesis shows that in Sri Lanka, the Western twenty-first century approach to doing business was not the norm. Many Western sages believe that the answers to Western problems are universal and should be adopted around the world. They perhaps fail to perceive that in some countries such as Sri Lanka, especially in some companies, the Western business never took hold. If the Sri Lankan business firms completely adopt Western solutions, the firms may find that the solutions do not fit well with where they currently find themselves. A better standard of corporate responsibility behaviour has, perhaps, been present in the Sri Lankan business sector throughout the twentieth century. It seems that this behaviour has been mixed up with the Western guidance during the last decade or so. Thus, current CSR practices in Sri Lanka are directed by the intertwined global and local influences.

8.5. Chapter summary

This chapter represents the second phase of the study which was focused on investigating the nature and extent of CSR practices in Sri Lanka in order to provide a holistic CSR view of the context, using managerial interviews together with some other evidence such as company annual reports, CSR reports, and other company publications. This analysis was accomplished by identifying defining characteristics related to CSR practices in Sri Lanka. During the analysis, the researcher tried to justify these characteristics in the form of arguments and validate those with relevant evidence. Under the chapter reflections, the motives behind the CSR practices have been discussed by employing a theoretical framework which was developed in Chapter Five. Finally, the conclusions were provided.

Chapter 9:
Conclusion

9.1. Introduction

This final chapter summarises the thesis findings, discusses how the research questions are achieved, and explains them in relation to the extant CSR literature. It also concludes the thesis by indicating the significance, scope and implications of the study. Furthermore, it presents some reflections upon research methodology, and the potential for future research arising from this study. The next section summarises the findings of this thesis.

9.2. Summary of the thesis findings

This thesis examines the nature and extent of CSR practices in Sri Lanka along with the global and local influences on these practices. In order to achieve the overall objective, this thesis tried to answer six research questions (See Chapter One, section 1.3.). The thesis was divided into two phases based on answering these questions. The first phase was devoted to researching the first two research questions and employed a positivistic approach. The study used statistical analysis in order to test the hypotheses, and generated quantifiable findings. The second phase addressed the remainder of the research questions and employed an interpretivist approach. The study identified themes, utilised CSR theories to explain interview data, and provided insights on CSR practices in Sri Lanka.

Research Question 1: What are the features of CSR practices in Sri Lanka, a developing country?

Some noticeable results were found in answer to this query, which was explored through the questionnaire survey: Sri Lankan environment-related CSR practices are disappointing compared to socially-related CSR practices; corporate managers' personal values significantly drive the adoption of CSR practices and such values are rather more significant in Sri Lankan-owned companies than in foreign-owned companies. In addition, it is the companies of international scale that take the lead in the uptake of every single environmental activity over the companies that operate only in the domestic markets. These findings suggest that the Sri Lankan-owned companies and locally operating companies are more linked with their communities than are the companies with international connections (See Chapter Six, section 6.2.6.). The reasons underlying all of these findings were further investigated through in-depth interviews, and there it emerged that Sri Lanka's longstanding sociocultural, religious, and historical traditions had a significant influence on its CSR practices.

Research Question 2: To what extent are the Sri Lankan CSR practices different from CSR practices in New Zealand, a developed country?

The findings of the CSR comparison between Sri Lanka and New Zealand were reported in Chapter Seven. In eight instances there were statistically significant differences in environmental and social activities. In seven instances, the New Zealand CSR situation is significantly higher than the Sri Lankan situation (See Table 7.1 and 7.2 in Appendix 12.). These results led to the conclusion that the level of economic development of a country could be a possible predictor for the level of CSR practices, although further research evidence would be required to confirm this supposition. Interestingly, the Sri Lankan company managers' personal values and beliefs towards the adoption of CSR practices by their company were found to be statistically significantly higher than in the case of New Zealand company managers.

Research Question 3: **What is the nature of CSR practices, in the form of defining characteristics, perceived by Sri Lankan corporate managers?**

The study identified Sri Lankan CSR characteristics perceived by corporate managers through the analysis of in-depth interviews as a part of phase two of the study. The identified characteristics were used as themes in constructing Chapter Eight. Five characteristics were identified through the analysis of interview data:

1. The various terms used by participants to signify CSR;

2. The apparent predominance of social issues in CSR;

3. The concentration of CSR activities on employees;

4. Potential CSR roots in the historical, cultural, and customary traditions of philanthropy; and

5. Global and cultural influences in the practices of CSR disclosure.

The influences on CSR practices in Sri Lanka were multifaceted and complicated. The identified CSR characteristics were neither mutually exclusive nor independent of each other, but were interconnected and interdependent. Thus, in explaining the meanings and understandings constructed by the corporate managers within these characteristics, some overlapping was evident.

Research Question 4: **Why do Sri Lankan companies adopt CSR initiatives and why do these companies choose or not choose to disclose voluntary CSR information?**

The findings for this question were reported in Chapter Eight, especially under section 8.4. Sri Lankan corporations' CSR motives and influences were analysed through the lens of a theoretical framework which was constructed by integrating three mainstream CSR theories: legitimacy theory, stakeholder theory, and institutional theory. Through this framework, three predictive motives were derived: legitimacy motive, accountability motive, and isomorphic motive (See Chapter

Five.). When these theoretically derived CSR motives were used to ground the empirical data, mixed results were found. Theoretical CSR motives were challenged in some situations but were supported in other instances. Overall, it became evident that local social structures, as well as global institutional actors, influence CSR practices in Sri Lanka. These global actors include foreign buyers, global social accounting standards (e.g., the GRI guidelines, AA 1000 and/or SA 8000), ISO certifications, and international initiatives such as the UN Global Compact and Millennium Development Goals.

Research Question 5: Why has CSR practice developed in the way it now has in Sri Lanka?

Philanthropy or charity, a vital part of Sri Lankan culture, is deeply embedded in the Sri Lankan CSR practices. This conclusion was initially supported by the significance of the Sri Lankan corporate managers' values and beliefs that motivated the adoption of CSR practices (See Chapter Six, section 6.2.3.1, and Figure 6.2-9 and Figure 6.2-10; and Chapter Seven, section 7.3.3 and Figure 7.3-3 and Figure 7.3-4.). It was then argued, drawing on the study's empirical evidence, that these managers were inspired and influenced by the forms of the Sri Lankan culture and customary tradition of philanthropic giving which historically flourished within Buddhist teachings and ethics (See Chapter Eight, especially section 8.3.4.). The most salient point was that what was once referred to as "philanthropy" has now been refashioned as "sustainability" or "corporate social responsibility".

Research Question 6: How do mainstream CSR theories such as legitimacy, stakeholder, and institutional theories help to explain operational and reporting CSR practices in Sri Lanka?

Throughout the analysis of the in-depth interviews in Chapter Eight, the extent to which the mainstream CSR theories can be used to explain CSR practices in Sri Lanka was examined. Legitimacy theory, stakeholder theory, and institutional theory were employed to obtain more insights into CSR practices. Overall, it was

evident that the CSR behaviour of the companies with international connections can be explained by employing mainstream CSR theories to a greater extent than is the case with local companies.

9.3. Relating major findings of the thesis to the extant literature

The findings of this thesis can be used to empirically ground the conclusions or propositions reported by various CSR scholars. Some scholars such as Visser (2008) and Schmidheiy (2006) commented on social issue predominance without making any differentiation between company categories. For example, Visser (2008) concluded that "most scholarly work on CSR in developing countries focuses on the social themes" (p. 475), but he has not commented on whether there was any difference between local companies and multinational companies. The findings of this thesis extend the conclusions derived by Visser (2008) by adding that local Sri Lankan companies tend to emphasise social issues, while companies with foreign ownership and international scale operations tend to focus on environmental issues. Similarly, in an attempt to generalise CSR in developing countries through his experience within Latin American and Caribbean contexts, Schmidheiny (2006) concludes that CSR has always been more focused on "social issues than on environmental issues" (p. 21). Schmidheiny (2006) commented on CSR in developing countries in general, as Visser (2008) did, without considering the companies' global involvements. Schmidheiny's (2006) conclusion was also partially supported by the empirical findings of this thesis, but his reasoning includes only the acuteness of social issues in developing countries. However, in this thesis, some additional reasons were extracted for the Sri Lankan context such as:

1. A wide acceptance by the corporate sector of its responsibility for the country's broad, social issues;

2. The cultural and religious influences;

3. Corporate managers' perceptions about the majority of Sri Lankans lacking environmental consciousness which drives managers to focus more on social

activities than on environmental activities;

4. Perceived community expectations to carry out philanthropic activities; and

5. Employees' preference to be involved in social activities (See Chapter Eight, section 8.3.2 for detailed discussion.).

Blowfield and Frynas (2005) emphasised the need for critical perspectives to understand what CSR means to developing countries. They outlined the critical CSR agenda for developing countries. In their discussion they contend that "continental European, Asian or African societies may not have the term CSR in their vocabularies, yet some of these societies may have had a longstanding social contract whereby business has social obligations to employees or wider society" (Blowfield & Frynas, 2005, p. 501). Their argument has been empirically validated by the results of this thesis which found that philanthropy, a part of the historical, cultural, and customary tradition in Sri Lanka, was deeply embedded in its CSR practices. The empirical results of this thesis further confirmed some scholars' arguments that the meaning of CSR differs from one context to another or from one society to another and is culturally or religiously embedded (Amaeshi, Adi, Ogbechie, & Amao, 2006; Azmat & Zutshi, 2012; Blowfield & Frynas, 2005; Chapple & Moon, 2005; Waldman et al., 2006; White, 2008; Zhuang, Thomas, & Miller, 2005). The findings of this thesis supported the overall results of the WBCSD's (2000) study which explored what CSR means to people from various countries and revealed that people from different countries emphasised different issues. According to the findings of the thesis, the thinking pattern of the respondents, who interpret the CSR related terms and concepts in different ways according to their own way of thinking, is prejudiced mainly by the global influences and the expectations of the local community in which the companies operate.

9.4. Significance, scope and implications of the study

This thesis reviews the CSR literature with special emphasis on developing countries, and identifies research gaps in terms of methodology, methods, themes, and contexts. The study makes an important contribution in bridging some of these gaps in the CSR literature:

■ First, this thesis is about CSR practices in Sri Lanka and that country was selected for several reasons, including its cultural and historical uniqueness.

■ Secondly, the thesis enhances extant research because it contains empirical data collected through engaging with organisational actors in Sri Lanka.

■ Thirdly, not only is multinational companies' CSR behaviour (global influence) investigated, but historical, sociocultural, and religious aspects of CSR (local influence) are also closely examined. Thus, the study identifies salient and idiosyncratic features of CSR practices and explains them in terms of deeply rooted sociocultural characteristics.

■ Fourthly, the study focused not only on CSR reporting practices but also on managerial behaviour in relation to CSR performance or operational activities. It compares CSR practices in Sri Lanka with a developed country, New Zealand.

■ Finally, the thesis contributes to a theoretical understanding of CSR since it constructed a theoretical framework and adopted it in explaining empirical evidence underpinning motivations of CSR practices in Sri Lanka. Overall, the study extends scholars' theoretical and empirical understanding of CSR practices.

Being a Sri Lankan, the researcher was motivated to promote and improve CSR practices in Sri Lanka. The findings of this thesis could be useful to promote and improve the CSR practices in the country. For example, the findings indicate that environmental practices in the Sri Lankan corporate sector are disappointing

and that many companies still have not been engaging in practices related to the environment to any considerable extent. Furthermore, statistically significant differences in geographical scale of business operations related to environmental practices are found in six situations (as shown in Chapter Six, Table 6.2-1). The findings indicate that the own managers' values and beliefs provide a significant motivation towards the adoption of CSR practices, but this internal motivation does not convert into real practices. As highlighted in the thesis, a possible reason for this omission could be that CSR activities are not taken into account in formulating business strategies, especially by local companies. Thus, the findings of this thesis could be important to the corporate sector, the Sri Lankan environmental authority, NGOs, the Sri Lankan government, and other stakeholders of companies, as well as to academics.

The scope of the thesis was not limited to CSR disclosure practices, but also extended to CSR operational practices. In the first phase of the thesis, the questionnaire survey stage, the sample was limited to 51 respondents out of the largest 200 companies listed on the Colombo Stock Exchange. The findings of the first phase could be constrained by the scope of the sample, because the data were collected only from listed companies; unlisted companies were considered beyond the scope of the first phase of the study.

The questionnaire enabled the researcher to examine whether Sri Lankan companies are engaged in surveyed CSR practices or not (through "yes" or "no" answers). However, the extent or depth of engagement in each CSR practice is beyond the scope of this questionnaire survey. This field can be a direction for future research.

The scope of the second phase was limited to a sample of 26 in-depth interviews with corporate managers. With the exception of two private companies and one public company, all of the remaining 23 interviewed companies came from listed

companies which responded in the first phase of the study. The perceptions of employees and stakeholders on company CSR practices were considered beyond the scope of this thesis. This area can be another direction for future research.

9.5. Reflections on methodological choice and limitations of the study

All research studies are inherently constrained. Knowing and recognising such constraints, and their potential improvements, are crucial in extracting knowledge from research as in this study. In achieving the overall objective of this thesis, a wide array of methodological choices was available. As in other research studies, this research process involved many choices. Prejudices were also encountered and these should be acknowledged and reasoned out together with other limitations of the study. Reflecting upon them will aid understanding of the research conclusions more fully.

In this thesis, the researcher adopted a mixed methodology approach. In line with pragmatism (Collis & Hussey, 2009; Teddlie & Tashakkori, 2009), the researcher's methodological choices are framed by the demands of the research aims and questions, the methodological choices popular in the particular field of study, the type of data needed to answer the research questions, as well as the pragmatics associated with the research site, its respondents and the researcher's own personal circumstances. In terms of research aims and research questions, this study not only concentrated on examining the state of CSR practices, but also on exploring ingrained reasons for the idiosyncratic practices pertaining to the Sri Lankan context as perceived by corporate managers. Hence a survey was conducted to examine and reveal the current status quo of the CSR practices in Sri Lanka, while in-depth interviews were carried out to understand and explain such practices in terms of related social actors' own perspectives. Such a mixing of methods helped supplement the findings. Hence, the research results accomplished by one paradigm would be enhanced by the other, leading to an improved holistic understanding of CSR practices in the Sri Lankan context.

Inevitably, each paradigm is subject to criticisms and limitations. The limitations or criticisms of paradigms, generally, rest on the ontological, epistemological, axiological, and methodological assumptions or features of the paradigms (Collis & Hussey, 2009). Reality is assumed to be objective and singular in the positivistic paradigm, whereas in the interpretivist paradigms, reality is subjective and multiple. In the positivistic paradigm, the researcher is thought to be independent from what is being researched; conversely, in the interpretivist paradigm the researcher is understood to be interconnected with what is being researched. The positivistic researcher believes in a value-free, unbiased, and "positive" approach, whereas the interpretivist researcher does not advocate a value-free approach and, hence the researcher is value-laden and potentially biased or normative. As such, for an interpretivist approach, epistemic justifications based on reliability, validity and generalisability make little sense. Methodologically, the positivistic researcher adopts a deductive process and expects context-free generalisation leading to predictions, whereas the interpretivist researcher applies an inductive process and expects to develop context-bound patterns, characteristics, and theories for understanding.

However, these assumptions or features are related to extreme conditions of the two paradigms. Collis and Hussey (2009) asserted that "few researchers now adopt the pure forms of the main paradigms" (p. 57), mainly because the adoption of a research paradigm is determined by the nature of the research problems to be investigated and the subjective understanding of the researcher (Bryman, 2012; Collis & Hussey, 2009; Teddlie & Tashakkori, 2009). It was the researcher's assessment that, in answering the first two research questions, the positivistic research paradigm was most appropriate as the targeted questions led to factual findings – some sort of "objective reality". On the other hand, for the remainder of the research questions, which were by and large explanatory and interpretive, it was considered that the interpretivist research paradigm was appropriate, as the

questions were aimed at understanding and explaining the CSR phenomenon of a given context. In choosing the interpretive research paradigm for the latter part of the thesis, the following limitations/criticisms of the positivistic paradigm were taken into account:

1. Separating people from their social belongingness is impossible;

2. Understanding of people without examining the perceptions they have of their own doings is difficult;

3. Bringing researchers' values and their own interests to the research is important as they are part of what they do, though they may not be objective; and

4. "Capturing complex phenomena in a single measure is misleading (for example it is not possible to capture a person's intelligence by assigning numerical values)" (Collis & Hussey, 2009, p. 56).

In carrying out this study, especially according to the way its research questions were posed and the research process organised, the researcher believed that these two research paradigms were complementary rather than competing (Migiro & Magangi, 2011) and did not believe that one paradigm was "wrong" and the other one was "right" (Collis & Hussey, 2003). However, since these two paradigms have opposite standpoints (Bryman, 2012; Collis & Hussey, 2009), that opposition may lead to a state of incompatibility with regard to philosophical and methodological orientations. Understanding this limitation, the study adopted the two paradigms outlined above, yet separated the whole study into two separate phases. Considerable caution was taken not to mix up the two paradigms in one single phase. In this study the findings obtained through the positivist approach were supplemented by insights obtained through the interpretive approach.

9.6. Potential for further research

One of the emergent findings was that the global market influences on CSR converge with the local sociocultural expectations of corporate social responsibility. This aspect could be further understood from different theoretical perspectives such as Habermas's theory of communicative actions. Such an effort could demonstrate how CSR practices are constructed and rationalised within conflicting global and local influences.

This thesis provided empirical insights into how CSR practices are shaped by both global and local forces in a developing country, Sri Lanka. It would be interesting to have similar kinds of empirical insights into other developing countries with different cultures and different socioeconomic backgrounds, especially for the countries considerably lacking CSR studies. It is highly recommended that such future studies should adopt an organisational engagement-based approach, because such an approach enables the researcher/s to collect empirical data by personally visiting and engaging with organisational actors who have local cultural connections. The literature review of this thesis highlighted both the fact that the adoption of such an approach in CSR research is important as well as the considerable dearth in the CSR literature of studies using such an approach. The theoretical framework developed in this thesis is a possible alternative instrument to examine CSR motivations in such countries against mainstream CSR theories like legitimacy theory, stakeholder theory, and institutional theory.

The sample of this thesis is limited to companies listed on the CSE (except for three companies in phase two), but this study could be further extended to other Sri Lankan private companies as well as to government-owned public firms, because the results of the thesis revealed that the small firms of the listed companies engage extensively in CSR performance. Thus, it is recommended that future studies should consider unlisted institutions as well in order to reveal the overall state

of CSR practices in Sri Lanka; historical, cultural and customary traditions of philanthropic giving are undoubtedly common to these institutions as well. Thus, it would be interesting to see whether the results of this study would be affected by the studies of an extended sample. Furthermore, the empirical data of this thesis or/and the other studies, especially about the culture of philanthropic giving, could be examined and explained in-depth with unconventional theoretical perspectives such as Aristotle's theory of ethics or Buddhist ethics.

The results of the CSR comparative study conducted between Sri Lanka and New Zealand led to the conclusion that the level of economic development of the country could be a possible predictor for the level of CSR practices. There is an opportunity for similar comparative studies in order to strengthen this conclusion.

Through this study some interesting issues emerged which would warrant further investigation. For example, one labour intensive and dependent company provided a wide range of facilities for employees while expecting extreme dedication to work as the company needs to meet its deadlines. The company categorised the employee facilities under the label of CSR, although the employees seem to be exploited. Thus, a reasonable doubt has arisen as to whether this company uses CSR as a shield to cover up the exploitation of its employees. This issue could be used as a case study for further investigation.

References

Aaronson, S. A. (2003). Corporate responsibility in the global village: The British role model and the American laggard. Business & Society Review, 108(3), 309–338. doi:10.1111/1467-8594.00167

ACCA. (2005). Sustainability reporting guidelines for Malaysian companies. Kuala Lumpur, Malaysia: ACCA.

ACCA. (2009). The UN Climate Change Conference 2009 (COP 15). London, U.K.: ACCA.

ACCA. (2010). Sustainability reporting: Sustainability disclosure amongst companies in selected ASEAN member countries and responses from stakeholders. Retrieved from http://www.csr-asia.com/report/report_ ASEAN_sustainability_disclosure.pdf

AccountAbility. (2008a). AA1000 AccountAbility principles standard. London, U.K.: AccountAbility.

AccountAbility. (2008b). AA1000 Assurance Standard. London, U.K.: AccountAbility.

Act of institutionalizing corporate social responsibility among large tax payers and providing incentives therefore, 2747, Fifteenth Congress of the Republic of the Philippines (2011).

Adams, C. A. (2002). Internal organizational factors influencing corporate social and ethical reporting: Beyond current theorizing. Accounting Auditing & Accountability Journal, 15(2), 223-250. doi:10.1108/09513570210418905

Adams, C. A. (2004). The ethical, social and environmental reporting performance portrayal gap. Accounting Auditing & Accountability Journal, 17(5), 731-757. doi:10.1108/09513570410567791

Adams, C. A. (2008). A commentary on: Corporate social responsibility reporting and reputation risk management. Accounting, Auditing & Accountability Journal, 21(3), 365-370. doi:10.1108/09513570810863950

Adams, C. A., & Harte, G. (1998). The changing portrayal of the employment of women in British banks' and retail companies' corporate annual reports. Accounting, Organizations and Society, 23(8), 781-812. doi:10.1016/S0361-3682(98)00028-2

Adams, C. A., Hill, W.-Y., & Roberts, C. B. (1998). Corporate social reporting practices in Western Europe: Legitimating corporate behaviour? The British Accounting Review, 30(1), 1-21. doi:10.1006/bare.1997.0060

Adams, C. A., & Kuasirikun, N. (2000). A comparative analysis of corporate reporting on ethical issues by UK and German chemical and pharmaceutical companies. European Accounting Review, 9(1), 53-79. doi:10.1080/096381800407941

Adams, C. A., & Larrinaga-González, C. (2007). Engaging with organisations in pursuit of improved sustainability accounting and performance. Accounting, Auditing & Accountability Journal, 20(3), 333-355. doi:10.1108/09513570710748535

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the s back in corporate social responsibility: A multilevel theory of social change in organizations. Academy of Management Review, 32(3), 836-863. doi:10.5465/AMR.2007.25275678

Ahmad, S. J. (2006). From principles to practice. Journal of Corporate Citizenship, Winter(24), 115-129. Retrieved from http://www.greenleaf-publishing.com/

Ahrens, T. (2008). Overcoming the subjective–objective divide in interpretive management accounting research. Accounting, Organizations and Society, 33(2–3), 292-297. doi:10.1016/j.aos.2007.03.002

Alawattage, C., & Wickramasinghe, D. (2009). Institutionalisation of control and accounting for bonded labour in colonial plantations: A historical analysis. Critical Perspectives on Accounting, 20(6), 701-715. doi:10.1016/j.cpa.2009.02.001

Aldrich, H. E., & Fiol, C. M. (1994). Fools rush in? The institutional context of industry creation. Academy of Management Review, 19(4), 645-670. doi:10.5465/amr.1994.9412190214

Amaeshi, K. M., Adi, B. C., Ogbechie, C., & Amao, O. O. (2006). Corporate social responsibility in Nigeria: Western mimicry or indigenous influences? Journal of Corporate Citizenship, Winter(24), 83-99. Retrieved from http://www.greenleaf-publishing.com/

Amran, A., & Siti-Nabiha, A. K. (2009). Corporate social reporting in Malaysia: A case of mimicking the west or succumbing to local pressure. Social Responsibility Journal, 5(3), 358-375. doi:10.1108/17471110910977285

An, Y., Davey, H., & Ian, R. C. E. (2011). Towards a comprehensive theoretical framework for voluntary IC disclosure. Journal of Intellectual Capital, 12(4), 571-585. doi:10.1108/14691931111181733

Andrew, B. H., Gul, F. A., Guthrie, J. E., & Teoh, H. Y. (1989). A note on corporate social disclosure practices in developing countries: The case of Malaysia and Singapore. The British Accounting Review, 21(4), 371-376. doi:10.1016/0890-8389(89)90034-6

Ansoff, I. (1965). Corporate strategy. New York: McGraw-Hill.

Antal, A. B., Dierkes, M., MacMillan, K., & Marz, L. (2002). Corporate social reporting revisited. Journal of General Management, 28(2), 22-42. Retrieved from http://www.braybrooke.co.uk/

Arasaratnam, S., & Peiris, G. H. (2012). Sri Lanka: Britannica online encyclopedia. Retrieved from http://www.britannica.com

Archel, P., Crawford, S., Larrinaga, C., & Husillos, J. (2009). Social disclosure, legitimacy theory and the role of the state. Accounting, Auditing & Accountability Journal, 22(8), 1284-1307. doi:10.1108/09513570910999319

Archel, P., Husillos, J., & Spence, C. (2011). The institutionalisation of unaccountability: Loading the dice of corporate social responsibility discourse. Accounting, Organizations and Society, 36(6), 327-343. doi:10.1016/j.aos.2011.06.003

Arunatilake, N., Jayasuriya, S., & Kelegama, S. (2001). The economic cost of the war in Sri Lanka. World Development, 29(9), 1483-1500. doi:10.1016/S0305-750X(01)00056-0

Azmat, F., & Zutshi, A. (2012). Influence of home-country culture and regulatory environment on corporate social responsibility perceptions: The case of Sri Lankan immigrant entrepreneurs. Thunderbird International Business Review, 54(1), 15-27. doi:10.1002/tie.21435

Bansal, P. (2005). Evolving sustainably: A longitudinal study of corporate sustainable development. Strategic Management Journal, 26(3), 197-218. doi:10.1002/smj.441

Barkemeyer, R. (2007). Legitimacy as a key driver and determinant of CSR in developing countries. Paper for the 2007 Marie Curie Summer School on Earth System Governance. University of St Andrews & Sustainable Development Research Centre (SDRC). Retrieved from http://www.2007amsterdamconference.org

Bather, A., Foo, D., Kelly, M., McCourt, A., & Singh-Ladhar, J. (2012). The practice of sustainable business: A New Zealand perspective. Interdisciplinary Environmental Review, 13(1), 10-20. doi:10.1504/IER.2012.046097

Bayoud, N. S., Kavanagh, M., & Slaughter, G. (2012). Factors influencing levels of corporate social responsibility disclosure by Libyan firms: A mixed study. International Journal of Economics and Finance, 4(4), 13-29. doi:10.5539/ijef.v4n4p13

Bebbington, J. (2001). Sustainable development: A review of the international development, business and accounting literature. Accounting Forum, 25(2), 128-157. doi:10.1111/1467-6303.00059

Bebbington, J., Gray, R., Thomson, I., & Walters, D. (1994). Accountants' attitudes and environmentally-sensitive accounting. Accounting & Business Research, 24(94), 109-120. doi:10.1080/00014788.1994.9729470

Bebbington, J., Larrinaga, C., & Moneva, J. M. (2008). Corporate social reporting and reputation risk management. Accounting, Auditing & Accountability Journal, 21(3), 337-361. doi:10.1108/09513570810863932

Belal, A. R. (2008). Corporate social responsibility reporting in developing countries: The case of Bangladesh. Aldershot, U.K.: Ashgate Publishing.

Belal, A. R., & Cooper, S. (2011). The absence of corporate social responsibility reporting in Bangladesh. Critical Perspectives on Accounting, 22(7), 654-667. doi:10.1016/j.cpa.2010.06.020

Belal, A. R., & Lubinin, V. (2008). Corporate social disclosures (CSD) in Russia. In S. O. Idowu & W. L. Filho (Eds.), Global practices of corporate social responsibility. Berlin, Germany: Springer Verlag.

Belal, A. R., & Owen, D. (2007). The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh: An engagement based study. Accounting, Auditing and Accountability Journal, 20(3), 472-494. doi:10.1108/09513570710748599

Belbase, S. (2007). Research paradigms: Politics of researchers. Retrieved from http://www.tesionline.com/intl/indepth.jsp?id=1124

Berman, S. L., Wicks, A. C., Kotha, S., & Jones, T. M. (1999). Does stakeholder orientation matter? The relationship between stakeholder management models and firm financial performance. Academy of Management Journal, 42(5), 488-506. doi:10.2307/256972

Bernard, H. R. (2000). Social research methods: Qualitative and quantitative approaches. Thousand Oaks, CA: SAGE Publications.

Berrone, P., & Gomez-Mejia, L. R. (2009). Environmental performance and executive compensation: An integrated agency-institutional perspective. Academy of Management Journal, 52(1), 103-126. doi:10.5465/amj.2009.36461950

Birch, D., & Moon, J. (2004). Introduction. *Journal of Corporate Citizenship*, Spring(13), 18-23. Retrieved from http://www.greenleaf-publishing.com/

Blasco, M., & Zølner, M. (2010). Corporate social responsibility in Mexico and France: Exploring the role of normative institutions. *Business & Society*, 49(2), 216-251. doi:10.1177/0007650307309434

Blowfield, M., & Frynas, J. G. (2005). Editorial setting new agendas: Critical perspectives on corporate social responsibility in the developing world. *International Affairs*, 81(3), 499-513. doi:10.1111/j.1468-2346.2005.00465.x

Bowd, R., Bowd, L., & Harris, P. (2006). Communicating corporate social responsibility: An exploratory case study of a major UK retail centre. *Journal of Public Affairs*, 6(2), 147-155. doi:10.1002/pa.220

Bowen, H. R. (1953). *Social responsibilities of the businessman*. New York: Harper and Row.

Branco, M. C., & Rodrigues, L. L. (2007). Positioning stakeholder theory within the debate on corporate social responsibility. *Electronic Journal of Business Ethics and Organization Studies*, 12(1). Retrieved from http://ejbo.jyu.fi/pdf/ejbo_vol12_no1_pages_5-15.pdf

Branco, M. C., & Rodrigues, L. L. (2008). Factors influencing social responsibility disclosure by Portuguese companies. *Journal of Business Ethics* 83(4), 685-701. doi:10.1007/s10551-007-9658-z

Brown, R., & Brignall, S. (2007). Reflections on the use of a dual-methodology research design to evaluate accounting and management practice in UK university central administrative services. *Management Accounting Research*, 18(1), 32-48. doi:10.1016/j.mar.2006.07.001

Bryman, A. (2006). Integrating quantitative and qualitative research: how is it done? *Qualitative Research*, 6(1), 97-113. doi:10.1177/1468794106058877

Bryman, A. (2012). *Social research methods* (4th ed.). U.K.: Oxford University.

Burns, J., & Scapens, R. W. (2000). Conceptualizing management accounting change: an institutional framework. *Management Accounting Research*, 11(1), 3-25. doi:10.1006/mare.1999.0119

CAF. (2011). World giving index: A global view of giving trend. CAF. Retrieved from https://www.cafonline.org/pdf/world_giving_index_2011_191211. pdf

Campbell, D. J. (2000). Legitimacy theory or managerial reality construction? Corporate social disclosure in Marks and Spencer Plc corporate reports, 1969-1997. Accounting Forum, 24(1), 80-100. doi:10.1111/1467-6303.00030

Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. Academy of Management Review, 32(3), 946-967. doi:10.5465/AMR.2007.25275684

Carpenter, V. L., & Feroz, E. H. (2001). Institutional theory and accounting rule choice: An analysis of four US state governments' decisions to adopt generally accepted accounting principles. Accounting, Organizations and Society, 26(7–8), 565-596. doi:10.1016/S0361-3682(00)00038-6

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. The Academy of Management Review 4(4), 497-505. doi:10.5465/AMR.1979.4498296

Carroll, A. B. (1989). Business and society ethics and stakeholder management. Cincinnati, OH: South-Western Publishing.

Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. Business Horizons, 34(4), 39-48. doi:10.1016/0007-6813(91)90005-G

Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. Business and Society, 38(3), 268-295. doi:10.1177/000765039903800303

Carroll, A. B. (2008). A history of corporate social responsibility: Concepts and practices. In A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), The Oxford handbook of corporate social responsibility (pp. 19-46). Oxford, U.K.: Oxford University.

Carroll, A. B., & Buchholtz, A. K. (2009). Business and society: Ethics and stakeholder management (7th ed.). Cincinnati, OH: South Western Publishing.

Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. International Journal of Management Reviews, 12(1), 85-105. doi:10.1111/j.1468-2370.2009.00275.x

Cave, H. W. (1904). The ruined cities of Ceylon (3rd ed.). Retrieved from http://mahavamsa.org/e-books/

CBSL. (2010). Recent economic developments: Highlights of 2010 and prospects for 2011. Colombo, Sri Lanka: Central Bank of Sri Lanka (CBSL).

CBSL. (2011). Economic and social statistics of Sri Lanka 2011. Colombo: Central Bank of Sri Lanka (CBSL) Retrieved from the Central Bank of Sri Lanka web site: http://www.cbsl.gov.lk/htm/english/10_pub/p_2.html.

CBSL. (2012a). Recent economic developments: Highlights of 2011 and prospects for 2012. Colombo, Sri Lanka: Central Bank of Sri Lanka (CBSL). Retrieved from http://www.cbsl.gov.lk/htm/english/10_pub/p_1.html.

CBSL. (2012b). Sri Lanka socio-economic data. Colombo, Sri Lanka: Central Bank of Sri Lanka (CBSL). Retrieved from http://www.cbsl.gov.lk

CCC. (2005). The CSR handbook. Colombo, Sri Lanka: Ceylon Chamber of Commerce (CCC).

CCC. (2010). Sri Lanka in brief 2010. Colombo, Sri Lanka: Ceylon Chamber of Commerce (CCC).

CEC. (2006). Implementing the partnership for growth and jobs: Making Europe a pole of excellence on corporate social responsibility (Report No. COM 2006 - 136 final). Brussels, Belgium: Commission of the European Communities (CEC). Retrieved from http://eur-lex.europa.eu/en/index.htm

Chandraprema, C. A. (1989). Ruhuna: A study of history, society, and ideology of Southern Sri Lanka. Colombo, Sri Lanka: Bharat Publishers.

Chapple, W., & Moon, J. (2005). Corporate Social Responsibility (CSR) in Asia: A seven-country study of CSR web site reporting. Business & Society, 44(4), 415-441. 10.1177/0007650305281658

Chapple, W., & Moon, J. (2005). Corporate social responsibility (CSR) in Asia: A seven-country study of CSR Web site reporting. Business and Society, 44(4), 415-441. doi:10.1177/0007650305281658

Chen, J. C., & Roberts, R. W. (2010). Toward a more coherent understanding of the organization-society relationship: A theoretical consideration for social and environmental accounting research. Journal of Business Ethics, 97(4), 651-665. doi:10.1007/s10551-010-0531-0

Chu, C. I., Chatterjee, B., & Brown, A. (2013). The current status of greenhouse gas reporting by Chinese companies: A test of legitimacy theory. Managerial Auditing Journal, 28(2), 114-139. doi:10.1108/02686901311284531

CIA. (2011, Jan. 20th). The world factbook, Sri Lanka. Retrieved from https://www.cia.gov/library/publications/the-world-factbook/geos/ce.html

Clarkson, M. (1994). A risk based model of stakeholder theory. Paper presented at the The second Toronto conference on stakeholder theory, Toronto, Canada.

Clarkson, M. B. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. Academy of Management Review, 20(1), 92-117. doi:10.5465/AMR.1995.9503271994

Collins, E., & Lawrence, S. (2005). Sustainability practices of New Zealand business. The Corporate Citizen, 5(3), 22-23.

Collins, E., Lawrence, S., & Roper, J. (2007). Sustainability practices of New Zealand businesses in 2006. Hamilton, New Zealand: Waikato Management School, University of Waikato, New Zealand

Collins, E., Lawrence, S., Roper, J., & Haar, J. (2010). Business sustainability practices during the recession: The growing sustainability divide. Hamilton, New Zealand: Waikato Management School, University of Waikato. Retrieved from http://wms-soros.mngt.waikato.ac.nz/

Collis, J., & Hussey, R. (2003). Business research: A practical guide for undergraduate and postgraduate students (2nd ed.). Basingstoke, U.K.: Palgrave Macmillan.

Collis, J., & Hussey, R. (2009). Business research: A practical guide for undergraduate and postgraduate students (3rd ed.). Basingstoke, U.K.: Palgrave Macmillan.

Colombo Stock Exchange. (2013). Listed company directory. Retrieved from http://www.cse.lk/financial_reports.do

Crane, A., McWilliams, A., Matten, D., Moon, J., & Siegel, D. (2008). Corporate social responsibility agenda. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), The Oxford handbook of corporate social responsibility (pp. 3-15). U.K.: Oxford University.

Creswell, J. W. (2005). Educational research: Planning, conducting, and evaluating quantitative and qualitative research (2nd ed.). Upper Saddle River, NJ: Pearson Education.

Creswell, J. W., Vicki, L., & Clark, P. (2011). Designing and conducting mixed methods research (2nd ed.). Los Angeles: SAGE Publications.

CSR Asia. (2008). CSR in Asia: Who is getting it done? The role of CSR professionals in Asia. Bangkok, Thailand. Retrieved from http://www.csr-asia.com/report/report_csr_in_asia.pdf

D'Amato, A., Henderson, S., & Florence, S. (2009). Corporate social responsibility and sustainable business: A guide to leadership tasks and functions. Retrieved from http://www.ccl.org/leadership/pdf/research/CorporateSocialResponsibility.pdf

Dahlsrud, A. (2008). How corporate social responsibility is defined: An analysis of 37 definitions. Corporate Social Responsibility and Environmental Management, 15(1), 1-13. doi:10.1002/csr.132

Davey, H. B. (1982). Corporate social responsibility disclosure in New Zealand: An empirical investigation. Palmerston North, New Zealand: Massey University.

De Lisle, J. (2011). The benefits and challenges of mixing methods and methodologies: Lessons learnt from implementing qualitatively led mixed methods research designs in trinidad and tobago jerome de lisle. Caribbean Curriculum, 18, 87-120.

De Silva, K. M. (2005). A History of Sri Lanka. Colombo, Sri Lanka: Vijitha Yapa Publications.

de Villiers, C., & van Staden, C. J. (2006). Can less environmental disclosure have a legitimising effect? Evidence from Africa. Accounting, Organizations and Society, 31(8), 763-781. doi:10.1016/j.aos.2006.03.001

Deegan, C. (2002). The legitimising effect of social and environmental disclosures: A theoretical foundation. Accounting, Auditing & Accountability Journal, 15(3), 282 - 311. doi:10.1108/09513570210435852

Deegan, C. (2006). Legitimacy theory. In Z. Hoque (Ed.), Methodological Issues in accounting research: Theories and methods (pp. 161-181). London, U.K.: Spiramus.

Deegan, C. (2009). Financial accounting theory (3rd ed.). North Ryde, NSW, Australia: McGraw Hill.

Deegan, C., & Gordon, B. (1996). A study of environmental disclosure practices of Australian corporations. Accounting & Business Research, 26(3), 187-199. doi:10.1080/00014788.1996.9729510

Deegan, C., & Rankin, M. (1996). Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority. Accounting, Auditing & Accountability Journal, 9(2), 50-67. doi:10.1108/09513579610116358

Deegan, C., Rankin, M., & Tobin, J. (2002). An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory. Accounting, Auditing & Accountability Journal, 15(3), 312-343. doi:10.1108/09513570210435861

Deegan, C., Rankin, M., & Voght, P. (2000). Firms' disclosure reactions to major social incidents: Australian evidence. Accounting Forum, 24(1), 101-130. doi:10.1111/1467-6303.00031

Deegan, C., & Samkin, G. (2009). New Zealand financial accounting. Sydney, Australia: McGraw-Hill.

Deegan, C., & Soltys, S. (2007). Social accounting research: An Australian perspective. Accounting Forum, 31(1), 73-89. doi:10.1016/j.accfor.2006.11.001

Deegan, C., & Unerman, J. (2006). Financial accounting theory. Maidenhead, UK: McGraw Hill.

Deephouse, D. L., & Carter, S. M. (2005). An examination of differences between organizational legitimacy and organizational reputation. Journal of Management Studies, 42(2), 329-360. doi:10.1111/j.1467-6486.2005.00499.x

Denscombe, M. (2008). Communities of practice: A research paradigm for the mixed methods approach. Journal of Mixed Methods Research, 2(3), 270-283. doi:10.1177/1558689808316807

Denzin, N. K., & Lincoln, N. S. (2005). Paradigms and perspectives in contention Sage handbook of qualitative research (3rd ed.). Thousand Oaks, CA: SAGE Publications.

Denzin, N. K., & Lincoln, Y. S. (2003). Collecting and interpreting qualitative materials (2nd ed.). Thousand Oaks, CA: SAGE Publications.

Department of Census and Statistics. (2009). Poverty in Sri Lanka. Colombo, Sri Lanka: Ministry of Finance and Planning.

Dhammapiya, S. U. (1999). Buddhist ethics in daily life. West Malaysia: Selangor Buddhist Vipassana Meditation Society.

Dhawan, S. (2010). Research methodology for business and management studies. Delhi, India: Swastik Publications.

Dillard, J. F., Rigsby, J. T., & Goodman, C. (2004). The making and remaking of organization context: Duality and the institutionalization process. Accounting, Auditing & Accountability Journal, 17(4), 506-542. doi: 10.1108/09513570410554542

DiMaggio, J., & Powell, W. W. (1983). The iron cage revisited: Institutionalisomorphism and collective rationality in organizational fields. American Sociological Review, 48(2), 147-160. doi:10.2307/2095101

Dobbs, S., & Staden, C. v. (2011, December 5-7). Motivations for corporate social and environmental reporting: New Zealand evidence. Paper presented at the CSEAR 2011 Australasian Conference, University of Tasmania. http://www.utas.edu.au

Don Bastian, C. (1904). De Soysa Charithaya (in Sinhala). Sinhalese Daily News Press.

Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. The Academy of Management Review, 20(1), 65-91. doi:10.5465/AMR.1995.9503271992

Eccles, R. G., & Krzus, M. P. (2010). One report: Integrated reporting for a sustainable strategy. New York: John Wiley and Sons.

Economist. (2008, January 17). Just good business. Retrieved from http://www.economist.com/node/10491077

Economist. (2009, June 4). The human cost of Sri Lanka's war: Too many heroes. The Economist. Retrieved from http://www.economist.com/node/13794780

Eweje, G., & Bentley, T. (2006). CSR and staff retention in New Zealand companies: A literature review. Research working paper series. Retrieved from http://www.massey.ac.nz

Fernando, A. A. J., & Pandey, I. M. (2012). Corporate social responsibility reporting: A survey of listed Sri Lankan companies. Journal for International Business and Entrepreneurship Development, 6(2), 172-187. doi:10.1504/JIBED.2012.048569

Fernando, M. (2007). Corporate social responsibility in the wake of the Asian tsunami: A comparative case study of two Sri Lankan companies. European Management Journal, 25(1), 1-10. doi:10.1016/j.emj.2006.12.001

Fernando, M. (2010a). Corporate social responsibility in the wake of the Asian tsunami: Effect of time on the genuineness of CSR initiatives. European Management Journal, 28(1), 68-79. doi:10.1016/j.emj.2009.08.002

Fernando, M. (2010b). Strategic corporate social responsibility and organizational virtuousness: Evidence from Sri Lanka. Paper presented at the Academy of Management Annual Meeting, Montreal, Canada.

Fernando, M., & Almeida, S. (2012). The organizational virtuousness of strategic corporate social responsibility: A case study of the Sri Lankan family-owned enterprise MAS Holdings. European Management Journal, 30(6), 564-576. doi:10.1016/j.emj.2012.08.003

Fernando, S., & Lawrence, S. (2011). Corporate social responsiblity practices in the listed companies of Sri Lanka. Proceedings of International Research Conference on Management and Finance (pp. 1-15). Colombo, Sri Lanka: University of Colombo.

Flick, U. (2006). An introduction to qualitative research (3rd ed.). London, UK: SAGE Publications.

Fontana, A., & Frey, J. H. (2000). The interview: From structured questions to negotiated text. In N. K. Denzin & Y. S. Lincoln (Eds.), Handbook of qualitative research (2 ed., pp. 645-672). Thousand Oaks, CA: SAGE Publications.

Fox, T. (2004). Corporate social responsibility and development: In quest of an agenda. Development, 47(3), 29-36. doi:10.1057/palgrave. development.1100064

Frederick, W. C. (1994). From CSR1 to CSR2: The maturing of business-and-society thought. Business and Society, 33(2), 150-164. doi:10.1177/000765039403300202

Freeman, R. E. (1984). Strategic management: A stakeholder approach. Boston, MA: Pitman.

Freeman, R. E. (1994). The politics of stakeholder theory: Some future directions. Business Ethics Quarterly, 4(4), 409-421. doi:10.2307/3857340

Freeman, R. E. (2005). The development of stakeholder theory: An idiosyncratic approach. In K. G. Smith & M. A. Hitt (Eds.), Great minds in management: The process of theory development (pp. 417-435). Oxford, UK: Oxford University.

Friedman, M. (1962). Capitalism and freedom. Chicago, IL,: University of Chicago.

Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. The New York Times Magazine.

Frynas, J. G. (2006). Corporate social responsibility in emerging economies: Introduction. Journal of Corporate Citizenship, Winter(24), 16-19. Retrieved from http://www.greenleaf-publishing.com/

Gerstenfeld, A., & Roberts, H. (2000). Size matters. In R. Hillary (Ed.), Small and medium-sized enterprises and the environment (pp. 106-118). Sheffield, UK: Greenleaf.

Ghauri, P., & Gronhaug, K. (2005). Research methods in business studies, a practical guide (3ed.). London, U.K.: Pentice Hall.

Gibbs, G. (2007). Analyzing qualitative data. London, U.K.: SAGE Publications.

Global Reporting Initiative. (2011). The G3.1 Guidelines. Retrieved from http://www.globalreporting.org/ReportingFramework/G31Guidelines/

Godfrey, P., Merrill, C., & Hansen, J. (2009). The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. Strategic Management Journal, 30(4), 425-445. doi:10.1002/smj.750

Golob, U., & Bartlett, J. L. (2007). Communicating about corporate social responsibility: A comparative study of CSR reporting in Australia and Slovenia. Public Relations Review, 33(1), 1-9. doi:10.1016/j.pubrev.2006.11.001

Gombrich, R., & Obeyesekere, G. (1988). Buddhism transformed: Religious change in Sri Lanka. Princeton, NJ: Princeton University.

Gonella, C., Piling, A., & Zadek, S. (1998). Making values count: Contemporary experience in social and ethical accounting. London, U.K.: ACCA.

Goodpaster, K. E. (1991). Business ethics and stakeholder analysis. Business Ethics Quarterly, 1(1), 53-73. doi:10.2307/3857592

Grant, P. (2009). Buddhism and ethnic conflict in Sri Lanka. Albany, NY: State University of New York.

Gray, R. (2002). The social accounting project and accounting, organizations and society: Privileging engagement, imaginings, new accountings and pragmatism over critique? Accounting, Organizations and Society, 27(7), 687-708. doi:10.1016/S0361-3682(00)00003-9

Gray, R., Kouhy, R., & Lavers, S. (1995a). Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure. Accounting, Auditing & Accountability Journal, 8(2), 47-77. doi:10.1108/09513579510146996

Gray, R., Kouhy, R., & Lavers, S. (1995b). Methodological themes: Constructing a research database of social and environmental reporting by UK companies. Accounting, Auditing & Accountability Journal, 8(2), 78-101. doi:10.1108/09513579510086812

Gray, R., & Laughlin, R. (2012). It was 20 years ago today: Sgt Pepper, Accounting, Auditing & Accountability Journal, green accounting and the Blue Meanies. Accounting, Auditing & Accountability Journal, 25(2), 228 - 255.

Gray, R., Owen, D., & Adams, C. (2010). Some theories for social accounting?: A review essay and a tentative pedagogic categorisation of theorisations around social accounting. In M. Freedman & B. Jaggi (Eds.), Sustainability, environmental performance and diclosure: Advances in environmental accounting and management (Vol. 4, pp. 1-54). Bingley, UK: Emerald Group Publishing.

Gray, R., Owen, D. L., & Adams, C. (1996). Accounting and accountability: Changes and challenges in corporate social and environmental reporting. Hemel Hempstead, UK: Prentice Hall.

Gray, R., Owen, D. L., & Maunders, K. T. (1991). Accountability, corporate social reporting, and the external social audits. Advances in Public Interest Accounting, 4(1), 1-22.

Gregor, S. (2009). The struggle towards an understanding of theory in information systems Retrieved from http://epress.anu.edu.au/info_systems/mobile_devices/ch01.html

GRI. (2011). Sustainability reporting guidelines: Version 3.1 (G 3.1). Amsterdam, Netherlands: Global Reporting Initiative (GRI).

Griffiths, K., Lindesay, J., & Field, M. (2006). Corporate sustainability reporting in New Zealand. Wellington, New Zealand: URS. Retrieved from http://www.pce.parliament.nz/assets/Uploads/Reports/pdf/triple.pdf

Guba, E. G., & Lincoln, Y. S. (1994). Competing paradigms in qualitative research Handbook of qualitative research (1st ed., pp. 105-117). Thousand Oaks, CA: SAGE publications.

Guthrie, J., & Parker, L. D. (1989). Corporate social reporting: A rebuttal of legitimacy theory. Accounting and Business Research, 19 (76), 343-352. doi:10.1080/00014788.1989.9728863

Guthrie, J., & Parker, L. D. (1990). Corporate social disclosure practice: A comparative international analysis. Advances in Public Interest Accounting, 3, 159-175.

Guthrie, J., Petty, R., & Ricceri, F. (2006). The voluntary reporting of intellectual capital: Comparing evidence from Hong Kong and Australia. Journal of Intellectual Capital, 7(2), 254-271. doi:10.1108/14691930610661890

Hackston, D., & Milne, M. J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. Accounting, Auditing & Accountability Journal, 9(1), 77-108. doi:10.1108/09513579610109987

Hambrick, D. C., Finkelstein, S., Cho, T. S., & Jackson, E. M. (2004). Isomorphism in reverse: Institutional theory as an explanation for recent increases in intraindustry heterogeneity and managerial discretion. Research in Organizational Behavior, 26(0), 307-350. doi:10.1016/s0191-3085(04)26008-7

Handy, C. (2002). What's a business for? Harvard Business Review, 80(12), 49-56. Retrieved from http://www.hbr.org

Harding, S. (1987). Feminism and methodology. Bloomington, IN: Indiana University.

Harrison, J. S., & Freeman, R. E. (1999). Stakeholders, social responsibility, and performance: Empirical evidence and theoretical perspectives. The Academy of Management Journal, 42(5), 479-485. doi:10.2307/256971

Hasnas, J. (1998). The normative theories of business ethics: A guide for the perplexed. Business Ethics Quarterly, 8(1), 19-42. Retrieved from http://www.jstor.org/stable/3857520

Hay, R., & Gray, E. (1974). Social responsibilities of business managers. Academy of Management Journal, 17(1), 135-143. doi:10.2307/254777

Hemingway, C. A. (2005). Personal values as a catalyst for corporate social entrepreneurship. Journal of Business Ethics, 60(3), 233–249. doi:10.1007/s10551-005-0132-5

Hemingway, C. A., & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. Journal of Business Ethics, 50(1), 33–44. doi:10.1023/b:busi.0000020964.80208.c9

Hofstede, G. (1980). Culture's consequences: International differences in work-related values. Beverly Hills, CA: SAGE Publishers.

Hofstede, G. (2001). Culture's consequences: Comparing values, behaviours, institutions, and organizations across nations (2nd ed.). Thousand Oaks, CA: SAGE Publishers.

Hopkins, M. (2003). The planetary bargain: Corporate social responsibility comes of age. London, U.K.: Macmillan.

Hoque, Z., Covaleski, M. A., & Gooneratne, T. N. (2013). Theoretical triangulation and pluralism in research methods in organizational and accounting research. Accounting, Auditing & Accountability Journal, 26(7), 1170-1198. doi:10.1016/s1751-3243(06)01010-8

IIRC. (2011). Towards intergrated reporting: Communicating value in the 21st Century. The International Integrated Reporting Committee (IIRC). Retrieved from www.theiirc.org

IMF. (2006). World economic outlook: Financial systems and economic cycles. Brussels, Belgium: International Monetary Fund. Retrieved from http://www.imf.org/external/pubs/ft/weo/2006/02/

Isaacman, A. (1992). Coercion, paternalism and the labour process: The Mozambican cotton regime 1938–1961. Journal of Southern African Studies, 18(3), 487-526. Retrieved from http://www.jstor.org/stable/2637298

Islam, M. A., & Deegan, C. (2008). Motivations for an organisation within a developing country to report social responsibility information: Evidence from Bangladesh. Accounting, Auditing & Accountability Journal, 21(6), 850-874. doi:10.1108/09513570810893272

Jacobs, K. (2012). Making sense of social practice: Theoretical pluralism in public sector accounting research. Financial Accountability & Management, 28(1), 1-25. doi:10.1111/j.1468-0408.2011.00534.x

Jamali, D., & Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. Journal of Business Ethics, 72(3), 243-262. doi:10.1007/s10551-006-9168-4

Jayawardena, K. (2001). Nobodies to somebodies: The rise of the colonial bourgeiosie in Sri Lanka (1st ed.). New Delhi, India: Leftword Books Publishers.

Johnson, J. C. (1990). Selecting ethnographic informants. Thousand Oaks, CA: SAGE Publications.

Johnson, R. W. (1947). People must live and work to gether, or forfeit freedom. Garden City, NY: Doubleday.

Jones, A. (1997). Balasuriya's ideas on Asia's future jolt the singlepath Vatican view. National Catholic Reporter, 33, 9-11.

Kakkuri-Knuuttila, M.-L., Lukka, K., & Kuorikoski, J. (2008). Straddling between paradigms: A naturalistic philosophical case study on interpretive research in management accounting. Accounting, Organizations and Society, 33(2–3), 267-291. doi:10.1016/j.aos.2006.12.003

Kalupahana, D. J. (1995). Ethics in early Buddhism. Manoa, Honolulu: University of Hawaii.

Kamla, R. (2007). Critically appreciating social accounting and reporting in the Arab Middle-East: A postcolonial perspective. Advances in International Accounting, 20, 105-177. doi:10.1016/S0897-3660(07)20005-4

Karyadi, F., & Marseille, O. (2012, July 17). Corporate social responsibility under Indonesian law. IFLR, July. Retrieved from http://www.iflr.com/Article/3062121/Corporate-social-responsibility-under-Indonesian-law.html

Keown, D. (2001). The nature of Buddhist ethics. Basingstoke,UK: Palgrave.

Khan, F., & Beddewela, E. (2008). Corporate social responsibility practices: A comparative study of local and multinational companies in Sri Lanka. Sri Lankan Journal of Management, 13(3 & 4, July - December), 1-21.

KPMG. (2002). KPMG International survey of corporate sustainability reporting. Amsterdam, The Netherlands: University of Amsterdam. Retrieved from http://www.gppi.net/fileadmin/gppi/KPMG2002.pdf

KPMG. (2005). KPMG international survey of corporate responsibility reporting 2005. Amsterdam, The Netherlands: KPMG International. Retrieved from http://www.kpmg.com.au/Portals/0/KPMG%20Survey%202005_3.pdf

KPMG. (2008). KPMG international survey of corporate responsibility reporting. Amstelveen, The Netherlands: KPMG International. Retrieved from www.kpmg.eu/docs/Corp_responsibility_Survey_2008.pdf

KPMG. (2011). KPMG international survey of corporate responsibility reporting. Amstelveen, The Netherlands: KPMG International. Retrieved from http://www.kpmg.com/NZ

KPMG/WIMM. (1999). KPMG international survey of environmental reporting. Amsterdam, The Netherlands: The Hague.

Kuasirikun, N. (2005). Attitudes to the development and implementation of social and environmental accounting in Thailand. Critical Perspectives on Accounting, 16(8), 1035-1057.

Kumar, R., Murphy, D. F., Mortier, R., Rathnasiri, C., & Gunaratne, L. (2004). Sri Lanka: Altered images, the 2003 state of corporate responsibility. Delhi, India: TERI.

Latour, B. (1993). We have never been modern (C. Porter, Trans.). Cambridge, MA: Harvard University.

Laughlin, R. (1995). Empirical research in accounting: Alternative approaches and a case for "middle-range" thinking. Accounting, Auditing & Accountability Journal, 8(1), 63-87. doi:10.1108/09513579510146707

Law of the Republic of Indonesia number 40 of 2007 concerning limited liability companies, Minister of Law and Human Rights of the Republic of Indonesia (2007).

Lawrence, S., Collins, E., Roper, J., Haar, J., & Botes, V. (2012, February 20). CSR practices in a time of recession. Paper presented at the Advancing Sustainability in Education and Research, La Trobe University, Australia.

Lawrence, S. R., Collins, E., Pavlovich, K., & Arunachalam, M. (2006). Sustainability practices of SMEs: The case of NZ. Business Strategy and the Environment, 15(4), 242-257. doi:10.1002/bse.533

Levitt, T. (1958). The dangers of social responsibility. Harvard Business Review, 36(5), 41-50. Retrieved from http://www.hbr.org

Lindblom, C. K. (1994, May 4). The implications of organizational legitimacy for corporate social performance and disclosure. Paper presented at the Critical Perspectives on Accounting Conference, New York.

Liyanarachchi, G. A. (2008). Ethics in accounting: Exploring the relevance of a Buddhist perspective. Accountancy Business and the Public Interest, 7(2), 118-148. Retrieved from http://visar.csustan.edu/aaba/Liyanarachchi2008b.pdf

Lockett, A., Moon, J., & Visser, W. (2006). Corporate social responsibility in management research: Focus, nature, salience and sources of influence. Journal of Management Studies, 43(1), 115-136. doi:10.1111/j.1467-6486.2006.00585.x

Lodhia, S. K. (2003). Accountants' response to the environmental agenda in a developing nation: An initial and exploratory study on Fiji. Critical Perspectives on Accounting, 14(7), 715-737. doi:10.1016/S1045-2354(02)00190-9

Luo, J., Meier, S., & Oberholzer-Gee, F. (2012). No news is good news: CSR strategy and newspaper coverage of negative firm events. Harvard Business School. Retrieved from http://www.hbs.edu/research/pdf/12-091.pdf

Mahathera Mahanama, Mahathera Dhammakitthi, Tibbotuvave Mahathera, & Hikkaduwe Sumangala Mahathera. (1912). The mahavamsa or the great chronicle of Ceylon (W. Geiger, Trans.). Oxford, UK: Oxford University.

Margolis, J. D., Elfenbein, H. A., & Walsh, J. P. (2007). Does it pay to be good? A meta-analysis and redirection of research on the relationship between corporate social and financial performance. Working paper. Retrieved from http://stakeholder.bu.edu/Docs/Walsh,%20Jim%20Does%20It%20Pay%20to%20Be%20Good.pdf

Mashat, A. A., Ritchie, B., Lovatt, C., & Pratten, J. (2005, September 4-6). The social role of accounting: Views and perceptions of the accounting community in Libya towards corporate social responsibility and accountability. Paper presented at the BSE Conference, Devonshire Hall, Leeds, UK. http://www.crrconference.org/downloads/mashat.pdf

Mathews, M. R. (1993). Socially responsible accounting. London, UK: Chapman and Hall.

Mathews, M. R. (1997). Twenty-five years of social and environmental accounting research Is there a silver jubilee to celebrate? Accounting, Auditing & Accountability Journal, 10(4), 481-531. doi:10.1108/EUM0000000004417

Mathews, M. R. (2002). The development of social and environmental accounting research 1995-2000. Massey University. New Zealand. Retrieved from http://mro.massey.ac.nz/bitstream/handle/10179/2548/205.pdf?sequence=1

Mathews, M. R., & Perera, M. H. B. (1996). Accounting theory and development (3rd ed.). Melbourne, Australia: Thomas Nelson.

Mathis, A. (2004, November 7-10). Corporate social responsibility in the UK, the Netherlands and Germany: Theory and forerunners. Paper presented at the Partnerships for sustainable development: 12th international conference of greening of industry network Hong Kong.

McWilliams, A., Siegel, D. S., & Wright, P. M. (2006). Corporate social responsibility: Strategic implications. Journal of Management Studies, 43(1), 1-18. doi:10.1111/j.1467-6486.2006.00580.x

Melé, D. (2008). Corporate social responsibility theories. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), The Oxford handbook of corporate social responsibility (pp. 47-82). Oxford, UK: Oxford University.

MENR. (2007). Sri Lanka strategy for sustainable development (Report No. 978-955-0033-08-9). Colombo, Sri Lanka: Ministry of Environment and Natural Resources (MENR).

Meyer, J. W., & Scott, W. R. (1992). Organizational environments: Ritual and rationality (Updated ed.). London: Sage.

Migiro, S. O., & Magangi, B. A. (2011). Mixed methods: A review of literature and the future of the new research paradigm African Journal of Business Management, 5(10), 3757-3764. doi:10.5897/AJBM09.082

Miles, M. B., & Huberman, A. M. (1994). Qualitative data analysis (2nd ed.). Thousand Oaks, CA: SAGE publications.

Milne, M. J., & Patten, D. M. (2002). Securing organizational legitimacy: An experimental decision case examining the impact of environmental disclosures. Accounting, Auditing & Accountability Journal, 15(3), 372-405. doi:10.1108/09513570210435889

Milne, M. J., Walton, S., & Tregidga, H. (2009). Words not actions! The ideological role of sustainable development reporting. Accounting, Auditing & Accountability Journal, 22(8), 1211-1257. doi:10.1108/09513570910999292

Minor, D. B. (2011). The value of corporate citizenship: Saving shareholders, working paper. Evanston, IL: Kellogg School of Management, Northwestern University

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of Management Review, 22(4), 853-886. doi:10.5465/AMR.1997.9711022105

Mitton, G. E. (1917). The lost cities of Ceylon. New York: Frederick A. Stokes Company Publishers.

Modell, S. (2007). Mixed methods research in management accounting: Opportunities and obstacles. In M. Granlund (Ed.), Total Quality in Academic Accounting - Essays in Honour of Kari Lukka. Turku, Finland: Publications of Turku School of Economics and Business Administration.

Modell, S. (2009). In defence of triangulation: A critical realist approach to mixed methods research in management accounting. Management Accounting Research, 20(3), 208-221. doi:10.1016/j.mar.2009.04.001

Moir, L. (2001). What do we mean by corporate social responsibility? Corporate Governance, 1(2), 16 - 22. doi:10.1108/EUM0000000005486

Moll, J., Burns, J., & Major, M. (2006). Institutional theory. In Z. Hoque (Ed.), Methodological issues in accounting research: Theories and methods (pp. 183-205). London, UK: Spiramus.

Mulgan, R. (1997). The processes of public accountability. Australian Journal of Public Administration, 56(1), 25-36. doi:10.1111/j.1467-8500.1997.tb01238.x

Mulligan, M., & Shaw, J. (2007). What the world can learn from Sri Lanka's post-tsunami experiences. International Journal of Asia-Pacific Studies, 3(2), 65-91. Retrieved from http://researchbank.rmit.edu.au/view/rmit:8052

Murray, K. B., & Vogel, C. M. (1997). Using a hierarchy of effects approach to gauge the effectiveness of corporate social responsibility to generate goodwill toward the firm: Financial versus non financial impacts Journal of Business Research, 38(2), 141-159. doi:10.1016/S0148-2963(96)00061-6

Muthuri, J. N., & Gilbert, V. (2011). An institutional analysis of corporate social rsponsibility in Kenya. Journal of Business Ethics, 98(3), 467-483. doi:10.1007/s10551-010-0588-9

Narada Maha Thera. (1988). The Buddha and His teachings (4th ed.). Kuala Lumpur, Malaysia: Buddhist Missionary Society.

Nelson, J. A. (2004). A Buddhist and feminist analysis of ethics and business. Development, 47(3), 53–60. doi:10.1057/palgrave.development.1100067

Nelson, J. A. (2010). The relational economy: A Buddhist and feminist analysis, . Working paper No. 10-03. Global Development and Environment Institute Retrieved from http://ase.tufts.edu/gdae/Pubs/wp/10-03RelationalEconomy.pdf

Neu, D., Warsame, H., & Pedwell, K. (1998). Managing public impressions: Environmental disclosures in annual reports. Accounting, Organizations and Society, 23(3), 265-282. doi:10.1016/S0361-3682(97)00008-1

Ng, L. W. (1985). Social responsibility disclosures of selected New Zealand companies for 1981, 1982 and 1983 (Occasional paper No. 54). Palmerston North, New Zealand: Massey University.

O'Donovan, G. (2002). Environmental disclosures in the annual report: Extending the appplicability and predictive power of legitimacy theory. Accounting, Auditing & Accountability Journal, 15(3), 344-371. doi:10.1108/09513570210435870

O'Dwyer, B. (2002). Managerial perceptions of corporate social disclosure: An Irish story. Accounting, Auditing & Accountability Journal, 15(3), 406-436. doi:10.1108/09513570210435898

O'Riordan, L., & Fairbrass, J. (2008). Corporate social responsibility (CSR): Models and theories in stakeholder dialogue. Journal of Business Ethics, 83(4), 745-758. doi:10.1007/s10551-008-9662-y

Oliver, C. (1991). Strategic responses to institutional processes. Academy of Management Review, 16(1), 145-179. doi:10.5465/amr.1991.4279002

Orij, R. (2007, April 27). Corporate social disclosures and accounting theories: An investigation. Paper presented at the 30th Annual Congress of the European Accounting Association, Lisbon, Portugal.

Owen, D. L. (2003). Recent developments in European social and environmental reporting and auditing practice: A critical evaluation and tentative prognosis. ICCSR Research Paper Series (No. 03-2003). Retrieved from http://www.enviroreporting.com/others/recent_developments.pdf

Owen, D. L., Swift, T. A., Humphrey, C., & Bowerman, M. (2000). The new social audits: Accountability, managerial capture or the agenda of social champions? European Accounting Review, 9(1), 81-90. doi:10.1080/096381800407950

Parker, L. D. (2005). Social and environmental accountability research: A view from the commentary box. Accounting, Auditing & Accountability Journal, 18(6), 842-860. doi:10.1108/09513570510627739

Pearce, J. A. I. (1982). The company mission as a strategic tool. Sloan Management Review (pre-1986), 23(3), 15-25.

Pearsall, J. (Ed.) (2012) Oxford dictionaries. Oxford, UK: Oxford University.

Peebles, P. (2004). The history of Sri Lanka. Westport, CT Greenwood.

Peloza, J. (2006). Using corporate social responsibility as insurance for financial performance. California Management Review 48(2), 52-72.

Pieris, P. E. (1920). Ceylon and the Portuguese 1505-1658. Tellippalai, Ceylon: American Ceylon Mission.

Prasad, B. C. (2004). Globalisation, free trade and corporate citizenship in pacific forum island countries. Journal of Corporate Citizenship, Spring(13), 65-76. Retrieved from http://www.greenleaf-publishing.com/

Prayukvong, W., & Rees, B. (2010). A Buddhist economic approach to employee volunteer programmes. Journal of Corporate Citizenship, Summer(38), 75-91. Retrieved from http://www.greenleaf-publishing.com/

Preston, L. E., & Sapienza, H. J. (1990). Stakeholder management and corporate performance. Journal of Behavioral Economics, 19(4), 361-375. doi:10.1016/0090-5720(90)90023-Z

Punch, K. F. (1998). Introduction to social research: Quantitative & qualitative approaches. London, UK: SAGE Publications.

Rahaman, A. S., Lawrence, S., & Roper, J. (2004). Social and environmental reporting at the VRA: Institutionalised legitimacy or legitimation crisis? Critical Perspectives on Accounting, 15(1), 35-56. doi:10.1016/S1045-2354(03)00005-4

Rajapakse, B. (2001). Environmental reporting expectation gap: Evidence from private sector organizations in Sri Lanka. IWE Journal, 3, 199-208.

Rajapakse, B. (2003). Accountants, accounting, and environmental reporting: Review of accountants' attitudes on environmental reporting in Sri Lanka. From the abstract book of the first international conference on business management of developing countries. Colombo, Sri Lanka: University of Sri Jayawardenepura.

Rajapakse, B. (2005). Trend of social and environmental reporting practices in Sri Lanka. IWE Journal, 5, 1-22.

Rajapakse, B., & Abeygunasekera, A. W. J. C. (2008). Social reporting practices of corporate entities in Sri Lanka. Retrieved from http://archive.cmb.ac.lk:8080/research/handle/70130/1616

Rajapakse, R. (2003). Concise Mahavamsa: History of Buddhism in Sri Lanka. Retrieved from http://mahavamsa.org/e-books/

Raman, S. R. (2006). Corporate social reporting in India: A view from the top. Global Business Review, 7(2), 313-324. doi:10.1177/097215090600700208

Ramasamy, B., & Yeung, M. (2009). Chinese consumers' perception of corporate social responsibility (CSR). Journal of Business Ethics, 88, 119-132. doi:10.1007/s10551-008-9825-x

Rathnasiri, H. C. (2003). Corporate social responsibility practices of Sri Lankan private sector: An exploratory study. Sri Lankan Journal of Management, 8(3 & 4, July - December), 195-228.

Reed, D. (2002). Employing normative stakeholder theory in developing countries: A critical theory perspective. Business Society, 41(2), 166-207. doi:10.1177/0007650302041002003

Roberts, R. W. (1992). Determinants of corporate social responsibility disclosure: An application of stakeholder theory. Accounting, Organizations and Society, 17(6), 595-612. doi:10.1016/0361-3682(92)90015-K

Roper, J. (2004). Corporate responsibility in New Zealand. Journal of Corporate Citizenship, Summer(14), 22-25. Retrieved from http://www.greenleaf-publishing.com/

Russo, A., & Perrini, F. (2010). Investigating stakeholder theory and social capital: CSR in large firms and SMEs. Journal of Business Ethics, 91(2), 207-221. doi:10.1007/s10551-009-0079-z

Saunders, M., Lewis, P., & Thornhill, A. (2009). Research methods for business students (5th ed.). Harlow, UK: Financial Times Prentice Hall.

Savage, G. T., Nix, T. W., Whitehead, C. J., & Blair, J. D. (1991). Strategies for assessing and managing organizational stakeholders. Academy of Management Executive, 5(2), 61-75. doi:10.5465/ame.1991.4274682

Schein, E. H. (1992). Organizational culture and leadership (2nd ed.). San Francisco, CA: Jossey-Bass.

Schmidheiny, S. (2006). A view of corporate citizenship in Latin America. Journal of Corporate Citizenship, Spring(21), 21-24. Retrieved from http://www. greenleaf-publishing.com/

Schutz, A., & Luckmann, T. (1973). The structures of the life-world. Evanston, IL: Northwestern University.

Schwandt, T. A. (1994). Constructivist, interpretivist approaches to human inquiry. In N. K. Denzin & Y. S. Lincoln (Eds.), Handbook of qualitative research. Thousand Oaks, CA: SAGE Publications.

Scott, W. R. (1987). The adolescence of institutional theory. Administrative Science Quarterly, 32(4), 493-511. Retrieved from http://www.jstor.org/stable/2392880

Scott, W. R. (1995). Institutions and organizations. Thousand Oaks, CA: SAGE Publications.

Scott, W. R. (2001). Institutions and organizations (2nd ed.). Thousand Oaks, CA: SAGE Publications.

Scott, W. R. (2004). Institutional theory: Contributing to a theoretical research program. In K. G. Smith & Michael A. Hitt (Eds.), Great minds in management: The process of theory development. Oxford, UK: Oxford University.

Sen, A. K. (1999). Development as freedom. Oxford, UK: Oxford University.

Senanayaka, P. (2009, December 12). Ascending to Kingship in Sri Lanka. Daily News.

Senaratne, S. (2009). Corporate social responsibility reporting system in Sri Lanka [Abstract]. Sri Lankan Journal of Humanities and Social Sciences, 1(1). Retrieved from Sri Lanka Journals Online database: http://www.sljol.info/index.php/SLJHSS/article/view/2529

Sheham, A. M., & Jahfer, A. (2011). A study on the relationship between corporate financial performance and corporate social responsibility (CSR). International Journal of Research in Commerce, It & Management, 1(6), 25-31. Retrieved from http://www.ijrcm.org.in/

Silverman, D. (Ed.). (1997). Qualitative research - Theory, method and practice. London, UK: SAGE Publications

Simpson, B. (2004). Impossible gifts: Bodies, buddhism and bioethics in contemporary Sri Lanka. The Journal of the Royal Anthropological Institute, 10(4), 839-859.

Sirmon, D. G., & Lane, P. J. (2004). A model of cultural differences and international alliance performance. Journal of International Business Studies, 35(4), 306-319. Retrieved from http://www.jstor.org.ezproxy.waikato.ac.nz/stable/3875133

Skinner, M. T. (1891). Fifty years in Ceylon: An autobiography. Retrieved from http://mahavamsa.org/e-books/

Smith, A. E. (2008). Bounded volition: The interaction of social determinism & choice (Doctoral dissertation, State University of New York), Albany, NY. Retrieved from http://ezproxy.waikato.ac.nz/

Sood, A., & Arora, B. (2006). The political economy of corporate responsibility in India (Programme Paper No. 18). Technology, Business and Society, 18(November). Retrieved from http://www.unrisd.org/

Spector, B. (2008). "Business responsibilities in a divided world": The cold war roots of the corporate social responsibility movement. Enterprise and Society, 9(2), 314-336. doi:10.1093/es/khn023

Sting Consultants. (2011). Report card on corporate accountability: Changing gears (Vol. February). Colombo, Sri Lanka: Lanka Monthly Digest (LMD).

Stoney, C., & Winstanley, D. (2001). Stakeholding: Confusion or utopia? Mapping the conceptual terrain. Journal of Management Studies, 38(5), 603-626. doi:10.1111/1467-6486.00251

Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. Academy of Management Review, 20(3), 571-610. doi:10.5465/amr.1995.9508080331

Tambiah, S. J. (1991). Sri Lanka: Ethnic fratricide and the dismantling of democracy. Chicago, IL: University of Chicago.

Tashakkori, A., & Teddlie, C. (1998). Mixed methodology: Combining qualitative and quantitative approaches. Thousand Oaks, CA: SAGE Publications.

Teddlie, C., & Tashakkori, A. (2009). Foundations of mixed methods research: Integrating quantitative and qualitative approaches in the social and behavioral sciences. Los Angeles, CA: SAGE Publications.

Thomas, G., & Nowak, M. (2006). Corporate social responsibility: A definition (Working paper No.62). Graduate School of Business. Curtin University of Technology. Perth, Australia. Retrieved from http://business.curtin.edu.au/

Thomson, I. (2007). Mapping the terrain of sustainability accounting. In J. Unerman, J. Bebbington & B. O'Dwyer (Eds.), Sustainability accounting and accountability (pp. 19-36). New York, NY: Routledge.

Thoradeniya, P., Lee, J., Tan, R., & Ferreira, A. (2012, June 3). The factors influencing sustainability reporting in a developing nation: An empirical test of theory of planned behaviour. Paper presented at the The RMIT Accounting Sustainability Conference, 2012 Melbourne, Australia. http://mams.rmit.edu.au/ubrs34fnkivw1.pdf

Tilling, M. V. (2004). Some thoughts on legitimacy theory in social and environmental accounting. Social and Environmental Accountability Journal, 24(2), 3-7. doi:10.1080/0969160x.2004.9651716

Tregidga, H., Milne, M., & Kearins, K. (2007, July). Organisational legitimacy and social and environmental reporting research: The potential of discourse analysis. Paper presented at the 5th Asia-Pacific Interdisciplinary Research in Accounting (APIRA) Conference, Auckland, New Zealand.

Tregidga, H., & Milne, M. J. (2006). From sustainable management to sustainable development: A longitudinal analysis of a leading New Zealand environmental reporter. Business Strategy and the Environment, 15(4), 219-241. doi:10.1002/bse.534

Ullmann, A. A. (1985). Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms. Academy of Management Review, 10(3), 540-557. doi:10.5465/AMR.1985.4278989

UNDP. (2006). Beyond scarcity: Power, poverty and the global water crisis. Brussels, Belgium: United Nations Development Programe. Retrieved from http://www.worldwatercouncil.org/fileadmin/wma/documents/Analysis_HDR_2006.pdf

UNDP. (2010). The millennium development goals report 2010. New York: United Nations Development Programme. Retrieved from http://www.un.org/millenniumgoals/

UNDP. (2011). Millennium development goals. Retrieved from http://www.undp.org/mdg/basics.shtml

UNEP. (2001). Sri Lanka: State of the Environment. Pathumthani, Thailand: United Nations Environment Programme (UNEP). Retrieved from http://www.rrcap.ait.asia/pub/soe/srilanka_toc.pdf

UNEP. (2006). Carrots and sticks for starters: Current trends and approaches in voluntary and mandatory standards for sustainability reporting. Paris, France: KPMG's Global Sustainability Services and United Nations Environment Programme (UNEP). Retrieved from http://www.unep.fr/outreach/home.htm

Unerman, J., & Bennett, M. (2004). Increased stakeholder dialogue and the internet: Towards greater corporate accountability or reinforcing capitalist hegemony? Accounting, Organizations and Society, 29(7), 685-707. doi:10.1016/j.aos.2003.10.009

United Nations. (1972). Report of the United Nations conference on the human environment. Stockholm, Sweden: United Nations Environment Programme. Retrieved from http://www.unep.org/

United Nations. (1987). Report of the World Commission on Envlronment and Development (Brundland Commission) - Our Common Future. Oslo. Retrieved from http://daccessdds.un.org/doc/UNDOC/GEN/N87/184/67/IMG/N8718467.pdf?OpenElement

United Nations. (1993). Report of the United Nations conference on environment and development, Rio de Janeiro, 3 -14 June 1992. New York: United Nations. Retrieved from http://www.un.org/documents/

United Nations. (2002a). Johannesburg summit 2002: Sri Lanka country profile. New York: United Nations. Retrieved from www.un.org/esa/agenda21/natlinfo/wssd/srilanka.pdf

United Nations. (2002b). Report of the world summit on sustainable development, Johannesburg, South Africa, 26 August - 4 September 2002. New York: United Nations. Retrieved from http://www.un.org/en/

United Nations. (2006). The Millennium Development Goals Report 2006. New York: United Nations. Retrieved from http://mdgs.un.org/unsd/mdg/

United Nations. (2007). CSR and developing countries: What scope for government action? Sustainable Development Innovation Briefs, February(1). Retrieved from http://sustainabledevelopment.un.org/

Van Marrewijk, M. (2003). Concepts and definitions of CSR and corporate sustainability: Between agency and communion. Journal of Business Ethics, 44(2/3), 95-105. doi:10.1023/A:1023331212247

Visser, W. (2008). Corporate social responsibility in developing countries. In A. Crane, A. McWilliams, D. Matten, J. Moon & D. Siegel (Eds.), The Oxford handbook of corporate social responsibility (pp. 473-479). Oxford, UK: Oxford University.

Visser, W., Matten, D., Pohl, M., & Tolhurst, N. (2007). The A to Z of corporate social responsibility :a complete reference guide to concepts, codes and organisations. Chichester, UK: John Wiley & Sons.

Visser, W. A. M., & Macintosh, A. (1998). A short review of the historical critique of usury. Accounting, Business & Financial History, 8(2), 175-189. doi:10.1080/095852098330503

Vitell, S. J., & Paolillo, J. G. P. (2004). A cross-cultural study of the antecedents of the perceived role of ethics and social responsibility. Business Ethics: A European Review, 13(2/3), 185-199. doi:10.1111/j.1467-8608.2004.00362.x

Vives, A. (2006). Social and environmental responsibility in small and medium enterprises in Latin America. Journal of Corporate Citizenship, Spring(21), 39-50. Retrieved from http://www.greenleaf-publishing.com/

Waldman, D. A., Sully de Luque, M., Washburn, N., House, R. J., Bolanle, A., Angel, B., et al. (2006). Cultural and leadership predictors of corporate social responsibility values of top management: A globe study of 15 countries. Journal of International Business Studies, 37(6), 823. doi:10.1057/palgrave.jibs.8400230

Wallace, R. S. O. (1990). Accounting in developing countries: A review of the literature. In R. S. O. Wallace (Ed.), Research in third world accounting (Vol. 1, pp. 3-54). Oxford, U.K.: JAI.

WBCSD. (2000). Corporate social responsibility: Making good business sense. Geneva, Switzerland: World Business Council for Sustainable Development.

Weaver, M., & Chamberlain, G. (2009, May 19). Sri Lanka declares end to war with Tamil Tigers. Retrieved from http://www.guardian.co.uk/world/2009/may/18/tamil-tigers-killed-sri-lanka

Weeramantry, C. G. (2002, August 18). Sustainable development: An ancient concept recently revived. Paper presented at the Global Judges' Symposium on Sustainable Development and the Role of Law, Johannesburg, South Africa. http://www.unep.org/law/symposium/Speeches.htm

Weiss, J. W. (2009). Business ethics: Stakeholder and issues management approach (5th ed.). Mason, Ohio: South Western

Werther Jr, W. B., & Chandler, D. (2005). Strategic corporate social responsibility as global brand insurance. Business Horizons, 48(4), 317-324. doi:10.1016/j.bushor.2004.11.009

Wheeler, D., Colbert, B., & Freeman, R. E. (2003). Focusing on value: Reconciling corporate social responsibility, sustainability and a stakeholder approach in a network world. Journal of General Management, 28(3), 1-28. Retrieved from http://www.braybrooke.co.uk/

White, A. L. (2008). Culture matters: The soul of CSR in emerging economies. Business for Social Responsibility (BSR). Retrieved from http://www.bsr.org/reports/CultureMatters_CSRSpirituality_1.pdf

Wickramasinghe, D., & Hopper, T. (2005). A cultural political economy of management accounting controls: A case study of a textile mill in a traditional Sinhalese village. Critical Perspectives on Accounting, 16(4), 473-503. doi:10.1016/j.cpa.2003.07.001

Williams, S. M. (1999). Voluntary environmental and social accounting disclosure practices in the Asia-Pacific region: An international empirical test of political economy theory. The International Journal of Accounting, 34(2), 209-238. doi: 10.1016/S0020-7063(99)00006-0

Williamson, K. (2006). Research in constructivist frameworks using ethnographic techniques. Library Trends, 55(1), 83-101.

Wilmshurst, T. D., & Frost, G. R. (2000). Corporate environmental reporting a test of legitimacy theory. Accounting, Auditing & Accountability Journal, 13(1), 10-26. doi:10.1108/09513570010316126

Wood, D. C. (1994). Business and society. New York: Harper Collins.

World Bank. (2006). World development report 2007: Development and the next generation (35999). Washington, DC: World Bank. doi:10.1596/978-0-8213-6541-0

World Bank. (2008). Sri Lanka: Addressing the needs of an aging population (Report No. 43396-LK). Retrieved from http://www.worldbank.lk/

World Bank. (2010). World development indicators. Washington, DC: World Bank, International Bank for Reconstruction and Development.

World Bank. (2013). World data bank: World Development Indicators (WDI) and Global Development Finance (GDF). Retrieved 22nd February 2013, from The World Bank http://databank.worldbank.org/

WRI. (2005). World resources 2005: The wealth of the poor: Managing ecosystems to fight poverty. Washington: D.C.: World Resources Institute (WRI). Retrieved from http://pdf.wri.org/wrr05_lores.pdf

Yao, S., Wang, J., & Song, L. (2011). Determinants of social responsibility disclosure by Chinese firms. (Paper No. 72). Nottingham, UK: School of Contemporary Chinese Studies, University of Nottingham. . Retrieved from http://www.nottingham.ac.uk/

Yapa, L. (1998). The poverty discourse and the poor in Sri Lanka. Transactions of the Institute of British Geographers, 23(1), 95-115. Retrieved from http://www.jstor.org/stable/623159

Young, R. (2004). Dilemmas and advances in corporate social responsibility in Brazil: The work of the Ethos Institute. Natural Resources Forum, 28(4), 291-301. doi:10.1111/j.1477-8947.2004.00102.x

Zhuang, J., Thomas, S., & Miller, D. L. (2005). Examining culture's effect on whistle-blowing and peer reporting. Business & Society, 44(4), 462-486. doi:10.1177/0007650305281848

Appendices

Appendix 01: Cover letter for interviews

The Department of Accounting,

Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton

E mail: susithfdo@yahoo.com or smjf1@waikato.ac.nz

Telephone: Mob: +64 7 210222 7073

                   Off: +64 7 838 4466 (Ext: 8244)

Dear Madam/Sir,

Request for an interview on Corporate Social Responsibility (CSR) Practices

I am a lecturer at the Department of Accounting, University of Sri Jayewardenepura and presently, pursuing doctoral studies at the Department of Accounting, Waikato Management School, University of Waikato, New Zealand. My PhD research is on Corporate Social Responsibility (CSR) practices in Sri Lanka. The study aims to reveal the nature and extent of CSR practices in Sri Lankan companies and it expects to help promote the development of CSR practices in developing countries.

Your company has been selected for the sample. It is with great pleasure that I invite your company to be a part of this study by assigning a representative, who makes decisions and is actively involved in CSR activities and/ or CSR disclosure in your company, to be interviewed to gain more insight into these practices. Your participation is highly valued and will make a valuable contribution to the development of CSR practices in Sri Lanka.

It would be an honour and a privilege if I could get your company to be involved in this study and I most sincerely hope that your company will be able to participate. I assure you that all information collected will be strictly confidential and used solely for my PhD thesis. Real names of the company/participants will not be used in any subsequent reports or publications, and all data will be analysed in a collective manner and any quotes will be anonymous. Please see the attached information sheet and consent form for more details.

If you are happy to participate, please send me an email so that l can contact your office to set up a mutually convenient time for the interview.

I hope to receive a positive response.

Thanking you,

Yours sincerely

Susith J. Fernando

Appendix 02: Information sheet for interviews

1. **Title of the research:**

   Corporate Social Responsibility (CSR) practices in Sri Lanka

2. **Researcher's name and contact information:**

   Name: Susith Jude Fernando

   Address: The Department of Accounting, Waikato Management School, University of Waikato, Private Bag 3105, Hamilton

   E mail address: susithfdo@yahoo.com or smjf1@waikato.ac.nz

   Telephone number: Mob. +64 7 210222 7073 Off. +64 7 838 4466 (Ext: 8244)

3. **Supervisor's name and contact information:**

   Name: Professor Stewart Lawrence

   Address: The Department of Accounting, Waikato Management School, University of Waikato, Private Bag 3105, Hamilton

   E mail address: stewartl@waikato.ac.nz

   Telephone number: Off. +64 7 856 2889 (Ext: 8794)

4. **Information related to the interview:**

   Outline of the research study

   The main objective of the proposed research is to explore Corporate Social Responsibility (CSR) practices in developing countries with special reference to the Sri Lankan context. The nature and extent of CSR practices are not best answered by the existing body of CSR literature pertaining to developing countries. It is expected to unfold the story of CSR in Sri Lanka which will then be compared with a developed country, New Zealand. The results of the study will extend the understanding of CSR practices.

   Meaning of CSR

   CSR researchers still do not share a common definition for the concept of CSR. As a guideline, CSR can be defined as businesses engaging in voluntary social and environmental endeavours that exceed the existing legal requirements. These endeavours may include any organisational activity related to the uplifting of social or environmental conditions. However, this is only an ostensive guidance and the researcher will keep the meaning of CSR open throughout this research, while trying to understand the performative meanings that the corporate managers attach to the concept of CSR.

Type of data/information expected to be collected through interviews

The researcher aims to collect data for issues in relation to defining CSR characteristics, CSR motivations, CSR disclosure practices, and the country's sociocultural connection to CSR practices.

Targeted interviewee

A corporate manager/s who makes decisions or/and is involved directly in CSR activities or/and CSR disclosures.

Expected duration of the interview
It would take no more than one and half hours.

5. **Confidentiality:**

Any data/information you provide will be confidential to the researcher and the research supervisors, and no identifying information will be used in any subsequent reports or publications. Real names of participants/organizations will not be used in research reports or publications.

6. **Your rights:**

It is believed that there will not be any possible conflicts of interest between you and the researcher. However, in case such situation occurs you may:

- ■ Refuse to answer any particular question during the interview,

- ■ Ask any further questions about the study, before, during or after participation, and

- ■ Withdraw from the study within 30 days after conducting the interview

Also, you have access to a summary of the findings when the study is concluded.

7. **What will happen to the information collected from participants?**

All research material will be held by, and confidential to, the researcher and his supervisors. The researcher will use some interview transcribed data as quotations in the thesis. All notes and other transcribed data will be destroyed and all voice records will be deleted once the research is completed. You are entitled to receive a summary of findings at the end of the research. The outcome of the research may be published in academic publications.

Appendix 03: Consent form for interviews

The Waikato Management School,

University of Waikato,

New Zealand

Research title: Corporate Social Responsibility (CSR) practices in Sri Lanka

Consent form for corporate managers

I have read the letter and the information sheet of the study sent by Susith Fernando. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time. I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I agree to provide information to the researcher under the conditions of confidentiality.

I agree to participate in this study under the conditions set out in the letter and information sheet of the study sent by Susith Fernando.

Signed: ....

Name: ....

 Date: ....

I agree that while participating in the study my responses and comments may be voice recorded for the purposes of the research analysis.

Signed: ....

Name: ....

 Date: ....

Researcher's name and contact information:

Name: Susith Jude Fernando

Address: The Department of Accounting, Waikato Management School,

             University of Waikato, Private Bag 3105, Hamilton

E mail address: susithfdo@yahoo.com or smjf1@waikato.ac.nz

Telephone number: Mob. +64 7 210222 7073 Off. +64 7 838 4466 (Ext: 8244)

Supervisors' names and contact information:

Name: Professor Stewart Lawrence

Address: The Department of Accounting, Waikato Management School,

             University of Waikato, Private Bag 3105, Hamilton

E mail Address: stewartl@waikato.ac.nz

Telephone number: Off. +64 7 856 2889 (Ext: 8794)

Appendix 04: Interview guide

1. **The participants will be provided the following information through an information sheet before the interview starts (See Appendix 2 for details.):**

   - Title of the research
   - Researcher's name and contact information
   - Outline of the research study
   - Meaning of CSR
   - Type of data/information expected to be collected through interviews
   - Expected duration of the interview
   - Confidentiality
   - Rights of interviewees
   - What will happen to the information collected from participants

2. **Allow the interviewee to ask for any further clarifications/information about the research study/interview**

3. **Get the consent form signed**

4. **Starting the interview**

   The following guided interview questions will be used to direct the interview, but some specific questions may be employed based on the nature of the organisation. Also the interviewee/s will be asked more questions on matters arising from answers to the guided questions.

   Guided interview questions:

   Overall idea about CSR practices

   - What is your perception of CSR practices in your company?
   - When and how did you start practising CSR in your company annual reports?
   - Do you think that your company's vision, mission and goals influence the company's CSR reporting? Why? How?
   - Do you think that it is a responsibility of the corporate sector to contribute in solving social problems such as poverty and unemployment? Why/why not?
   - Motivations and influences
   - Why does your company engage in CSR activities or/and CSR disclosure?

- Do you think that foreign buyers or/and your parent company motivate your company to engage in CSR?

- What motivate your company to disclose CSR information?

- Do you think that reporting awards have any influence on CSR disclosure? Why? How?

- Do you think that your auditors influence CSR reporting of the company? Why? How?

- Do you think that the economic performance of the company has any influence on CSR reporting? Why? How?

Stakeholders and their pressure

- What kind of stakeholder dialogue do you maintain in your company? Is there any impact on CSR practices?

- Do you think that it is necessary to have a good stakeholder dialogue in the company? Why?

- Which stakeholders do you mostly target in carrying out CSR activities and disclosing them? How do you decide that? Why?

- Do you think that your employees' pressure influence company's CSR practice? How? Why?

- Do you think that the external stakeholders' pressure influence company's CSR practice? How? Why?

- Do you get any international pressure for company CSR reporting? How? Why?

CSR disclosure

- Does your company disclose CSR or sustainability information?

- If the answer is 'no,' why?

- If the answer is 'yes,' how do you disclose? Why?

- How do you decide what CSR information should be disclosed or should not be disclosed?

- If there is any negative CSR news related to your company, do you like to disclose it? Why?

- What benefits do you expect from disclosing CSR information?

- Do you think that your company can get a competitive advantage/economic benefit by becoming involved in better CSR practice? How?

- What kind of social accounting standards has your company adopted? Why?

- Do you have any plans to adopt those standards in the near future? Why?

- Do you follow Global Reporting Initiatives (GRI) guidelines or any other guidelines or other company disclosure formats?

- In addition to the annual report, do you publish any other internal or external publications? What are those publications? Why you do so?

Sri Lankan sociocultural connection to CSR practice

- Do you think that the culture and history of Sri Lanka have any impact on CSR practices in the country? Why?

- Do you see any connection between CSR involvements in your company and Buddhist teachings and ethics? How?

- Do you think that the people in Sri Lanka are alert to the corporate social responsibility of your company? How? Why?

- Do you think that CSR practices in Sri Lanka are different from other countries? How?

- Do you think that people in Sri Lanka are concerned about their environment? Why?

- What do you think about Sri Lankan rules and regulations related to the protection of the environment and society? Are they adequate or inadequate? Are they effectively regulated?

Appendix 05: Cover letter for survey questionnaire

The Department of Accounting,

Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton

E mail: susithfdo@yahoo.com or smjf1@waikato.ac.nz

Telephone: Mob: +64 7 210222 7073

                   Off: +64 7 838 4466 (Ext: 8244)

Dear Madam/Sir,

Request to participate in survey questionnaire on corporate social responsibility practice in Sri Lanka

I am a lecturer at the Department of Accounting, University of Sri Jayewardenepura and presently, pursuing doctoral studies at the Department of Accounting, Waikato Management School, University of Waikato, New Zealand. My PhD research is on the Corporate Social Responsibility (CSR) in Sri Lanka. The study aims to reveal the nature and extent of CSR practices in Sri Lankan companies and it expects to help promote the development of CSR practices in developing countries.

Your company has been selected for the sample, based on the top 200 listed companies on the Colombo Stock Exchange. It is with great pleasure that I invite your company to be a part of this study by assigning a member of your staff, who makes decisions and is actively involved in CSR activities and/or CSR disclosure in your company, to answer this survey questionnaire. Your participation is highly valued and will make a valuable contribution to the development of CSR practice in Sri Lanka.

I assure you that the information collected through this questionnaire will be strictly confidential and used solely for my PhD studies. Real names of the company and/or participants will not be used in any subsequent reports or publications and all data will be analysed in a collective manner and any quotes will be anonymous. Please see the attached information sheet for more details.

If you are happy to participate, please return the completed questionnaire using the attached postage paid envelope.

Thanking you,

Yours sincerely

Susith J. Fernando

Appendix 06: Information sheet for survey participants

1. Title of the research:

Corporate Social Responsibility (CSR) practices in Sri Lanka

2. Researcher's name and contact information:

Name: Susith Jude Fernando

Address: The Department of Accounting, Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton

E mail address: susithfdo@yahoo.com or smjf1@waikato.ac.nz

Telephone number: Mob. +64 7 210222 7073 Off. +64 7 838 4466 (Ext: 8244)

3. Supervisor's name and contact information:

Name: Professor Stewart Lawrence

Address: The Department of Accounting, Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton

E mail address: stewartl@waikato.ac.nz

Telephone number: Off. +64 7 856 2889 (Ext: 8794)

4. Information related to the survey questionnaire:

Outline of the research study

The main objective of the proposed research is to explore Corporate Social Responsibility (CSR) practices in developing countries with special reference to the Sri Lankan context. The nature and extent of CSR practices are not best answered by the existing body of CSR literature pertaining to developing countries. It is expected to unfold the story of CSR in Sri Lanka which will then be compared with a developed country, New Zealand. The results of the study will extend the understanding of CSR practices.

Meaning of CSR

CSR researchers still do not share a common definition for the concept of CSR. As a guideline, CSR can be defined as businesses engaging in voluntary social and environmental endeavours that exceed the existing legal requirements. These endeavours may include any organisational activity related to the uplifting of social or environmental conditions. However, this is only an ostensive guidance and the researcher will keep the meaning of CSR open throughout this research, while trying to understand the performative meanings that the corporate managers attach to the concept of CSR.

Expected duration to complete the questionnaire

It will be approximately 20 minutes.

5. **Confidentiality:**

Any data/information you provide will be confidential to the researcher and the research supervisors, and no identifying information will be used in any subsequent reports or publications. Real names of participants/organizations will not be used in research reports or publications.

6. **Consent**

It is considered that the completion of the survey questionnaire will provide your consent for the research. Once you have submitted the completed questionnaire, later withdrawal will not be possible.

7. **Your rights to opt out question/s**

If you are not sure or/and uncomfortable with any particular question/s, please feel free to opt out of such question/s.

8. **What will happen to the information collected from participants?**

All research material will be held by, and confidential to, the researcher and his supervisors. All questionnaires will be destroyed once the research is completed. You are entitled to receive a summary of findings at the end of the research. The outcome of the research may be published in academic publications.

Appendix 07: Introduction letter from the chief supervisor for the survey questionnaire

The Department of Accounting,

Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton, New Zealand

E mail: stewartl@waikato.ac.nz

15th February 2010

TO WHOM IT MAY CONCERN

Susith Fernando is a fulltime PhD candidate attached to the Department of Accounting, Waikato Management School, University of Waikato, New Zealand. He is pursuing his PhD research under my guidance as the Chief Supervisor. His PhD research is on the Corporate Social Responsibility (CSR) practices in Sri Lanka. As a part of his research he is conducting a survey study based on the listed companies, in Sri Lanka. The results of the survey will be analysed and compared with a similar study conducted for the New Zealand context in order to gain an international overview.

It would be much appreciated if you could help him in collecting data for this survey study by mailing the completed survey questionnaire. Please do not hesitate to contact me or Susith Fernando regarding this research. We assure you of the confidentiality of data collected through this questionnaire.

Thanking you,

Yours sincerely

Professor Stewart Lawrence

Appendix 08: Survey questionnaire

Note: This survey questionnaire was originally prepared by Dr. Eva Collins, Professor Stewart Lawrence and Professor Juliet Roper and used for multi-year on-going New Zealand research project of Waikato Management School, New Zealand (See for more details; Collins, E., Lawrence, S., & Roper, J. (2007), Sustainability practices of New Zealand businesses in 2006: Waikato Management School, University of Waikato.). This questionnaire is used with the authors' permission and with slight modifications to adjust to the Sri Lankan context. I sincerely acknowledge gratitude to the authors.

Company Characteristics

1. How many people are employed in your business full time (or full time equivalence)? (Please fill in one circle.)

   O 0 - 9

   O 10 - 99

   O More than 99

2. Is your company family-owned and/or family-operated? (Please fill in one circle.)

   O Yes

   O No

3. What percentage of your business is owned by

   ■ Sri Lankan interests _____ %

   ■ International interests _____ %

4. Which best describes the geographic scale of your business operations? (Please fill in one circle.)

   O District

   O Provincial

   O National

   O International

5. Which of these industry groups best describes the core activity of your business? (Please fill in one circle.)

 ⭘ Agriculture, Forestry and Fishing

 ⭘ Mining and Quarrying

 ⭘ Manufacturing

 ⭘ Electricity, Gas and Water

 ⭘ Construction

 ⭘ Wholesale and Retail Trade, Restaurants and Hotels

 ⭘ Transport, Storage and Communication

 ⭘ Finance, Property and Business Services

 ⭘ Community, Social and Personal Services

 ⭘ Other (Please specify.):

6. Is your company/staff a member of (Please fill in the circles for all that apply.):

 ⭘ Institute of Chartered Accountants, Sri Lanka (ICASL)

 ⭘ Chartered Institute of Management Accountants (CIMA)

 ⭘ Any other accounting or sustainability institution/s (Please specify.): ....
 . ...

1. **My business engages in the following activities related to the environment (Please fill-in the circles for all that apply.):**

 ⭘ Has a recycling programme
 ⭘ Has a company environmental policy statement
 ⭘ Produces a public environmental and/or sustainability report
 ⭘ Considers the environmental impact of our products, processes and/or services
 ⭘ Develops product and service innovations based on environmental benefits
 ⭘ Engages in marketing or has an image based on environmental claims

Has measurable targets for:

- ○ Employee training programs related to our environmental goals;

- ○ Reducing waste;

- ○ Reducing energy;

- ○ Reducing water;

- ○ Reducing carbon;

○ Participates in a voluntary environmental program

○ Has an environment-focused supplier program

○ Has environmental management systems

○ Don't know

○ None

○ Other (Please specify.): ....

2. **Has your company's accounting system been modified to integrate environmental costs and savings?**

   ○ Yes

   ○ No

3. **Who in your company is responsible for strategies related to environmental initiatives? (Please fill-in the circles for all that apply.):**

   ○ Managing Director or CE0

   ○ Accountant

   ○ Human Resources Department

   ○ Public Relations Department

   ○ Marketing

   ○ Operations

   ○ Health and Safety

   ○ Environmental Manager

   ○ Other (Please specify.): ....

4. **Thinking about the future, in the next five years, environmental management will become (Please fill-in one circle.):**
   - ⭕ No more important to my business
   - ⭕ Marginally more important to my business
   - ⭕ More important to my business
   - ⭕ Much more important to my business
   - ⭕ Unable to determine

5. **My business is experiencing internal pressure to improve environmentally from (Please fill-in the circles for all that apply.):**
   - ⭕ Parent company
   - ⭕ Shareholders
   - ⭕ Employees
   - ⭕ Personal values, beliefs and/or commitments of management
   - ⭕ Don't know
   - ⭕ No one
   - ⭕ Other (Please specify.): ....

6. **My business is experiencing external pressure to improve environmentally from (Please fill-in the circles for all that apply.):**
   - ⭕ Customers
   - ⭕ Competitors
   - ⭕ Central government
   - ⭕ Local government
   - ⭕ Pressure groups
   - ⭕ Don't know
   - ⭕ No one
   - ⭕ Other (Please specify.): ....

7. **My business engages in the following socially-related activities (Please fill-in the circles for all that apply.):**
   - ⭕ Provides job training
   - ⭕ Provides assistance for employees to obtain tertiary education
   - ⭕ Gives time, money, products or services to local community projects
   - ⭕ Contributes time, money, products or services to charity
   - ⭕ Considers diversity in hiring decisions

- ⭘ Has family-friendly policies
- ⭘ Has stress management initiatives
- ⭘ Has ethical purchasing policies
- ⭘ Measures outcomes/impacts of socially-related initiatives
- ⭘ Develops product and service innovations based on social benefits
- ⭘ Don't know
- ⭘ None
- ⭘ Other (Please specify.): ....

8. **Has your company's accounting system been modified to integrate the costs and savings from social initiatives?**
   - ⭘ Yes
   - ⭘ No

9. **Who in your company is responsible for strategies related to social initiatives? (Please fill-in the circles for all that apply.):**
   - ⭘ Managing Director or CEO
   - ⭘ Accountant
   - ⭘ Human Resources Department
   - ⭘ Public Relations Department
   - ⭘ Marketing
   - ⭘ Operations
   - ⭘ Health and Safety
   - ⭘ Environmental Manager
   - ⭘ Other (Please specify.): ....

10. **Does your company have community development programmes or social projects for communities where you operate?**
    - ⭘ Yes
    - ⭘ No

    If yes, at what level(s)?
    - ⭘ District
    - ⭘ Provincial
    - ⭘ National

    Please give a description, including your key partner(s) and motivation for selecting the partner(s): ....
    ....
    ....

11. **Thinking about the future, in the next five years, socially-related activities in my business will become (Please fill-in one circle.):**
    - ○ No more important to my business
    - ○ Marginally more important to my business
    - ○ More important to my business
    - ○ Much more important to my business
    - ○ Unable to determine

12. **My business is experiencing internal pressure to improve socially-related activities from (Please fill-in the circles for all that apply.):**
    - ○ Parent company
    - ○ Shareholders
    - ○ Employees
    - ○ Personal values, beliefs and/or commitments of management
    - ○ Don't know
    - ○ No one
    - ○ Other (Please specify.): ....

13. **My business is experiencing external pressure to improve socially-related activities from (Please fill-in the circles for all that apply.):**
    - ○ Customers
    - ○ Competitors
    - ○ Government
    - ○ Pressure groups
    - ○ Don't know
    - ○ No one
    - ○ Other (Please specify.): ....

14. **Which of the following do you view as barriers to the adoption of environmental and/or socially-related activities by your business (Please fill-in the circles for all that apply.):**
    - ○ Cost implications
    - ○ Knowledge and skills
    - ○ Not seen as important in the organisation
    - ○ Other priorities are more important
    - ○ Management time
    - ○ Lack of metrics to establish business case

    ○ Culture of the organisation

    ○ Other (Please specify.): ....

15. **What factors have influenced you to implement environmental and/or socially-related activities (Please fill-in the circles for all that apply.):**

    ○ Cost management/reduction

    ○ Improved shareholder value

    ○ Investor pressure, including socially responsible investing

    ○ Board influence

    ○ Outside pressure groups

    ○ Attractiveness to employees

    ○ Reputation and brand

    ○ Risk management

    ○ Government regulations

    ○ Other (Please specify.): ....

16. **What information would your company most value to facilitate the development of company strategy related to environmental and social considerations?**

....
....
....
....
....
....
....
....

Although no personal names or company names are published with the results, it helps the researcher to know who in the company has filled in the survey. Please give your title below:

....

May we contact you again for any follow-up required? (Please fill in one circle.)

    ○ Yes

    ○ No

If yes, please provide your e-mail address:

....

Appendix 09: Introduction letter from the chief supervisor for interviews

The Department of Accounting,

Waikato Management School,

University of Waikato, Private Bag 3105, Hamilton, New Zealand

E mail: stewartl@waikato.ac.nz

15th February 2010

TO WHOM IT MAY CONCERN

Susith Fernando is a fulltime PhD candidate attached to the Department of Accounting, Waikato Management School, University of Waikato, New Zealand. He is pursuing his PhD research under my guidance as the Chief Supervisor. His PhD research is on the Corporate Social Responsibility (CSR) practices in Sri Lanka. He expects to collect data through semi-structured interviews from corporate managers who make decisions and are actively involved in CSR activities and/or CSR disclosure in Sri Lankan companies. As a participant in this research, your support will be highly appreciated by the Waikato Management School, University of Waikato, New Zealand.

We assure you of the confidentiality of data collected through interviews.

Thanking you,

Yours sincerely

Professor Stewart Lawrence

Appendix 10: Confidentiality agreement for transcription service firm

Susith Fernando

School of Management

University of Waikato

Hamilton

22nd May 2012

Lenna K Millar | Company Director

Audio Transcription & Secretarial Services Ltd | 90 Portal Street | Durie Hill |

Whanganui

www.audiotranscriptionservices.co.nz

http://nz.linkedin.com/in/lennakmillar

Phone: (06) 3482122 | Mobile (027) 7894928

Dear Ms Millar,

CONFIDENTIALITY AGREEMENT

By signing at the bottom of this document, you agree to:

- Not share any of interview information with anyone other than yourself and your trained assistants.
- Make sure that your trained assistants also comply with this agreement
- Not use interview information in a way that may be deemed harmful
- Take necessary steps to keep the interview files confidential
- Delete/destroy all the electronic and hard copies of the interviews after 30 days from the date on which I informed you that I received transcribed MS office word files.

Signature: **Signed by Ms Lenna K Millar**

Date: 23rd May 2012

Kind regards,

Susith Fernando

Appendix 11: Survey Analysis: Null hypothesizes and conclusions for each activity

Table 6.1: Environmental activities by company size

Business engages in the following activities related to the environment:	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
Marketing or image based on environmental claims	8%	8%	44%	**Sig: 0.013** **Reject the null hypothesis**
Null Hypothesis: The distribution of engaging in marketing or image based on environmental claims is not different across categories of company size based on number of employees				
Conclusion: Kruskal-Wallis ANOVA shows that engaging in this programme is significantly different between companies of different size. Mann-Whitney U test shows that large companies have significantly higher adoption of this programme than small and medium sized companies. However, there is no significant difference between small and medium sized companies in this activity.				
Measurable targets for reducing energy	23%	69%	64%	**Sig: 0.029** **Reject the null hypothesis**
Null Hypothesis: The distribution of keeping measurable targets for reducing energy related to company environmental goals is not different across categories of company size based on number of employees				
Conclusion: Kruskal-Wallis ANOVA shows that engaging in this programme is significantly different between companies of different size. Mann-Whitney U test shows that large and medium companies have significantly higher adoption of this programme than small sized companies. However, there is no significant difference between medium and large sized companies in this activity.				

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.2: Environmental activities by ownership

Business engages in the following activities related to the environment:	Foreign-owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
Considers the environmental impacts of our products, processes and/or services	76%	47%	**Sig: 0.048**
	Mann-Whitney U test shows that foreign-owned companies have significantly higher adoption of this programme than Sri Lankan-owned companies.		
Marketing or image based on environmental claims	6%	35%	**Sig: 0.024**
	Mann-Whitney U test shows that Sri Lankan-owned companies have significantly higher adoption of this programme than Foreign-owned companies		

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.3: Environmental activities by scale of business operations

Business engages in the following activities related to the environment:	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
Has a company environmental policy statement	17%	67%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.000
Produces a public environmental and/or sustainability report	23%	52%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.034
Measurable targets for employee training programs related to our environmental goals	23%	57%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.015
Measurable targets for reducing energy	43%	71%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.049
Measurable targets for reducing water	27%	62%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.013
Has environmental management systems	13%	48%	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations. Sig: 0.008
None	7%	0%	Sig: 0.232

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.4: Socially-related activities by company size

Business engages in the following socially-related activities:	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
Gives time, money, products or services to local community projects	54%	85%	92%	**Sig: 0.019**
				Reject the null hypothesis

Null Hypothesis: The distribution of giving time, money, products or services to local community projects is not different across categories of company size based on number of employees

Conclusion: Kruskal-Wallis ANOVA shows that giving time, money, products or services to local community projects is significantly different between companies of different size. Mann-Whitney U test shows that large and medium companies have significantly higher adoption of this programme than small sized companies. However, there is no significant difference between medium and large sized companies towards this activity.

| Measures outcomes/impacts of socially-related initiatives | 8% | 15% | 44% | **Sig: 0.033** |
| | | | | **Reject the null hypothesis** |

Null Hypothesis: The distribution of measuring outcomes/impacts of socially-related initiatives is not different across categories of company size based on number of employees

Conclusion: Kruskal-Wallis ANOVA shows that measuring outcomes/impacts of socially-related initiatives is significantly different between companies of different size. Mann-Whitney U test shows that large companies have significantly higher adoption of this programme than small and medium sized companies. However, there is no significant difference between small and medium sized companies in this activity.

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.5: Socially-related activities by ownership

Business engages in the following socially-related activities:	Foreign-owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
Has ethical purchasing policies	29%	59%	Sig: 0.050

Note: The significance level is 0.05. Asymptotic significances are displayed

Mann-Whitney U test shows that Sri Lankan-owned companies have significantly higher adoption of this programme than foreign-owned companies.

Table 6.6: Socially-related activities by scale of business operations

Business engages in the following socially-related activities:	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
Measures outcomes/impacts of socially-related initiatives	13%	48%	Sig: 0.008

Mann-Whitney U test shows that companies engaged in international scale business have significantly higher adoption of this programme than companies engaged in local scale business operations.

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.7: Institutional pressures towards environmental activities by company size

My business is experiencing internal pressure to improve environmentally from:	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
No one	15%	31%	0%	**Null Hypothesis**: The distribution of no one internally pressurising the business to improve environmentally is not different across categories of company size based on number of employees **Conclusion**: Kruskal-Wallis ANOVA shows that no one internally pressurising the business to improve environmentally is significantly different between companies of different size. Mann-Whitney U test shows that medium and small sized companies have significantly higher percentage of no internal pressure factor than large sized companies. However, there is no significant difference between small and medium sized companies regarding this factor. **Sig: 0.020** **Reject the null hypothesis**
Central government	8%	54%	20%	**Null Hypothesis:** The distribution of central government externally pressurising the business to improve environmentally is not different across categories of company size based on number of employees **Conclusion**: Kruskal-Wallis ANOVA shows that the central government externally pressurising the business to improve environmentally is significantly different between companies of different size. Mann-Whitney U test shows that medium sized companies have significantly higher percentage of this pressurising factor than small and large sized companies. However, there is no significant difference between large and small sized companies in regards to this factor **Sig: 0.019** **Reject the null hypothesis**

(Table 6.7 Continued...)

	0%	8%	28%	**Sig: 0.050**

Null Hypothesis: The distribution of Parent company internally pressurising the business to improve environmentally is not different across categories of company size based on number of employees

Reject the null hypothesis

Conclusion: Kruskal-Wallis ANOVA shows that pressurising groups externally pressurising the business to improve environmentally is significantly different between companies of different size. Mann-Whitney U test shows that large companies have significantly higher percentage of this pressurising factor than small and medium sized companies. However, there is no significant difference between small and medium sized companies related to this factor.

Pressure groups				
	62%	46%	20%	**Sig: 0.034**

Null Hypothesis: The distribution of Parent company internally pressurising the business to improve environmentally is not different across categories of company size based on number of employees

Reject the null hypothesis

Conclusion: Kruskal-Wallis ANOVA shows that no one externally pressurising the business to improve environmentally is significantly different between companies of different size. Mann-Whitney U test shows that small companies have significantly higher percentage of this pressurising factor than large sized companies. However, there is no significant difference between medium and large or small sized companies towards this factor.

| No one | | | | |

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.8: Institutional pressures towards socially-related activities by company size

	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
My business is experiencing internal pressure to improve socially-related activities from:				
My business is experiencing external pressure to improve socially-related activities from:	-	-	-	
Pressure groups	0%	23%	36%	**Reject the null hypothesis** **Sig: 0.049**

Null Hypothesis: The distribution of pressure groups externally pressurising the business to improve socially-related activities is not different across categories of company size based on number of employees

Conclusion: Kruskal-Wallis ANOVA shows that pressure groups externally pressurising the business to improve socially-related activities is significantly different between companies of different size. Mann-Whitney U test shows that large companies have significantly higher percentage of this pressurising factor than small sized companies. However, there is no significant difference between medium and small or medium and large sized companies in relation to this factor.

	Small N=13	Medium N=13	Large N=25	
No one	77%	46%	24%	**Reject the null hypothesis** **Sig: 0.008**

Null Hypothesis: The distribution of no one externally pressurising the business to improve socially-related activities is not different across categories of company size based on number of employees

Conclusion: Kruskal-Wallis ANOVA shows that no one externally pressurising the business to improve socially-related activities is significantly different between companies of different size. Mann-Whitney U test shows that large companies have significantly higher percentage of this pressurising factor than small sized companies. However, there is no significant difference between medium and small or medium and large sized companies regarding this factor.

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.9: Institutional pressures towards environmental activities by ownership

My business is experiencing internal pressure to improve environmentally from:	Foreign- owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
Parent company	18%	12%	Sig: 0.569
Shareholders	12%	12%	Sig: 1.000
Employees	6%	26%	Sig: 0.084
Personal values, beliefs and/or commitments of management	53%	79%	Sig: 0.053
Don't know	6%	0%	Sig: 0.157
No one	18%	9%	Sig: 0.361
My business is experiencing external pressure to improve environmentally from:			
Customers	24%	24%	Sig: 1.000
Competitors	6%	24%	Sig: 0.123
Central government	35%	21%	Sig: 0.261
Local government	29%	24%	Sig: 0.653
Pressure groups	12%	18%	Sig: 0.590
Don't know	6%	0%	Sig: 0.157
No one	47%	32%	Sig: 0.311

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.10: Institutional pressures towards socially-related activities by ownership

My business is experiencing internal pressure to improve socially-related activities from:	Foreign- owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
Parent company	6%	9%	Sig: 0.715
Shareholders	6%	12%	Sig: 0.510
Employees	0%	44%	**Sig: 0.000**
	Mann-Whitney U test shows that Sri Lankan-owned companies have significantly higher percentage of this pressure factor than foreign-owned companies.		
Personal values, beliefs and/or commitments of management	53%	76%	Sig: 0.091
Don't know	6%	0%	Sig: 0.157
No one	29%	9%	Sig: 0.059
My business is experiencing external pressure to improve socially-related activities from:			
Customers	18%	35%	Sig: 0.197
Competitors	6%	35%	**Sig: 0.024**
	Mann-Whitney U test shows that Sri Lankan-owned companies have significantly higher percentage of this pressure factor than foreign-owned companies.		
Government	12%	24%	Sig: 0.323
Pressure groups	29%	21%	Sig: 0.488
Don't know	6%	0%	Sig: 0.157
No one	53%	38%	Sig: 0.322

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.11: Institutional pressures towards environmental activities by scale of business operations

My business is experiencing internal pressure to improve environmentally from:	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
Parent company	3%	29%	**Sig: 0.011**
	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher percentage of this pressurising factor than companies engaged in local scale business.		
Shareholders	3%	24%	**Sig: 0.027**
	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher percentage of this pressurising factor than companies engaged in local scale business.		
Employees	13%	29%	Sig: 0.182
Personal values, beliefs and/or commitments of management	73%	67%	Sig: 0.611
Don't know	3%	0%	Sig: 0.403
No one	13%	10%	Sig: 0.681
My business is experiencing external pressure to improve environmentally from:			
Customers	10%	43%	**Sig: 0.007**
	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher percentage of this pressurising factor than companies engaged in local scale business.		
Competitors	23%	10%	Sig: 0.207
Central government	20%	33%	Sig: 0.287
Local government	23%	29%	Sig: 0.676
Pressure groups	13%	19%	Sig: 0.585
Don't know	3%	0%	Sig: 0.403
No one	43%	29%	Sig: 0.288

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.12: Institutional pressures towards socially-related activities by scale of business operations

My business is experiencing internal pressure to improve socially-related activities from:	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
Parent company	7%	10%	Sig: 0.712
Shareholders	7%	14%	Sig: 0.373
Employees	20%	43%	Sig: 0.081
Personal values, beliefs and/or commitments of management	73%	62%	Sig: 0.391
Don't know	3%	0%	Sig: 0.403
No one	13%	19%	Sig: 0.585
My business is experiencing external pressure to improve socially-related activities from:			
Customers	20%	43%	Sig: 0.081
Competitors	30%	19%	Sig: 0.382
Government	17%	24%	Sig: 0.531
Pressure groups	23%	24%	Sig: 0.969
Don't know	3%	0%	Sig: 0.403
No one	50%	33%	Sig: 0.242

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.13: Barriers and drivers towards environmental and socially-related activities by firm size

	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
Barriers				
	62%	69%	64%	Sig: 0.916
Cost implications	**Null Hypothesis:** The distribution of "cost implications viewed as a barrier to adoption of environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
	38%	23%	28%	Sig: 0.686
Knowledge and skills	**Null Hypothesis:** The distribution of "knowledge and skills viewed as a barrier to adoption of environmental and/or so-cially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
	38%	8%	12%	Sig: 0.074
Not seen as important in the organisation	**Null Hypothesis:** The distribution of "not seen as impor-tant, viewed as a barrier to adoption of environmental and/ or socially-related activities by the business" is not different across categories of company size based on number of em-ployees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
	15%	38%	32%	Sig: 0.409
Other priorities are more important	**Null Hypothesis:** The distribution of "other priorities viewed as a barrier to adoption of environmental and/or socially-re-lated activities by the business" is not different across catego-ries of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis

Table 6.13 (continued)

	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
	38%	23%	32%	Sig: 0.701
Management time	**Null Hypothesis:** The distribution of "management time viewed as a barrier to adoption of environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
	15%	15%	24%	Sig: 0.745
Lack of metrics to establish business case	**Null Hypothesis:** The distribution of "lack of metrics to establish business case, viewed as a barrier to adoption of environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
	15%	23%	12%	Sig: 0.677
Culture of the organisation	**Null Hypothesis:** The distribution of "culture of the organisation viewed as a barrier to adoption of environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis
Drivers				
	31%	46%	24%	Sig: 0.384
Cost management/reduction	**Null Hypothesis:** The distribution of "cost management/ reduction has influenced to implement environmental and/ or socially-related activities by the business" is not different across categories of company size based on number of employees **Conclusion:** Kruskal-Wallis ANOVA shows no significant difference between companies of different size			Retain the null hypothesis

Table 6.13 (continued)

	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
	31%	62%	52%	Sig: 0.275
Improved shareholder value	**Null Hypothesis:** The distribution of "improved shareholder value has influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	8%	8%	24%	Sig: 0.285
Investor pressure, including socially responsible investing	**Null Hypothesis:** The distribution of "investor pressure has influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	31%	31%	20%	Sig: 0.683
Director board influence	**Null Hypothesis:** The distribution of "director board influence has influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	8%	15%	24%	Sig: 0.451
Outside pressure groups	**Null Hypothesis:** The distribution of "pressure groups have influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			

Table 6.13 (continued)

	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
	0%	23%	20%	Sig: 0.198
Attractiveness to employees	**Null Hypothesis:** The distribution of "attractiveness to employees have influenced to implement environmental and/ or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	54%	77%	72%	Sig: 0.400
Reputation and brand	**Null Hypothesis:** The distribution of "reputation and brand have influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	15%	31%	28%	Sig: 0.621
Risk management	**Null Hypothesis:** The distribution of "risk management has influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			Retain the null hypothesis
	Conclusion: Kruskal-Wallis ANOVA shows no significant difference between companies of different size			
	8%	54%	20%	**Sig: 0.019**
Government regulations	**Null Hypothesis:** The distribution of "government regulations have influenced to implement environmental and/or socially-related activities by the business" is not different across categories of company size based on number of employees			**Reject the null hypothesis**
	Conclusion: Kruskal-Wallis ANOVA shows that "government regulations have influenced to implement environmental and/or socially-related activities by the business" is significantly different between companies of different size. Mann-Whitney U test shows that medium sized companies have significantly higher percentage of this CSR driving factor than small and large sized companies. However, there is no significant difference between small and large sized companies towards this factor.			

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.14: Barriers and drivers towards environmental and socially-related activities by ownership

Barriers:	Foreign-owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
Cost implications	59%	68%	Sig: 0.538
Knowledge and skills	24%	32%	Sig: 0.519
Not seen as important in the organisation	24%	15%	Sig: 0.440
Other priorities are more important	29%	29%	Sig: 1.000
Management time	41%	26%	Sig: 0.291
Lack of metrics to establish business case	29%	15%	Sig: 0.217
Culture of the organisation	18%	15%	Sig: 0.787
Drivers:			
Cost management/reduction	29%	32%	Sig: 0.833
Improved shareholder value	53%	47%	Sig: 0.695
Investor pressure, including socially responsible investing	18%	15%	Sig: 0.787
Board influence	41%	18%	Sig: 0.072
Outside pressure groups	18%	18%	Sig: 1.000
Attractiveness to employees	24%	12%	Sig: 0.281
Reputation and brand	71%	68%	Sig: 0.833
Risk management	29%	24%	Sig: 0.653
Government regulations	29%	24%	Sig: 0.653

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.15: Barriers and drivers towards environmental and socially-related activities by scale of business operations

	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
Barriers:			
Cost implications	63%	67%	Sig: 0.808
Knowledge and skills	20%	43%	Sig: 0.081
Not seen as important in the organisation	23%	10%	Sig: 0.207
Other priorities are more important	40%	14%	**Sig: 0.050**
	Mann-Whitney U test shows that companies engaged in local scale business have significantly higher percentage of this barrier than companies engaged in international scale business.		
Management time	27%	38%	Sig: 0.391
Lack of metrics to establish business case	20%	19%	Sig: 0.933
Culture of the organisation	23%	5%	Sig: 0.076
Drivers:			
Cost management/reduction	37%	24%	Sig: 0.335
Improved shareholder value	37%	67%	**Sig: 0.037**
	Mann-Whitney U test shows that companies engaged in international scale business have significantly higher percentage of this driver than companies engaged in local scale business.		
Investor pressure, including socially responsible investing	10%	24%	Sig:0.186
Board influence	20%	33%	Sig: 0.287
Outside pressure groups	17%	19%	Sig: 0.828
Attractiveness to employees	17%	14%	Sig: 0.820
Reputation and brand	67%	71%	Sig: 0.721
Risk management	20%	33%	Sig: 0.287
Government regulations	30%	19%	Sig: 0.382

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.16: Perceptions about the future with regards to the importance of CSR practices in Sri Lankan companies by firm size

	Total	Small N=13	Medium N=13	Large N=25	Kruskal-Wallis one way ANOVA (K Independent Samples)
In the next five years, environmental management will:					
No more important to my business	0%	0%	0%	0%	Sig: 1.000
Marginally more important to my business	14%	31%	8%	8%	Sig: 0.123
More important to my business	43%	38%	23%	56%	Sig: 0.145
Much more important to my business	37%	23%	54%	36%	Sig: 0.271
Unable to determine	6%	8%	15%	0%	Sig: 0.158
In the next five years, socially-related activities in my business will become:					
No more important to my business	2%	8%	0%	0%	Sig: 0.232
Marginally more important to my business	14%	23%	23%	4%	Sig: 0.147
More important to my business	45%	46%	31%	52%	Sig: 0.464
Much more important to my business	35%	15%	38%	44%	Sig: 0.214
Unable to determine	4%	8%	8%	0%	Sig: 0.375

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.17: Perceptions about the future with regards to the importance of CSR practices in Sri Lankan companies by ownership

	Total	Foreign-owned N=17	Sri Lankan-owned N=34	Mann-Whitney U Test (Independent Samples)
In the next five years, environmental management will become:				
No more important to my business	0%	0%	0%	Sig: 1.000
Marginally more important to my business	14%	12%	15%	Sig: 0.776
More important to my business	43%	53%	38%	Sig: 0.322
Much more important to my business	37%	29%	41%	Sig: 0.417
Unable to determine	6%	6%	6%	Sig: 1.000
In the next five years, socially-related activities in my business will become:				
No more important to my business	2%	0%	3%	Sig: 0.480
Marginally more important to my business	14%	24%	9%	Sig: 0.154
More important to my business	45%	53%	41%	Sig: 0.431
Much more important to my business	35%	18%	44%	Sig: 0.065
Unable to determine	4%	6%	3%	Sig: 0.614

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.18: Perceptions about the future with regards to the importance of CSR practices in Sri Lankan companies by scale of business operations

	Total	Local scale business N=30	International scale business N=21	Mann-Whitney U Test (Independent Samples)
In the next five years, environmental management will become:				
No more important to my business	0%	0%	0%	Sig: 1.000
Marginally more important to my business	14%	20%	5%	Sig: 0.123
More important to my business	43%	37%	52%	Sig: 0.270
Much more important to my business	37%	33%	43%	Sig: 0.493
Unable to determine	6%	10%	0%	Sig: 0.139
In the next five years, socially-related activities in my business will become:				
No more important to my business	2%	3%	0%	Sig: 0.403
Marginally more important to my business	14%	20%	5%	Sig: 0.123
More important to my business	45%	43%	48%	Sig: 0.764
Much more important to my business	35%	27%	48%	Sig: 0.127
Unable to determine	4%	7%	0%	Sig: 0.232

Note: The significance level is 0.05. Asymptotic significances are displayed

Table 6.19: Extent of environmental activity engagement based on Environmental Activity Percentage Score (EAPS)

Business engagement in environmental activities	Response	Company size based on number of employees						Foreign or Sri Lankan Ownership				Scale of business operations				Total	
		Small (0-249)		Medium (250-999)		Large (More than 999)		Foreign-owned		Sri Lankan-owned		International Scale		Local Scale			
Total companies = 51		13	%	13	%	25	%	17	%	34	%	21	%	30	%	51	%
1 Has a recycling programme related to the environment	Yes	3	23%	8	62%	11	44%	9	53%	13	38%	12	57%	10	33%	22	43%
2 Has a company environmental policy statement	Yes	3	23%	4	31%	12	48%	8	47%	11	32%	14	67%	5	17%	19	37%
3 Produces a public environmental and/or sustainability report	Yes	3	23%	4	31%	11	44%	6	35%	12	35%	11	52%	7	23%	18	35%
4 Considers the environmental impact of our products, process and/or services	Yes	6	46%	9	69%	14	56%	13	76%	16	47%	15	71%	14	47%	29	57%
5 Develops product and service innovations based on environmental benefits	Yes	3	23%	1	8%	8	32%	4	24%	8	24%	6	29%	6	20%	12	24%
6 Engages in marketing or image based on environmental claims	Yes	1	8%	1	8%	11	44%	1	6%	12	35%	7	33%	6	20%	13	25%
7 Has measurable targets for employee training programmes related to environmental goals	Yes	3	23%	4	31%	12	48%	7	41%	12	35%	12	57%	7	23%	19	37%
8 Has measurable targets for reducing waste	Yes	3	23%	6	46%	11	44%	8	47%	12	35%	11	52%	9	30%	20	39%
9 Has measurable targets for reducing energy	Yes	3	23%	9	69%	16	64%	12	71%	16	47%	15	71%	13	43%	28	55%
10 Has measurable targets for reducing water	Yes	4	31%	5	38%	12	48%	7	41%	14	41%	13	62%	8	27%	21	41%
11 Has measurable targets for reducing carbon	Yes	3	23%	3	23%	10	40%	7	41%	9	26%	9	43%	7	23%	16	31%
12 Participates in a voluntary environmental programme	Yes	4	31%	3	23%	13	52%	8	47%	12	35%	10	48%	10	33%	20	39%
13 Has an environment-focused supplier programme.	Yes	1	8%	2	15%	3	12%	4	24%	2	6%	4	19%	2	7%	6	12%
14 Has an environmental management system	Yes	2	15%	4	31%	8	32%	7	41%	7	21%	10	48%	4	13%	14	27%
Environmental Activity Percentage Score (EAPS)			23%		35%		43%		42%		33%		51%		26%		36%

Table 6.20: Extent of socially-related activity engagement based on Socially-related Activity Percentage Score (SAPS)

Business engagement in environmental activities	Response	Company size based on number of employees						Ownership (Foreign or Sri Lankan)				Geographical scale of the business				Total	
		Small (0-249)	%	Medium (250-999)	%	Large (More than 999)	%	Foreign-owned	%	Sri Lankan-owned	%	International Scale	%	Local Scale	%		%
Total companies = 51		13		13		25		17		34		21		30		51	
1 Provides job training	Yes	7	54%	9	69%	22	88%	11	65%	27	79%	17	81%	21	70%	38	75%
2 Provides assistance for employees to obtain tertiary education	Yes	8	62%	8	62%	16	64%	12	71%	20	59%	14	67%	18	60%	32	63%
3 Gives time, money, products or services to local community projects	Yes	7	54%	11	85%	23	92%	13	76%	28	82%	18	86%	23	77%	41	80%
4 Contributes time, money, products or services to charity	Yes	9	69%	10	77%	17	68%	12	71%	24	71%	14	67%	22	73%	36	71%
5 Considers diversity in hiring decisions	Yes	1	8%	4	31%	9	36%	6	35%	8	24%	7	33%	7	23%	14	27%
6 Has family friendly policies	Yes	3	23%	4	31%	7	28%	6	35%	8	24%	7	33%	7	23%	14	27%
7 Has stress management initiatives	Yes	2	15%	2	15%	9	36%	5	29%	8	24%	8	38%	5	17%	13	25%
8 Has ethical purchasing policies	Yes	4	31%	7	54%	14	56%	5	29%	20	59%	11	52%	14	47%	25	49%
9 Measures outcomes/impacts of socially related initiatives	Yes	1	8%	2	15%	11	44%	4	24%	10	29%	10	48%	4	13%	14	27%
10 Develops product and service innovations based on social benefits	Yes	2	15%	4	31%	10	40%	4	24%	12	35%	7	33%	9	30%	16	31%
Socially-related Activity Percentage Score (SAPS)			34%		47%		55%		46%		49%		54%		43%		48%

Table 6.21: Extent of institutional pressures towards environmental activities: External and Internal

Institutional pressures towards environmental activities	Response	Company size based on number of employees						Foreign or Sri Lankan Ownership				Scale of business operations				Total	
		Small (0-249)	%	Medium (250-999)	%	Large (More than 999)	%	Foreign-owned	%	Sri Lankan-owned	%	International Scale	%	Local Scale	%		%
Total companies = 51		**13**		**13**		**25**		**17**		**34**		**21**		**30**		**51**	
Internal																	
Parent Company internally pressurises the business to improve environmentally	Yes	3	23%	2	15%	2	8%	3	18%	4	12%	6	29%	1	3%	7	14%
Shareholders internally pressurise the business to improve environmentally	Yes	2	15%	0	0%	4	16%	2	12%	4	12%	5	24%	1	3%	6	12%
Employees internally pressurise the business to improve environmentally	Yes	2	15%	2	15%	6	24%	1	6%	9	26%	6	29%	4	13%	10	20%
Personal Values of Mgt internally pressurise the business to improve environmentally	Yes	7	54%	8	62%	21	84%	9	53%	27	79%	14	67%	22	73%	36	71%
Don't know whether anything internally pressurises the business to improve environmentally	Yes	0	0%	0	0%	1	4%	1	6%	0	0%	0	0%	1	3%	1	2%
No one internally pressurises the business to improve environmentally	Yes	2	15%	4	31%	0	0%	3	18%	3	9%	2	10%	4	13%	6	12%
External																	
Customers externally pressurise the business to improve environmentally	Yes	1	8%	2	15%	9	36%	4	24%	8	24%	9	43%	3	10%	12	24%
Competitors externally pressurise the business to improve environmentally	Yes	2	15%	2	15%	5	20%	1	6%	8	24%	2	10%	7	23%	9	18%
Central Government externally pressurises the business to improve environmentally	Yes	1	8%	7	54%	5	20%	6	35%	7	21%	7	33%	6	20%	13	25%
Local Government externally pressurises the business to improve environmentally	Yes	3	23%	5	38%	5	20%	5	29%	8	24%	6	29%	7	23%	13	25%
Pressure Groups externally pressurise the business to improve environmentally	Yes	0	0%	1	8%	7	28%	2	12%	6	18%	4	19%	4	13%	8	16%
Don't know whether anything externally pressurises the business to improve environmentally	Yes	0	0%	0	0%	1	4%	1	6%	0	0%	0	0%	1	3%	1	2%
No one externally pressurises the business to improve environmentally	Yes	8	62%	6	46%	5	20%	8	47%	11	32%	6	29%	13	43%	19	37%

Table 6.22: Extent of institutional pressures towards socially-related activities: External and Internal

Institutional pressures towards socially related activities	Response	Company size based on number of employees						Foreign or Sri Lankan Ownership				Scale of business operations				Total	
		Small (0-249)	%	Medium (250-999)	%	Large (More than 999)	%	Foreign-owned	%	Sri Lankan-owned	%	International Scale	%	Local Scale	%		%
Total companies = 51		13		13		25		17		34		21		30		51	
Internal																	
Parent Company internally pressurizes the business to improve socially related activities	Yes	1	8%	1	8%	1	4%	1	6%	3	9%	2	10%	2	7%	4	8%
Shareholders internally pressurize the business to improve socially related activities	Yes	1	8%	1	8%	3	12%	1	6%	4	12%	3	14%	2	7%	5	10%
Employees internally pressurize the business to improve socially related activities	Yes	2	15%	3	23%	10	40%	0	0%	15	44%	9	43%	6	20%	15	29%
Personal Values of Mgt internally pressurize the business to improve social activities	Yes	7	54%	8	62%	20	80%	9	53%	26	76%	13	62%	22	73%	35	69%
Don't know whether anything internally pressurizes the business to improve socially related activities	Yes	0	0%	0	0%	1	4%	1	6%	0	0%	0	0%	1	3%	1	2%
No one internally pressurizes the business to improve socially related activities	Yes	4	31%	3	23%	1	4%	5	29%	3	9%	4	19%	4	13%	8	16%
External																	
Competitors externally pressurize the business to improve socially-related activities	Yes	1	8%	4	31%	8	32%	1	6%	12	35%	4	19%	9	30%	13	25%
Customers externally pressurize the business to improve socially-related activities	Yes	1	8%	4	31%	10	40%	3	18%	12	35%	9	43%	6	20%	15	29%
Central Government externally pressurizes the business to improve socially-related activities	Yes	2	15%	2	15%	6	24%	2	12%	8	24%	5	24%	5	17%	10	20%
Local Government externally pressurizes the business to improve socially-related activities	Yes	2	15%	2	15%	6	24%	2	12%	8	24%	5	24%	5	17%	10	20%
Pressure Groups externally pressurize the business to improve socially-related activities	Yes	0	0%	3	23%	9	36%	5	29%	7	21%	7	33%	5	23%	12	24%
Don't know whether anything externally pressurizes the business to improve socially-related activities	Yes	0	0%	0	0%	1	4%	1	6%	0	0%	0	0%	1	3%	1	2%
No one externally pressurizes the business to improve socially-related activities	Yes	10	77%	6	46%	6	24%	9	53%	13	38%	7	33%	15	50%	22	43%

Table 6.23: Barriers and drivers towards environmental and socially-related activities

	Institutional pressures towards socially related activities	Response	Small (0-249)		Medium (250-999)		Large (More than 999)		Foreign-owned		Sri Lankan-owned		International Scale		Local Scale		Total	
			n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
	Total companies = 51		13		13		25		17		34		21		30		51	
Environmental	Cost implications view as a barrier to adoption of environmental and/or socially-related activities	Yes	8	62%	9	69%	16	64%	10	59%	23	68%	14	67%	19	63%	33	65%
	Knowledge and skills view as a barrier to adoption of environmental and/or socially-related activities	Yes	5	38%	3	23%	7	28%	4	24%	11	32%	9	43%	6	20%	15	29%
	Not seen as important view as a barrier to adoption of environmental and/or socially-related activities	Yes	5	38%	1	8%	3	12%	4	24%	5	15%	5	24%	4	13%	9	18%
	Other priorities view as a barrier to adoption of environmental and/or socially-related activities	Yes	2	15%	5	38%	8	32%	5	29%	10	29%	3	14%	12	40%	15	29%
	Mgt time view as a barrier to adoption of environmental and/or socially-related activities	Yes	5	38%	3	23%	8	32%	7	41%	9	26%	8	38%	8	27%	16	31%
	Lack of metrics view as a barrier to adoption of environmental and/or socially-related activities	Yes	2	15%	2	15%	6	24%	5	29%	5	15%	4	19%	6	20%	10	20%
	Organisational Culture view as a barrier to adoption of environmental and/or socially-related activities	Yes	2	15%	3	23%	3	12%	3	18%	5	15%	1	5%	7	23%	8	16%
Social	Cost management has influenced to implement environmental and/or socially-related activities	Yes	4	31%	6	46%	3	12%	5	29%	8	24%	5	24%	8	27%	13	25%
	Improved shareholder value has influenced to implement environmental and/or socially-related activities	Yes	4	31%	8	62%	13	52%	9	53%	16	47%	14	67%	11	37%	25	49%
	Investor pressure has influenced to implement environmental and/or socially-related activities	Yes	1	8%	1	8%	6	24%	3	18%	5	15%	5	24%	3	10%	8	16%
	Board influence has influenced to implement environmental and/or socially-related activities	Yes	4	31%	4	31%	5	20%	7	41%	6	18%	7	33%	6	20%	13	25%
	Pressure groups have influenced to implement environmental and/or socially-related activities	Yes	1	8%	2	15%	6	24%	3	18%	6	18%	5	24%	4	13%	9	18%
	Employees have influenced to implement environmental and/or socially-related activities	Yes	0	0%	3	23%	5	20%	4	24%	4	12%	3	14%	5	17%	8	16%
	Reputation and brand have influenced to implement environmental and/or socially-related activities	Yes	7	54%	10	77%	18	72%	12	71%	23	68%	15	71%	20	67%	35	69%
	Risk Mgt has influenced to implement environmental and/or socially-related activities	Yes	2	15%	4	31%	7	28%	5	29%	8	24%	7	33%	6	20%	13	25%
	Government regulations have influenced to implement environmental and/or socially-related activities	Yes	1	8%	7	54%	5	20%	5	29%	8	24%	4	19%	9	30%	13	25%

Column group headers: **Company size based on number of employees** (Small, Medium, Large); **Foreign or Sri Lankan Ownership** (Foreign-owned, Sri Lankan-owned); **Geographical scale of the business** (International Scale, Local Scale).

Appendix 12: A comparison of CSR practices: Evidence from Sri Lanka and New Zealand

Table 7.1: Business engagement in environmental activities: A comparison

Business engagement in environmental activities:	Response	Sri Lankan situation — Large companies (More than 99)		New Zealand situation — Large companies (More than 99)		Non-parametric, independent samples: Mann-Whitney U Test results (See Note below.)
		N = 45	%	N = 136	%	
1 Has a recycling programme related to the environment	Yes	21	47%	118	87%	**Sig: 0.000***
2 Has a company environmental policy statement	Yes	18	40%	91	67%	**Sig: 0.001***
3 Produces a public environmental and/or sustainability report	Yes	17	38%	54	40%	Sig: 0.900
4 Considers the environmental impact of our products, process and/or services	Yes	27	60%	107	79%	Sig: 0.022*
5 Develops product and service innovations based on environmental benefits	Yes	11	24%	49	36%	Sig: 0.088
6 Engages in marketing or image based on environmental claims	Yes	12	27%	44	32%	Sig: 0.476
7 Has measurable targets for employee training programmes related to environmental goals	Yes	18	40%	29	21%	**Sig: 0.014***
8 Has measurable targets for reducing waste	Yes	19	42%	72	53%	Sig: 0.214
9 Has measurable targets for reducing energy	Yes	27	60%	69	51%	Sig: 0.282
10 Has measurable targets for reducing water	Yes	19	42%	41	30%	Sig: 0.137
11 Has measurable targets for reducing carbon	Yes	15	33%	50	37%	Sig: 0.678
12 Participates in a voluntary environmental programme	Yes	18	40%	57	42%	Sig: 0.822
13 Has an environment-focused supplier programme.	Yes	5	11%	39	29%	**Sig: 0.018***
14 Has an environmental management system	Yes	13	29%	54	40%	Sig: 0.194
Environmental Activity Percentage Score (EAPS)		**38%**		**46%**		

Note: Asymptotic significances are displayed. The significance level is 0.05. An asterisk * represents a significant difference.

Table 7.2: Business engagement in socially-related activities: A comparison

Business engagement in socially-related activities:	Response	Sri Lankan situation Large companies (More than 99)		New Zealand situation Large companies (More than 99)		Non-parametric, independent samples: Mann-Whitney U Test results (See Note below.)
		N = 45	%	N = 136	%	
1 Provides job training	Yes	35	78%	110	81%	Sig: 0.652
2 Provides assistance for employees to obtain tertiary education	Yes	30	67%	102	75%	Sig: 0.277
3 Gives time, money, products or services to local community projects	Yes	39	87%	101	74%	Sig: 0.162
4 Contributes time, money, products or services to charity	Yes	32	71%	97	71%	Sig: 0.756
5 Considers diversity in hiring decisions	Yes	14	31%	83	61%	**Sig: 0.001***
6 Has family friendly policies	Yes	12	27%	92	68%	**Sig: 0.000***
7 Has stress management initiatives	Yes	12	27%	92	68%	**Sig: 0.000***
8 Has ethical purchasing policies	Yes	23	51%	57	42%	Sig: 0.283
9 Measures outcomes/impacts of socially-related initiatives	Yes	13	29%	37	27%	Sig: 0.827
10 Develops product and service innovations based on social benefits	Yes	15	33%	37	27%	Sig: 0.432
Socially-related Activity Percentage Score (SAPS)		**50%**		**59%**		

Note: Asymptotic significances are displayed. The significance level is 0.05. An asterisk * represents a significant difference.

Table 7.3: Institutional pressures towards environmental activities: A comparison

Institutional pressures towards environmental activities:		Response	Sri Lankan situation Large companies (More than 99)		New Zealand situation Large companies (More than 99)		Non-parametric, independent samples: Mann-Whitney U Test results (See Note below.)
			N = 45	%	N = 136	%	
Internal	Parent Company internally pressurises the business to improve environmentally	Yes	6	13%	20	15%	Sig: 0.820
	Shareholders internally pressurise the business to improve environmentally	Yes	5	11%	30	22%	Sig: 0.108
	Employees internally pressurise the business to improve environmentally	Yes	9	20%	58	43%	**Sig: 0.007***
	Personal Values of Management internally pressurise the business to improve environmentally	Yes	33	73%	65	48%	**Sig: 0.014***
	Don't know whether anything internally pressurises the business to improve environmentally	Yes	1	2%	0	0%	Sig: 0.082
	No one internally pressurises the business to improve environmentally	Yes	5	11%	23	17%	Sig: 0.352
External	Customers externally pressurise the business to improve environmentally	Yes	11	24%	54	40%	Sig: 0.065
	Competitors externally pressurise the business to improve environmentally	Yes	9	20%	22	16%	Sig: 0.803
	Central Government externally pressurises the business to improve environmentally	Yes	13	29%	35	26%	Sig: 0.679
	Local Government externally pressurises the business to improve environmentally	Yes	12	27%	33	24%	Sig: 0.747
	Pressure Groups externally pressurise the business to improve environmentally	Yes	8	18%	20	15%	Sig: 0.622
	Don't know whether anything externally pressurises the business to improve environmentally	Yes	1	2%	0	0%	Sig: 0.082
	No one externally pressurises the business to improve environmentally	Yes	14	31%	29	21%	Sig: 0.182

Note: Asymptotic significances are displayed. The significance level is 0.05. An asterisk * represents a significant difference.

Table 7.4: Institutional pressures towards socially-related activities: A comparison

Institutional pressures towards socially-related activities		Response	Sri Lankan situation Large companies (More than 99)		New Zealand situation Large companies (More than 99)		Non-parametric, independent samples: Mann-Whitney U Test results (See Note below.)
			N = 45	%	N = 136	%	
Internal	Parent Company internally pressurises the business to improve socially-related activities	Yes	3	7%	10	7%	Sig: 0.162
	Shareholders internally pressurise the business to improve socially-related activities	Yes	5	11%	12	9%	Sig: 0.108
	Employees internally pressurise the business to improve socially-related activities	Yes	14	31%	48	35%	Sig: 0.172
	Personal Values of Management internally pressurise the business to improve social activities	Yes	33	73%	45	33%	**Sig: 0.000***
	No one internally pressurises the business to improve socially-related activities	Yes	6	13%	35	26%	Sig: 0.086
External	Customers externally pressurise the business to improve socially-related activities	Yes	14	31%	29	21%	Sig: 0.303
	Competitors externally pressurise the business to improve socially-related activities	Yes	12	27%	10	7%	Sig: 0.119
	Government externally pressurises the business to improve socially-related activities	Yes	9	20%	14	10%	Sig: 0.091
	Pressure Groups externally pressurise the business to improve socially-related activities	Yes	12	27%	14	10%	**Sig: 0.007***
	No one externally pressurises the business to improve socially-related activities	Yes	17	38%	53	39%	Sig: 0.887

Note: Asymptotic significances are displayed. The significance level is 0.05. An asterisk * represents a significant difference.

Table 7.5: Barriers and drivers towards CSR activities: A comparison

Barriers and drivers towards environmental and socially-related activities	Response	Sri Lankan situation Large companies (More than 99)		New Zealand situation Large companies (More than 99)		Non-parametric, independent samples: Mann-Whitney U Test results (See Note below.)
		N = 45	%	N = 136	%	
Barriers Cost implications view as a barrier to adoption of environmental and/or socially-related activities	Yes	29	64%	88	65%	Sig: 0.764
Knowledge and skills view as a barrier to adoption of environmental and/or socially-related activities	Yes	13	29%	41	30%	Sig: 0.873
Not seen as important view as a barrier to adoption of environmental and/or socially-related activities	Yes	7	16%	33	24%	Sig: 0.224
Other priorities view as a barrier to adoption of environmental and/or socially-related activities	Yes	13	29%	63	46%	Sig: 0.074
Management time view as a barrier to adoption of environmental and/or socially-related activities	Yes	15	33%	49	36%	Sig: 0.744
Lack of metrics view as a barrier to adoption of environmental and/or socially-related activities	Yes	9	20%	33	24%	Sig: 0.781
Organisational Culture view as a barrier to adoption of environmental and/or socially-related activities	Yes	7	16%	24	18%	Sig: 0.748
Drivers Cost management has influenced to implement environmental and/or socially-related activities	Yes	14	31%	60	44%	Sig: 0.125
Improved shareholder value has influenced to implement environmental and/or socially-related activities	Yes	24	53%	29	21%	**Sig: 0.000***
Investor pressure has influenced to implement environmental and/or socially-related activities	Yes	8	18%	15	11%	Sig: 0.240
Board influence has influenced to implement environmental and/or socially-related activities	Yes	12	27%	30	22%	Sig: 0.527
Pressure groups have influenced to implement environmental and/or socially-related activities	Yes	8	18%	15	11%	Sig: 0.125
Employees have influenced to implement environmental and/or socially-related activities (recruitment and retention of employees)	Yes	8	18%	56	41%	**Sig: 0.005***
Reputation and brand have influenced to implement environmental and/or socially-related activities	Yes	31	69%	88	65%	Sig: 0.609
Risk management has influenced to implement environmental and/or socially-related activities	Yes	13	29%	44	32%	Sig: 0.665
Government regulations have influenced to implement environmental and/or socially-related activities	Yes	13	29%	31	23%	Sig: 0.410

Note: Asymptotic significances are displayed. The significance level is 0.05. An asterisk * represents a significant difference.