CORPORATE SOCIAL RESPONSIBILITY AND OWNERSHIP STRUCTURE: ANALYSING THE IMPACT OF MANDATORY CSR

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ABSTRACT

While extant scholarship examining the relationship between Corporate Social Responsibility (CSR) and ownership structure, no work has examined how Mandatory CSR impacts the CSR-Ownership structure nexus. Coercive pressure from law plays a crucial role in influencing how the ownership structure of companies can affect the CSR performance. Accordingly, it is crucial to understand the difference between CSR and ownership structure relationship before and after the implementation of Section-135 of the Companies Act, 2013 in the Indian context. In the present study, we draw on institutional theory to explore if the corporate sector responds to institutional pressures. Our analysis of a sample of NIFTY 100 index firms for the period 2010-2019 illustrates that the impact of ownership structure on CSR is higher in the period after the implementation of mandate. Our theoretical arguments and results emphasize the value of multiple perspectives to evaluate the impact of Mandatory CSR on the link between CSR and ownership structure.

Keywords: Corporate Social Responsibility**,** Ownership Structure, Agency Theory, Institutional Theory, NIFTY 100, Panel Data

JEL Codes: C32, E31, E52, H62

INTRODUCTION

Business organizations by using the economic, environmental, and social resources create debt, & Corporate Social Responsibility (CSR) is an obligation to repay such debt to society. The extant literature suggests numerous mechanisms through which corporate decision making is influenced by owners (Kochar & David, 1996; Oh et al., 2011). For instance, the agency theory proposes that in case the ownership of a company is widely distributed with no single owner holding a substantial percentage of shares, there will be little incentive for any owner to

DOI: 10.48165/iitmjbs.2024.SI.18

devote time for monitoring and evaluating managerial decisions (Jensen & Meckling, 1976). Moreover, even if some minority shareholders are willing to oversee managerial decisions, they lack the voting power on the board to influence corporate decision-making. Consequently, the managers may prioritize their personal interest over what is best for the company (Fama & Jensen, 1983). On the flip side, when large shareholders hold a substantial amount of equity, they are more likely to actively monitor and intervene in corporate decision-making through shareholder activism (Smith, 1996) and directors' appointment on board (Admati et al., 1994). Accordingly, it seems arguably reasonable to assume that ownership is a stakeholder power aspect that can influence company CSR decisions (Ullman, 1985; Oh et al, 2011). Globally, a number of researches have explored the relationship between CSR and ownership structure (Halme & Huse, 1997; Haniffa & Cooke, 2002; Monteiro & Aibar-Guzman, 2010; Kansal et al., 2016; Madden et al., 2020). In India, traditionally, firms engaged in CSR through voluntary donations for environmental causes and community development, driven by philanthropic motives (Gupta & Kumar, 2022); however, the enactment of section-135 of the Companies Act, 2013 now mandates the corporate sector to allocate funds specifically for CSR activities (Gupta & Kumar, 2021). Interestingly, the institutional theory proposes that organizational practices are possibly guided by the broader environmental and social context. In this context, Dimaggio and Powell (1983) opined that companies exhibit similar practices, values, and structures as a consequence of isomorphic pressures from law or regulation (coercive), stakeholder and general society (mimetic), and professional community (normative). This leads us to the question as to whether there is any difference between CSR and ownership structure relationship in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013?

Numerous studies have examined the impact of ownership structure on CSR, the findings are inconclusive with some studies suggesting positive relationship, for instance, executive ownership (Zahra, 1996), insider ownership (Kock et al., 2012), institutional shareholding (Johnson & Greening, 1999), and foreign ownership (Chapple & Moon, 2005). While others indicate a negative association, such as insider ownership (Oh et al., 2011), institutional shareholding (Arora & Dharwadkar, 2011), family ownership (Ho & wong, 2001), and managerial ownership (Soliman et al., 2012). As a consequence of this empirical inconclusiveness, the study examines if there is a significant difference between CSR and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013. Further, as far as we are aware, this study is the first to examine if the coercive pressure from section-135 of the Companies Act, 2013 will influence how the ownership structure of companies impact the CSR performance. Following, Gupta and Kumar (2022), CSR is measured in terms of a CSR score obtained by aggregating scores on six themes viz community development, human resource, environmental activities, development of rural areas, product and customer relation, & fair business. The score on each theme was obtained by examining the annual reports of companies for a period of ten years from 2009-2010 to 2018-2019 including five-years of the period of voluntary spending (2009-2010 to 2013-2014) and five-years from the period after the implementation of section-135 of the Companies Act, 2013 (2014-2015 to 2018-2019). Further, ownership structure was measured in terms of promoter ownership, government ownership, and foreign ownership (based on percentage of shares owned). To distinguish companies year-wise in both periods, a dummy variable POST was incorporated. The variable (POST) took the value of zero for the period of voluntary spending and one for the period after the implementation of section-135 of the Companies Act, 2013. The interaction terms (POST*PROMOWN, POST*GOVOWN, POST*FOROWN) showed whether there is any difference between CSR and ownership structure relationship in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013. Since CSR performance of a company is a function of several other variables as well, the present study attempted to control the impact of some such variables. Therefore, leverage (LEV), age (AGE), size (SIZE), return on assets (ROA) were used as control variables.

The study makes several notable contributions, first, the CSR-ownership structure nexus has been examined previously primarily for the developed nations (Barnea & Rubin, 2010), and not for developing nations, particularly, India. Considering the distinct socio-cultural factors between developed and developing countries & global economic trends, further research on CSR-ownership structure link from a developing economy perspective is justified. Second, the study categorized ownership structure into three groups (promoter, government, and foreign). Notably, prior work has not analysed the influence of ownership structure on CSR. Lastly, preceding research on CSR has been conducted in institutional environments where CSR is well established (Matten & Moon, 2008); however, by examining the impact of mandate in a developing country setting, the study finds that CSR-ownership structure link has distinct implications as compared to developed nations.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Prior work suggests several theoretical perspectives to explain why companies disclose CSR and how owners and managers decide on the nature and extent of these disclosures (Muttakin & Subramaniam, 2015). Notably, the present study relies on the agency and institutional theories as decisions regarding CSR performance involve weighing costs and benefits by owners and managers operating within a principal-agent framework. Moreover, the dynamic socio-economic and regulatory landscape globally (particularly, India) is expected to exert diverse pressures on firms, compelling them to conform to and legitimize social activities (Sahasranamam et al., 2019).

The Agency theory (Jensen & Meckling, 1967) primarily focuses on principal-agent

DOI: 10.48165/iitmjbs.2024.SI.18

link between managers and capital providers, where the separation of ownership and management leads to information asymmetry between principal and agents. Principal often employs bonding or monitoring mechanisms (management generated firm reports, boards, and board committees) to mitigate this gap, although both methods involve costs. However, these tools serve to align the interests of principals and managers, thereby reducing the cost of debt (Eisenhardt, 1989). Barako et al. (2006) noted that managers may choose to disclose information voluntarily to address agency issues with owners and demonstrate their commitment to acting in shareholders' best interests. Similarly, Barnea and Rubin (2010) articulated that managers who have lower level of ownership tend to invest excessively in CSR to gain personal reputational benefits.

The Institutional theory (DiMaggio & Powell, 1983) propounds that companies tend to adopt comparable practices, values, and structures due to isomorphic pressures from three sources: normative (influenced by professional communities), mimetic (driven by societal norms and stakeholders), and coercive (based on regulatory enforcement or law). Deegan (2009) contended that these pressures encourage firms to establish legitimacy and demonstrate compliance through formal disclosure. Likewise, Muttakin and Subramaniam (2015) predicted that mimetic pressure stemming from the National Voluntary Guidelines 2009, along with coercive pressure arising from the Department of Public Enterprises CSR Guidelines, are expected to significantly influence how the ownership structure of firms impacts the nature and extent of CSR disclosure. In the same vein, Gupta and Chakradhar (2022) observed that as a consequence of CSR mandate management is likely to adjust company practices to enhance CSR spending, aiming to reap benefits (current and future) and gain legitimacy.

A summary of numerous research work investigating the CSR-ownership structure nexus is presented below:

Halme and Huse (1997) conducted a study to explore the relationship between environmental reporting and ownership concentration for forty companies from Scandinavian countries (Norway, Sweden, Spain, Finland) for the year 1992. The annual reports were subject to content analysis for collecting data on environmental disclosures. Further, the disclosures were categorized as: little or no information on environmental performance, a separate section (in annual reports) dedicated to environmental performance, and a separate section along with policy and future actions plans on environmental performance. The study concluded no significant relationship between corporate environmental reporting and ownership concentration. Moreover, the results also indicated industry as the most important factor influencing the environmental reporting by companies.

Haniffa and Cooke (2002) studied the relationship between extent of voluntary disclosures and firm-specific characteristics of one hundred and sixty-seven Malaysian companies for the year 1995. The annual reports of companies were content analyzed based on a disclosure index. Further, ownership structure was measured in terms of proportion of shares held by top ten shareholders. The results of regression analysis indicated a significantly positive relationship between voluntary disclosures and ownership structure. Further, the study also concluded a positive and significant association between foreign ownership and extent of voluntary disclosures.

Barako et al. (2006) explored the impact of ownership structure on voluntary disclosure practices of fifty-four Kenyan companies from 1992-2001. The disclosure levels were measured using a forty-seven items-based disclosure index drawn from previous studies, representing the financial data, corporate social disclosure, general and strategic information, and forward-looking disclosures. Further, three dimensions of ownership structure (institutional ownership, shareholder concentration, and foreign ownership) were examined in the study. The results of regression analysis highlighted a negative relationship between shareholder concentration and voluntary disclosures while foreign and institutional ownership were positively and significantly associated with voluntary disclosures of companies.

Monteiro and Aibar-Guzman (2010) conducted a study to examine the impact of several corporate characteristics on the extent of environmental disclosure by one hundred and nine Portuguese companies from 2002-2004. The study developed an index of based on the content analysis of annual reports to examine the presence of environmental disclosures. The results reported no significant difference between the disclosure levels of foreign-owned and domestically-owned companies. Further, listing on stock market and firm size were identified as having a positive relationship with the environmental disclosures level. The study also revealed no relationship between environmental certification and reporting.

Soliman et al. (2012) investigated the relationship between ownership structure and CSR disclosures for forty-two companies in Egypt for a period of three years from 2007-2009. The study used an unweighted CSR disclosure index drawn from previous studies to examine the extent of CSR related disclosures in annual reports of companies. Further, the study categorized ownership structure into foreign, managerial, and institutional ownership. The study highlighted a positive and significant association between CSR and foreign ownership & CSR and institutional ownership. The results also indicated that managerial ownership had a negative impact on CSR disclosures of companies.

Muttakin and Subramaniam (2015) studied the impact of firm ownership on CSR disclosures of top one hundred companies (market capitalization based) in India listed on the Bombay Stock Exchange for a period of five years 2007-2011. The annual reports of companies were content analyzed based on a seventeen items index adapted from prior studies representing four areas of CSR namely, human resource, community development, environment, and product/ services for collecting CSR disclosure related information. Further, the study categorized ownership structure into promoter, foreign, and government ownership and the relevant data were collected from the Prowess database. The study mentioned a positive and significant

DOI: 10.48165/iitmjbs.2024.SI.18

impact of foreign and government ownership on CSR disclosures but no significant effect of promoter ownership. Further, the results also indicated that government owned companies have responded actively to the new voluntary guidelines on corporate governance and CSR.

Lau et al. (2016) assessed the CSR-corporate governance relationship for four hundred and seventy-one companies in China in 2011. The study relied on Rankins composite CSR ratings to measure CSR performance of companies. Further, corporate governance mechanisms were represented by state-ownership of company, foreign experience of top management and board members, and board composition. The study reported a positive and significant CSR-corporate governance nexus. The study also indicated that state background serves as an incentive to companies to perform higher CSR relative to companies with lower state ownership.

Lopatta et al. (2017) examined the effect of different types of controlling ownerships on the CSR performance of one thousand five hundred and nineteen companies from multiple-country setting for a period of ten years from 2003-2012. The study relied on Global Engagement Services sustainability ratings for measuring companies' CSR performance. Further, ownership structure was categorized into state, institutional funds, individual, industrial, and banks & the relevant data were taken from the database of OSIRIS. It was found that state-government owned companies had better CSR performance while other forms of ownership structures had no significant impact on company's CSR performance. The results also indicated that positive state ownership-CSR performance nexus was more noticeable in countries with higher stakeholder orientation.

Hu et al. (2018) studied whether ownership type has any influence on the likelihood of publishing CSR report by one thousand eight hundred and thirty-nine companies in China for 2010. The study relied on a Whitepaper issued by the CASS-CSR for information on CSR. Further, the ownership data was collected from the database of Accounting Research and China Stock Market. It was found that state-owned companies were less likely to publish CSR-related reports compared with non-state-owned companies. Further, the study also mentioned that foreign ownership exerted a positive influence on the probability of issuing CSR reports.

Sahasranamam et al. (2019) studied the impact of ownership structure on CSR engagements of public companies in India listed on the National Stock Exchange and Bombay Stock Exchange for the period of eight years from 2008-2015. CSR was measured in terms of community engagement which was expressed as proportion of net sales spent on community and charitable donations. Further, the study explored the impact of three forms ownership structures namely, family ownership, government ownership, and business group ownership. Moreover, the effects of past financial performance, firm size, leverage, age, and financial slack were also controlled for investigating the relationship between two variables. The study reported that community engagements of companies were positively and significantly impacted by family ownership while business group and government ownership had no significant effect.

Madden et al. (2020) studied the impact of ownership structure on CSR engagements of one thousand four hundred and thirty-six USA companies from 2007-2014. The MSCI ESG ratings were used to ascertain a CSR score for each company. Further, based on ownership structure companies were classified as family companies and non-family companies. The results of correlation and regression analysis indicated that family companies had higher CSR performance compared to non-family companies.

Assaf and Saleh (2021) explored the relationship between ownership (block-holder and managerial) and CSRD for firms listed on Palestinian Security Exchange over 2009-2020. The study assessed CSRD through content analysis across five categories: product, employees, value-added, environment, and community. The CSRD level was quantified based on number of words identified in each category, reflecting the extent and specificity of disclosures made. The results implied a significantly positive CSRD-blockholder ownership nexus, while a positive (not significant) link between managerial ownership and CSRD.

Lin and Ngyuyen (2022) investigated the CSR-ownership relationship for sixty-five Vietnamese companies for the year 2019. Utilizing agency theory for the formulation of concept, the study relied on information sourced from annual reports, web sites, and CSRHub database. Further, based on ownership structure companies were classified as foreign, government, and managerial. The empirical findings unveiled no significant relationship between government ownership and CSR performance, while a positive nexus between CSR and foreign and managerial ownership.

Bataineh et al. (2023) offered insights on the effect of corporate governance mechanisms (audit committee characteristics, board of directors, and ownership structure) on CSR disclosures practices of industrial Jordanian companies listed on Amman Stock Exchange over the period 2016-2021. The levels of CSRD were assessed through the development of a CSRD index. The results of panel regression confirmed the effects of diverse groups of shareholders on CSR engagement.

Ramdhony et al. (2024) explored the CSR-ownership structure nexus in an emerging economy context using a dynamic empirical framework. Data of over ten years were used to analyse how ownership structure, identity of controlling owners (block ownership, government ownership, and director ownership) influence CSR disclosure practices. CSRD was assessed and scored using content analysis. The results of panel autoregressive model indicated a negative CSRD-government ownership link highlighting the tendency for state investment in companies with limited transparency in disclosure practices. Further, CSRD exhibited a weak negative response to block ownership. Lastly, the findings underscored that directors tend to hold shares in companies they manage particularly when CSRD levels are low.

Despite extant research conducted in several countries, most of the evidence primarily consists of descriptions and anecdotes & lacks conclusivity and generalisability.

DOI: 10.48165/iitmjbs.2024.SI.18

Moreover, prior work underscores the need to integrate the institutional and agency theory arguments for firms with diverse ownership structures, where key decision makers possess enhanced capabilities to navigate pressures from market and non- market actors, thereby balancing economic and social objectives within their institutional context (Kostova et al., 2008). Further, given that owners vary in their objectives and decision-making horizons, it is crucial to examine how these differences in ownership structures relate to a company's social performance (Hoskisson et al., 2022). The Indian economy ranks among the largest and swiftly-growing globally. Recently, India's GDP has surged by nearly 10% annually, approaching the growth rate of China and surpassing those of US. Interestingly, there has been significant momentum for Indian firms to embrace a business model-centric approach to CSR, evident in rapidly evolving regulatory landscape. Notably, the regulatory pressure may lead some owners to prioritize efficiency by reducing CSR efforts, while others may intensify their CSR activities to align with societal expectations and enhance legitimacy with stakeholders. Accordingly, it is crucial to examine the difference between CSR and ownership structure relationship in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013.

RESEARCH METHODS

Objective

The study aims to investigate the relationship between Corporate Social Responsibility (CSR) and ownership structure in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013.

Hypothesis

The agency theory propounds that with greater ownership concentration, there tends to be less information asymmetry and reduced potential for conflicts between principal and agents, thereby reducing the necessity for increased disclosure (Fama & Jensen, 1983). In this context, Muttakin and Subramaniam (2015) posited that in promoter firms where decision making power is highly concentrated, the costs of disclosure are likely to outweigh the benefits, since there is minimal need to appease other stakeholders. In the context of government owned firms, public disclosure of CSR performance serves as a crucial means to legitimise their activities (Ghazali, 2007). Mak (2003) argued that government owners pressurize companies to disclose more CSR information because government, being trusted by the public, needs to fulfil its obligation to stakeholders. Foreign owners are more attuned and responsive to the increasing expectations for business to demonstrate social accountability; therefore, they may succumb to coercive pressures by engaging in CSR disclosures as enforced by law (Oh et al., 2011). In this regard, Haniffa and Coke (2002) noted that foreign shareholders require greater corporate disclosure due to different values, better knowledge of market exposure, and geographic separation. Additionally, prior research underscores that coercive pressures posed by regulatory guidelines explain the trend in CSR performance of companies (Muttakin & Subramaniam, 2015). For instance, Frost (2007) demonstrated a notable enhancement in the environmental performance of Australian companies following the implementation of section-299(1)(f) in the Corporation law (compulsory reporting of environmental performance). Similarly, Dong and Xu (2016) empirically validated that regulatory pressures surge the CSR levels of companies and are pivotal for improving corporate accountability and transparency. Accordingly, the study proposes that:

H1: There is a significant difference between Corporate Social Responsibility (CSR) and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013.

Sampling

The present study sets out listed companies in India as the target population. Accordingly, the sample needs to be a good representative of listed companies in India. Moreover, sample selection should also consider the availability and accessibility of the requisite information. Hence, the sample of the present study comprised companies encompassing NIFTY 100 index. It includes 101 large market capitalization companies that represented about 76.8 per cent of the free float market capitalization of shares listed on the National Stock Exchange as on March 31, 2019 (NSE, 2019). Since the companies whose shares are traded on stock exchange are required to disclose their audited financial statements to the general public every year, information on CSR and ownership structure of most sampled companies was available for the period of voluntary spending and after the implementation of the section-135 of the Companies Act, 2013.

Accordingly, NIFTY 100 index companies as on March 31, 2019 were taken as the sample in present study. Further, the sample was subjected to a systematic deletion process (Mir & Shah, 2018). Firstly, twenty-five financial services companies were dropped from the sample as such companies are guided by different regulations (Mir, 2019). Also, because these have lower direct impact on the environment relative to other sector companies (Mas et al., 2018). Secondly, one company with incomplete data was also deleted from the sample. This process provided a balanced panel data set of seventy-five companies for the study. In this regard, Gujarati and Porter (2009) suggested that a balanced panel data set offers the advantages of greater degrees of freedom and less collinearity among variables.

Period of the Study

The idea of social responsibility is no stranger to the corporate sector in India. Starting over a century ago, many corporate groups voluntarily participated in various charitable and other activities that significantly benefitted society. However, global financial crisis of 2008 and corporate governance crisis in India in 2009 necessitated the implementation of somewhat radical efforts to provide greater recognition to the interests of stakeholders other than

DOI: 10.48165/iitmjbs.2024.SI.18

shareholders. In this regard, "Corporate Social Responsibility Voluntary Guidelines" issued by the Ministry of Corporate Affairs (MCA) in 2009 bought the interests of stakeholders and its specific manifestations by way of CSR to the fore. It was the first time that company law in India pointed towards the interest of stakeholders (Dharmapala & Khanna, 2016). Later, in 2010, Ministry of Heavy Industries and Public Enterprises (MHI&PE) issued guidelines for public sector enterprises of central government to spend on CSR activities. Notably, both sets of guidelines were voluntary in nature. The concept of mandatory CSR found its place in section-135 of the Companies Act, 2013, which is a game-changer of sorts. The CSR provisions of the Companies Act, 2013 became effective from April 1, 2014. Hence, the period of study was 2009-2010 to 2018-2019 which included five years (2009-2010 to 2013-2014) from the period of voluntary spending and five years (2014-2015 to 2018-2019) from the period after the implementation of section-135 of the Companies Act, 2013.

Data Sources and Instruments

The present study relied on secondary data sources. Since annual reports are the medium of communicating information about a company, the CSR practices undertaken by a company are also revealed in its annual reports. Accordingly, to ascertain the CSR score of companies in both periods, an attempt was made to construct an index based on the review of literature, activities in Schedule VII of the Companies Act, 2013, and recent initiatives taken by the Indian government for environmental and socio-economic development of the country. The constructed index was used to collect information on the CSR practices of sample companies from their annual reports. The index contained forty-one items classified under six themes of CSR namely i) community development, ii) human resource, iii) environmental activities, iv) development of rural areas, v) product and customer relation, and vi) fair business. This is in line with several previous researches (Kansal & Singh, 2012; Gupta & Kumar, 2021). Further, the data on ownership structure, leverage, age, size, and return on assets were collected from the databases of ProwessIQ and Capitaline.

Baseline Specification

The following specification was developed in relation to the objective and hypothesis of the study:

In consonance with previous studies (Muttakin & Subramaniam, 2015; Malik et al., 2017) the relationship between CSR and ownership structure in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013 was examined by estimating the following model:

$$CSR_{it} = B_{0i} + B_1\,PROMOWN_{it} + B_2\,GOVOWN_{it} + B_3\,FOROWN_{it} + B_4\,POST_t * PROMOWN_{it} + B_5\,POST_t * GOVOWN_{it} + B_6\,POST_t * FOROWN_{it} + B_7\,LEV_{it} + B_8\,AGE_{it} + B_9\,SIZE_{it} + B_{10}\,ROA_{it} + \varepsilon_{it} \quad \textbf{(1)}$$

In the aforementioned equation:

Analytical Tools

The collected data were analyzed using statistical software such as Stata version 15. The details of

Table. 1:Decription of Variables

Variable	Description
B_{0i}	Each firm's time invariant intercept.
CSR_{it}	Corporate Social Responsibility (score) of firm "i" in year "t".
$PROMOWN_{it}$	percentage of shares owned by promoters for firm "i" in year "t".
$GOVOWN_{it}$	percentage of shares owned by government for firm "i" in year "t".
$FOROWN_{it}$	percentage of shares owned by foreign investors (including corporate bodies, institutions, promoter qualified foreign investors, individuals, and other foreign promoters) for firm "i" in year "t".
LEV_{it}	indicates leverage of firm "i" in year "t"
AGE_{it}	indicates age of firm "i" in year "t"
$SIZE_{it}$	indicates size of firm "i" in year "t"
ROA_{it}	indicates return on assets of firm "i" in year "t".
Additionally, to examine the difference between CSR and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013, a dummy variable (POST) was used to distinguish between two periods.	
$POST_t$	0 for the period of voluntary spending
$POST_t$	1 one for the period after the implementation of section-135 of the Companies Act, 2013.
The interaction effect:	
$POST_t$*$PROMOWN_{it}$ $POST_t$*$GOVOWN_{it}$ $POST_t$*$FOROWN_{it}$	Shows whether there is any difference between CSR and ownership structure relationship in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013.
ε_{it}	Cross- section error component and $\varepsilon_{it} \sim N(0, \sigma_{\varepsilon}^{2})$

analytical tools used for analyzing the data to obtain results is as follows:

Content Analysis

The present study used content analysis to estimate the CSR scores of sample companies. The information disclosed in the annual reports of companies was used to collect data on CSR. Content analysis has been widely used in previous studies in the field of CSR (Bowman & Haire, 1975; Gupta & Kumar 2022). Following (Abbott & Monsen, 1979; Gupta & Kumar, 2021) the study obtained CSR score by aggregating scores on six themes viz community development, human resource, environmental activities, development of rural areas, product and customer relation, & fair business. In this regard, if an item of the index was disclosed in a company's annual report it was given a score of 1, and 0 otherwise. However, if a similar information was disclosed more than once, it was given score only one-time. Likewise, if any disclosure had information on more than one theme of the index then it was given score under both the themes. The study followed Parsa et al. (2007)

DOI: 10.48165/iitmjbs.2024.SI.18

and each item of the index was given equal weightage.

Descriptive Statistics

Descriptive statistics assist in identifying patterns and trends, as well as summarizing the data. They also facilitate the understanding and interpretation of the entire data set in the study. In the present study, descriptive statistics provides an overview of dependent (CSR score) independent (ownership structure), and control (leverage, age, size, return on assets) variables.

Panel Data Analysis

The present study used panel data methodology to estimate the model specified in the above section. Panel data offers various advantages, first, it helps in controlling the unobservable heterogeneity by assuming that the items are heterogenous (Moulton, 1986; Hsiao, 2003). Such individual heterogeneity is not controlled in cross-sectional and time series studies; therefore, panel data methodology produces unbiased results (Moulton, 1986). Second, it is argued that cross-section distribution seems stable; however, a large number of changes are hidden in it. In this regard, panel data helps in studying the dynamics of adjustments (Mir, 2019). Third, complicated models can be constructed using panel data methodology in a manner that helps in attaining greater technical efficiency (Klevmarken, 1989). Lastly, panel data methodology enhances efficiency, gives more information, increases variability, and decreases collinearity among variables (Koop & Steel, 2001). Park (2011) suggested that if individual effects are not present (U_i=0) then ordinary least squares (OLS) produces consistent results. However, when the individual effects are present ($U_i \neq 0$) and individuals are heterogeneous, then panel data gives best linear unbiased estimates (BLUE). Panel data helps in controlling for unobserved heterogeneity (Hsiao, 2003). In the presence of unobserved heterogeneity, the Gauss-Markov's assumptions of homoscedasticity (having common error variance) and no autocorrelation (no relationship between error terms) are violated by the OLS estimator. Hence, alternative methods of panel data modeling should be employed to address this issue. Fixed Effects (FE) and Random Effects (RE) models are most commonly applied for estimating panel data (Bell & Jones, 2015).

Fixed Effects and Random Effects against Ordinary Least Squares

To determine whether OLS will provide consistent estimates or if another panel methodology should be used, formal test are conducted. Primarily, the comparison between FE model and OLS is made using F-test for fixed effect. The test is used to determine whether the goodness of fit of the model can be improved using FE model. Similarly, the comparison between RE model and OLS is made using Breusch and Pagan Lagrange Multiplier test. This test evaluates whether employing the RE model enhances the model's goodness of fit in the study. Further, the decision between FE and RE model, is based on Hausman test.

Fixed Effects

It is appropriate to use fixed effects (FE) model if one has to examine the significance of variables that vary over time. It basically analyzes the relationship between dependent variable and explanatory variables within an entity. Therefore, FE is a within-group estimation. Each entity (company in the present study) is assumed to have its own specific characteristics and the dependent variable may or may not be affected by them. The use of the FE model assumes that the dependent variable is influenced or biased by factors specific to an entity, necessitating control of these factors. This assumption is based on the idea that the error term of an entity is correlated with explanatory variables in the model. Thus, FE model determines the net effect of predictors by eliminating the influence of time-invariant characteristics from the explanatory variables. Importantly, FE model assumes that these time-invariant characteristics are specific to each entity and are not correlated ith other individual features. Each entity is assumed as distinct; hence, there is no correlation between the error term and constant of entities with each other. The representation of functional form of FE model is:

$$Yit = B_{0i} + B_1X_{1it} + B_2X_{2it} + \ldots + B_kX_{kit} + \varepsilon_{it}$$

Where, B_{0i}= Unit specific unobserved heterogeneity and ε_{it}= Conventional error term (ε_{it}=N (0,σ^2_ε)

Random Effects

Random effects (RE) is based on the assumption that entities (companies in the present study) are random and not correlated with the model's explanatory variables. It examines the variation across entities; therefore, is a between-group estimation. It is appropriate to use RE model when the difference across entities impacts the dependent variable. A key advantage of the RE estimator is its ability to identify the coefficient of time-invariant predictor variable. It operates under the assumption that variation across cross-section entities is random and uncorrelated with the independent variables included in the model. The RE model is also known as error component model because the individual effects are considered as composite error term's part. The representation of functional form of RE model is:

$$Yit= B_0 + B_1X_{1it}+ B_2X_{2it}+\ldots\ldots+ B_kX_{kit}+ V_{it}$$

Where, V_{it}= Composite error term ($V_{it=}$ ε_{it} +U_{it}) and V_{it}=IID (0,). Further, here ε_{it} is the conventional error term and U_{it} is the unit specific error term.

Diagnostic Testing

In order to select an appropriate model checking various assumptions of regression is important. This ensures that the results are reliable and accurate. In the present study, techniques used to check regression assumptions are as follows:

Multicollinearity

The problem of multicollinearity may arise in a study involving several explanatory variables. Gujarati (2011) suggested that multicollinearity is a situation of more than one perfect linear relationship. In case of high collinearity between two variables segregating the individual influence of each explanatory variable on the regress becomes difficult; consequently, the statistical inference becomes biased. In order to check for multicollinearity,

DOI: 10.48165/iitmjbs.2024.SI.18

the present study used variance inflation factor (VIF). Primarily, this technique ascertains the degree of inflation in the variance of the OLS estimator. VIF is an index that quantifies the increase in variance of an estimated regression coefficient die to collinearity. It is expressed as the "ratio of variance in a regression model with multiple terms, divided by the model with one term alone".

Variance Inflation Factor= $(1/1\text{-}R^2)$

If any variable has a VIF value of one it shows no collinearity, between one to ten it shows moderate collinearity, while more than ten shows high collinearity and such variable requires further investigation (Field, 2005).

Heteroscedasticity

In the classical linear regression model error terms are assumed to be homoscedastic across observations. However, the violation of this assumption causes heteroscedasticity (Gujarati, 2011). This problem may arise due to grouping of data, outliers in data, and wide range of explanatory variables (Greene, 2003). The presence of heteroscedasticity produces inefficient estimates because of inconsistent covariance matrix of regression coefficients. In the present study, Modified Wald statistic was used to check heteroscedasticity (Greene, 2003). In this, the null hypothesis asserts that the variance of error term is homogeneous. Therefore, if *p* value for modified Wald statistic is very small (less than the significance level) it indicates variance of error term is heterogeneous. Hence, we would have to accept alternative hypothesis.

Serial Correlation

Another assumption of classical linear regression model is uncorrelatedness between error term at time (t) and past error terms (no serial correlation). The problem of non-zero covariance in the error term can arise due to several reasons such as cobweb phenomenon, specification bias, inertia, lags, manipulation of data, data transformation, and non-stationarity. However, the presence of serial correlation produces inefficient regression coefficients. Moreover, the 'F' and 't' statistics become unreliable and standard error becomes inaccurate. In the present study, Wooldridge test was used to check serial correlation (Wooldridge, 2003). The null hypothesis of test asserts no serial correlation between error terms. Therefore, if the *p* value of Wooldridge test is very small (less than significance level) it indicates that error terms are serially correlated. Therefore, we would have to accept the alternative hypothesis.

Robust and Cluster-Robust Standard Error

Robust standards can be used to rectify the existence of heteroscedasticity (Imbens & Kolesar, 2016). These are also known as White's heteroscedasticity corrected standard error. Moreover, robust standard error can be smaller and larger compared to normal (uncorrected) standard error.

Further, cluster-robust standard error can be used to rectify the problems of heteroscedasticity and autocorrelation (Petersen, 2009). These are also known Newey-West standard errors or HAC (heteroscedasticity and autocorrelation consistent) standard errors. Notably, both these errors are valid in asymptotic (large) samples and not for small samples (Gujarati & Porter, 2009).

RESULTS

Descriptive Statistics

The descriptive statistics of variables used in the study are presented in Table II. This fundamental analysis paved the way for a more in-depth and elaborate investigation.

It was found that the mean CSR score of sample companies was 22.52 and the median CSR score was 24. Notably, the minimum CSR score of zero signified that virtually no CSR related activities were undertaken by companies in some year/s. Further, the maximum CSR score (36) was substantially higher than the mean CSR score implying that over the study period companies had emphasized on diverse themes of CSR. The standard deviation of 7.73 indicated a high variation in CSR scores. The result was also supported by large gap between the maximum and minimum values vis-à-vis CSR score. This could be because companies had paid attention only to few CSR areas in the period of voluntary spending but the implementation of section-135 of the Companies Act, 2013 had compelled companies to focus on diverse CSR areas.

Further, for ownership structure, it was observed that the mean and median values for promoter ownership (PROMOWN) were 53.45 per cent and 54.97 per cent respectively. This denoted that on average 53.45 per cent shares in sample companies were owned by the promoters. Additionally, percentage of shares owned by the promoters varied from zero to 90 per cent. Also, with coefficient of standard deviation equals to 19.66 per cent the variation in promoter ownership had remained high. Similarly, for government ownership (GOVOWN), mean value was 9.39 per cent and median value was zero. The percentage of shares owned by government ranged from 0 to 90 per cent. Moreover, about thirteen sample companies had government ownership. Again,

Table. 2: Descriptive Statistics

Variable	Mean (Median)	Minimum (Maximum)	Standard Deviation	Skewness	Kurtosis
CSR	22.52 (24)	0(36)	7.73	-0.72	3.07
PROMOWN	53.45(54.97)	0(90.00)	19.66	-0.91	3.72
GOVOWN	9.39(0)	0(90.00)	23.49	2.25	6.43
FOROWN	13.78(0)	0(80.47)	23.24	1.46	3.62
LEV	0.15(0.09)	0(0.68)	0.15	0.86	2.75
AGE	42.18(35)	3(112)	24.25	0.77	2.83
SIZE	12.02 (11.92)	7.91(15.87)	1.41	0.06	2.63
ROA	0.16(0.15)	-0.39(0.57)	0.10	0.44	4.78

DOI: 10.48165/iitmjbs.2024.SI.18

the high value of standard deviation (23.49 per cent) suggested greater variation in government ownership. Likewise, for foreign ownership (FOROWN), the mean and median values were 13.78 per cent and zero respectively. This signified that on average 13.78 per cent shares in sample companies were owned by the foreign investors. Further, the percentage of shares owned by foreign investors varied from zero to 80.47 per cent. Also, with coefficient of standard deviation equals to 23.24 per cent, the variation in foreign ownership had remained high. Overall, about thirty-nine companies had foreign ownership.

In relation to control variables, it was observed that the mean value of leverage (LEV) was 0.15 and the median value was 0.09. This denoted that on average a company had used 15 per cent debt in its capital structure. Notably, the minimum and maximum values of leverage were zero and 0.68. Overall, debt constituted a substantial part of the capital structures of companies in the study period. Further, low value of standard deviation (0.15) highlighted a smooth variation in the level of leverage used by companies. In addition to this, it was found that mean and median values of companies' age (AGE) were 42.18 and 35 respectively. This showed that on average sample companies were incorporated 42.18 years ago. The minimum value for age was 3 years and the maximum value was 112 years. This huge gap between the maximum and minimum values implied that sample encompassed heterogeneous age groups of companies. This was also supported by the large coefficient of standard deviation i.e. 24.25 years. Referring to the descriptive statistics for companies' size (SIZE) it was observed that the mean value was ₹16604.27 crore and the median value was ₹15024.16 crore. Again, the large difference between the maximum value (₹780285.30 crore) and minimum value (₹272.44 crore) signified the heterogeneity among companies. However, the low value of standard deviation indicated that the variation in size was quite compact. Lastly, the mean and median values for return on assets (ROA) were 0.16 and 0.15 respectively. This denoted that companies had effectively utilized their assets during the ten-year study period. The negative minimum value (-0.39) showed that some companies failed to use their assets effectively. Moreover, the small coefficient of standard deviation signified steady ROA of companies over the period of study. In general, low variation suggests that the data are mean reverting i.e. data points eventually return to mean values over a period of time. Therefore, the low value of standard deviation implied that ROA of companies moved towards the mean value over the study period.

Panel Regression Model

The difference between CSR and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013 was ascertained by estimating Equation (1). In order to determine the most appropriate model among ordinary least square (OLS), fixed effect (FE), and random effect (RE), different specification tests such as F test for fixed effects, Breusch and Pagan Lagrange Multiplier test (BP-LM), and Hausman test were used. In case of F test for fixed effects and BP-LM test, if the *p* value of test statistic is greater than the level of significance, the null hypothesis is not rejected and OLS model is more appropriate model. Further, alternate hypothesis for F test is that fixed effect model is more appropriate (Hsiao, 2003), while for BP-LM test the alternate hypothesis is that random effect model is more appropriate (Breusch & Pagan, 1980). To determine the most appropriate model between FE and RE, Hausman test was performed. Accordingly, low *p* value counts against the null hypothesis i.e. individual effects are not correlated with regressors implying the consistency of FE model over RE model (Hausman, 1978).

Table III gives the regression results of difference between CSR and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013. It was observed that R^2 of the model was 63 per cent which indicated that all predictor variables jointly explained 63 per cent of variation in the dependent variable. Further, F statistic for the specification was significant at 1 per cent level. This implied that goodness-of-fit of the model could be improved significantly using FE model over OLS. Additionally, the test statistic of BP-LM test for random effects was also significant at 1 per cent level signifying that heterogeneity could be dealt better using RE model. Overall, the results suggested use of alternate panel data model (FE and RE) over OLS to produce better estimates. Therefore, Hausman test was used to choose between FE and RE models. The results revealed that the Hausman test statistic was significant at 1 per cent level, indicating preference of FE over RE model to produce BLUE estimates. Panel data modelling also raises concerns for the presence of multicollinearity, heteroscedasticity, and serial correlation. Multicollinearity is a situation of significant correlation among two or more explanatory variables (Kalnins, 2018). It causes the likelihood of obtaining unexpected signs of variables and increases the standard errors and variance. Therefore, it is necessary to check for the presence of multicollinearity. Variance Inflation Factors (VIFs) were used to examine if an independent variable was explained by other independent variables (Akinwande et al., 2015). It was observed that multicollinearity was not a cause of concern as VIFs for all independent variables were less than 10. Further, heteroscedasticity occurs when the variance of distribution from which the observations of the error term are drawn is not constant and is shown to surge as variable X increases (Studenmund, 2015). This leads to the violation of a classical assumption and therefore the estimates turn inefficient. The presence of heteroscedasticity was checked using Modified Wald Statistic. This test runs under the null hypothesis that variance of the error term is constant for all observations in the sample (Greene, 2003). It was found that the test statistic was significant at 1 per cent level. Hence, the null hypothesis was rejected in favour of the alternate hypothesis which implied presence of heteroscedasticity in the model. In addition to this, serial correlation refers to the situation of linear correlation between the error terms of two distinct time periods (Watson, 1955). In the presence of serial correlation estimates do not remain BLUE. Therefore, to examine the presence of serial correlation Wooldridge

DOI: 10.48165/iitmjbs.2024.SI.18

Table. 3: Difference Between CSR and Ownership Structure Relationship in the Period of Voluntary Spending and after the Implementation of Section-135 of the Companies Act, 2013.

Variable	CoeffIcient	Standard error	VIFs
PROMOWN	0.0666**	0.0275	1.65
GOVOWN	0.0842**	0.0344	2.69
FOROWN	0.1120***	0.0359	2.71
POST*PROMOWN	0.0786***	0.0123	2.40
POST*GOVOWN	0.0796***	0.0234	2.40
POST*FOROWN	0.0300*	0.0181	3.06
LEV	-5.8742**	2.4770	1.46
AGE	4.0797***	0.9650	1.15
SIZE	4.4573***	0.3709	1.64
ROA	2.1806	2.7844	1.47
CONSTANT	-50.9070***	5.2167	
F-stat	13.36***		
BP-LM Test	669.57***		
Hausman Test	120.02***		
R^2	0.63		
Hettest	3005.11***		
Serial correlation	122.17***		
Observations	750		

Notes:

- The table reports empirical results after the estimation of:
  $CSR_{it}=B_{0i}+B_1PROMOWN_{it}+B_2GOVOWN_{it}+B_3FOROWN_{it}+B_4POST_t{*}PROMOWN_{it}+ B_5POST_t{*}GOVOWN_{it}+B_6POST_t{*}FOROWN_{it}+ B_7LEV_{it}+ B_8AGE_{it}+ B_9SIZE_{it}+ B_{10}ROA_{it}+ \varepsilon_{it}$
- The results were obtained using Fixed effects model.
- Standard errors are HAC (heteroscedasticity and autocorrelation corrected).
- The variables are same as defined in section-3.7 of chapter-3.
- $*p<0.1$, $**p<0.05$, $***p<0.01$

test was used. The null hypothesis of the test is of no autocorrelation (Wooldridge, 2003). The test statistic was found significant at 1 per cent level indicating presence of serial correlation. Therefore, cluster-robust standard errors were used to allow for the problems of heteroscedasticity and serial correlation (Petersen, 2009).

Overall, the results of regression analysis denoted that coefficients of POST*PROMOWN, POST*GOVOWN, and POST*FOROWN were 0.0786, 0.0796, and 0.0300 respectively, which were positive and significant at conventional levels. Therefore, alternate H1 was accepted i.e. there is a significant difference between Corporate Social

Responsibility (CSR) and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013. Further, the nature of difference was positive i.e. the impact of ownership structure on CSR was higher in the period after the implementation of section-135 of the Companies Act, 2015.

DISCUSSION

The findings could be explained in the light of Chiu and Sharfman' s (2011) argument that owners of companies are concerned about CSR because it is considered a way to improve their visibility, reputation, and image. The results were also substantiated by Roberts (1992) who opined that strategic decisions of a company related to CSR performance are influenced its ownership structure. Moreover, owners consider CSR as a tool for creating, optimizing value, and managing risk. Therefore, ownership structure is relevant for CSR (Crisistomo & Freire, 2015). This view was also supported by Hossain et al. (1994) & Chau and Gray (2002). Further, results of the present study were also corroborated by Hoskisson et al. (2000), who argued that coercive pressures play a crucial role in compelling companies to behave in a socially responsible manner. Likewise, Scott (2002) indicated that institutional constraints imposed on companies give rise to isomorphic practices and pressures. Therefore, companies have to adopt these to secure a legitimate role in society. The results were also in consonance with the Institutional theory, which posits that social behaviour of a company is influenced by the institutional requirements such as public awareness, laws, regulations, and industry standards (Campbell, 2007). Further, Godrick and Salancik (1996) revealed that ownership structure exerts a differential influence on responsiveness and receptivity to CSR related institutional pressures. The same was supported by Eisenhardt (1988), who asserted that presence of regulatory institutional pressure compel companies' owners to increase CSR performance to conform to expected social behaviour and enhance organizational legitimacy. For promoter ownership, the results were in tune with Zellweger and Nason (2008) who proposed that promoter owned companies respond to CSR related institutional pressures in a substantive manner in order to preserve their high social status and identity in community. Similarly, for government ownership, Mohan (2001) documented that in India historical factors lead government companies to be seen as social and economic providers of local communities. Therefore, it is highly likely that government companies will be more attuned to regulatory pressures for providing social benefits. Also, Subramaniam et al. (2017) noted that greater receptivity of government companies to rising regulatory pressures for CSR results in higher prioritization of social goals by government owners. In this context, Muttakin and Subramaniam (2015) suggested a positive impact of 2009 CSR guidelines and National Voluntary Guidelines on corporate governance on CSR performance of government owned companies. In regard to foreign ownership, Haniffa and Cooke (2005) highlighted that foreign owners are more sensitized to growing CSR expectations from business in order to please ethical investors and assure continuous

DOI: 10.48165/iitmjbs.2024.SI.18

inflow of capital. Therefore, foreign owners are more likely to concede to regulatory pressures. Moreover, greater foreign ownership generally signifies powerful influence of foreign practices (Jeon et al., 2011). Consequently, demand for CSR will be higher (Bradbury, 1991). Nevertheless, the results contradicted Swandari and Sadikin (2016) who indicated that a company's ownership structure is incapable of promoting CSR performance. However, the study conducted by Walsh and Seward (1990) confirmed that major stakeholders and concentrated ownership have a positive impact on CSR engagements. Despite above, the results of the study differ from Halme and Huse (1997) & Prado Lorenzo et al. (2009) who found no association between ownership structure and CSR. Also, the results downplayed the trend witnessed in previous studies that denoted a negative relationship between ownership concentration and CSR (Li & Zhang, 2010; Ghoul et al., 2016).

The findings vis-à-vis control variables revealed that leverage (LEV) had a negative and significant impact on CSR. The results were in consonance with Branco and Rodrigues (2008) & Swandari and Sadikin (2016). The negative leverage-CSR relationship could be attributed to the fact that highly leveraged companies are associated with higher interest expenses. Thereby, reducing the availability of funds to spend on CSR activities (Ogolmagai, 2013). Also, high debt companies focus more on dealing with borrowing related problems than CSR investments (Tarek, 2019). Notably, age (AGE) was found to have a positive and significant impact on CSR. Numerous researchers such as Roberts (1992) & Al-Gamrh and Al-Dhamari (2016) have suggested a positive relationship between company age and CSR. In this regard, Withisuphakorn and Jiraporn (2015) documented that older companies have more stability, predictable cash flows, and performance. On the other hand, younger companies experience more growth and unpredictable cash flows; therefore, they are left with less cash to spend on CSR. Moreover, mature companies can afford to spend more on CSR activities than younger companies. In line with Gantyowati and Agustine (2017), the study showed a positive and significant relationship between company size (SIZE) and CSR. In this context, Sembiring (2005) opined that bigger companies share a complex relationship with their stakeholders, as a result, they face more requirements. Thereby, creating more pressure on bigger companies to invest in CSR activities. Further, return on assets (ROA) was found to have a positive impact on CSR. However, the results were not statistically significant. As per the slack resource theory, profitable companies are more likely to be committed to CSR participation because they have more financial slack (Shahzad et al., 2016). Moreover, high profitability makes management free to exhibit concern towards CSR (Giannarakis, 2014). However, the statistically insignificant impact could be attributed to the managerial opportunism hypothesis proposed by Preston and O'Bannon (1997) which posits that corporate managers consider their personal goals of primary importance to the detriment of stakeholders. Therefore, in case of higher profits they "cash in" to enhance their personal short-term gains and reduce expenditure on CSR. Consequently, the positive impact of

ROA on CSR is neutralized by the pursuit of private goals by corporate managers.

Overall, it can be concluded that there was a significant difference between CSR and ownership structure relationship in the period of voluntary spending and after the implementation of section-135 of the Companies Act, 2013.

CONCLUSION, IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

The study directs theoretical focus towards examining CSR-ownership structure nexus within an underexplored emerging market context-India. Drawing on agency and institutional theories, the study contends that there is a difference between CSR and ownership structure relationship in the period of voluntary spending and period after the implementation of section-135 of the Companies Act, 2013. The study examines a highly representative sample of listed companies i.e. NIFTY 100 index companies. Further, the period of study ranges from 2009-2010 to 2018-2019 including five years from the period of voluntary spending (2009-2010 to 2013-2014) and five years after the implementation of section-135 of the Companies Act, 2013 (2014-2015 to 2018-2019). The results indicate that the impact of ownership structure on CSR was higher in the period after the implementation of above stated mandate. In light of recent work by Gupta and Chakradhar (2022), we believe that presence of regulatory institutional pressures compels companies' owners to increase CSR performance to conform to expected social behaviour and increase organizational legitimacy (Gupta & Chakradhar, 2022). Notably, the findings depart from evidence in other countries such as USA (Matisoff, 2013) and UK (Baboukardos, 2017) where mandatory CSR was observed to reduce the CSR engagement and disclosure. Accordingly, the study underscores the importance of considering variations across countries in terms of their institutional environment and economic development while exploring the impact of mandate.

The study contributes several theoretical insights to the existing literature. First, it expands the CSR literature (Lau et al., 2016; Madden et al., 2020) by investigating how different types of ownership structure are linked to CSR practices in firm. Second, our research investigates how institutional factors influence CSR. The findings build upon recent studies (Muttakin & Subramaniam, 2015) by proposing that institutional theory provides complimentary and promising explanations for the CSR practices of corporate sector in emerging markets. Therefore, external influences should be taken into account while analysing the varied impact of dominant shareholders on CSR performance. Lastly, through its examination of CSR practices among Indian firms, the study bridges the corporate governance and international CSR literature, responding to the calls from corporate governance scholars (Strange, 2013) and IB scholars (Brammer et al., 2009) for enhanced interaction between CSR and IB research.

Furthermore, the findings have practical implications. First, the study reinforces the legitimacy of mandatory CSR implemented by the Indian government. Second, the study

DOI: 10.48165/iitmjbs.2024.SI.18

offers valuable insights for government policies on foreign ownership restriction. In consonance with prior work (Haniffa & Cooke, 2005), the study highlights the potential positive impact of foreign ownership on CSR. Therefore, increasing foreign ownership in domestic companies might encourage social investments and promote socially responsible management.

Despite the contributions mentioned above, this research has some limitations. First, the study was conducted within a single institutional context (India); hence, the results reflect specific characteristics of Indian business environment. Thus, subsequent studies could employ can employ this empirical approach to revisit the issue raised in this paper, utilizing data from diverse economies. Further, a longer time series would enable further analysis that was not feasible in this study. Second, the study concentrates only on examining how mandatory CSR has impacted the relationship between CSR and ownership structure. However, to garner a thorough understanding of CSR-ownership structure link, other factors (such as gender diversity, board independence, and board size) need to be explored. Accordingly, further research is warranted on various aspects of board diversity and their influence on CSR performance.

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DOI: 10.48165/iitmjbs.2024.SI.18