Asia Pacific Journal of Management
https://doi.org/10.1007/s10490-019-09649-1

Ownership structure and corporate social responsibility in an emerging market

Sreevas Sahasranamam[1] · Bindu Arya[2] · Mukesh Sud[3]

Published online: 01 June 2019

Abstract

While scholarship exploring the impact of ownership structure on corporate social responsibility (CSR) has investigated firms in developed markets, less work has examined how ownership in firms from emerging markets influences community-related CSR. Both internal and external forces potentially drive community-related CSR decisions. It is hence important to understand the role of internal constraints arising due to agency problems along with institutional pressures from external stakeholders in emerging markets in shaping CSR. In this study, we draw on agency theory and sociological perspectives of institutions to explore variations in the motivation of different owners to pursue a socially responsible agenda. Our analysis of a sample of Indian firms for the period 2008–2015 illustrates that business group and family ownership is beneficial for community-related CSR. Our theoretical arguments and results highlight the importance of combining multiple lenses to assess the influence of ownership structures on CSR in emerging markets.

Keywords Agency theory · Institutional theory · Ownership structure · CSR · Emerging market

Over the past few decades, researchers have been keenly interested in understanding the drivers and consequences of corporate social responsibility (CSR) in firms from emerging markets (Aguinis & Glavas, 2012; Arnold & Valentin, 2013; Jamali &

Sreevas Sahasranamam
sreevas.sahasranamam@strath.ac.uk

Bindu Arya
bindua@umsl.edu

Mukesh Sud
mukeshs@iima.ac.in

1 Strathclyde Business School, , University of Strathclyde, Sir William Duncan Building, Glasgow G4 0GE, UK

2 College of Business Administration, University of Missouri- St. Louis, 1003 SSB Tower, St. Louis, MO 63121, USA

3 Indian Institute of Management Ahmedabad, Vastrapur, Ahmedabad, Gujarat 380015, India

Karam, 2018). CSR includes ‘explicit’ activities which firms voluntarily engage in to address social problems that go beyond their economic and legal responsibilities, and ‘implicit’ practices dictated by the legal framework they operate in (Matten & Moon, 2008). The international CSR literature focuses on understanding how institutional conditions influence the CSR strategies of firms in emerging markets (Jamali & Neville, 2011; Visser, 2008). Given that diverse institutional pressures in emerging markets can shape the public’s expectations of the scope, scale, and beneficiaries of CSR strategies (Doh & Guay, 2006; Gardberg & Fombrun, 2006; Marano & Kostova, 2016), several researchers rely on sociological perspectives of institutions to better understand how these firms utilize CSR to garner legitimacy with regulators and other stakeholders (Ioannou & Serafeim, 2012; Jamali & Karam, 2018; Jamali, Karam, Yin, & Soundararajan, 2017).

The institutional sociological framework emphasizes that coercive (regulatory), normative and mimetic institutional pressures ensure that organizations conform in order to garner legitimacy with regulators and other societal members (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Sahasranamam & Nandakumar, 2018). Since societal standards determine CSR behavior (Campbell, 2007), firms within a given societal context can obtain legitimacy by displaying similar CSR choices (Kim, Amaeshi, Harris, & Suh, 2013). Other scholarship has shown that organizations within the same institutional context may display varied CSR practices in response to institutional pressures due to differences in organizational characteristics such as ownership structure (Goodrick & Salancik, 1996).

Agency theory is a prominent perspective that seeks to understand how a conflict of interest between owners (principals) and managers (agents) creates agency problems that can be overcome through governance mechanisms (Eisenhardt, 1989; Jensen & Meckling, 1976). US based studies applying agency theory arguments to CSR suggest that managers with lower levels of ownership tend to overinvest in CSR to obtain private reputational benefits (Barnea & Rubin, 2010). While traditional agency theorists ignored institutions in assessing agency costs, more recent work recognizes the importance of contextualizing agency costs by examining the institutional context in which organizations are embedded (Filatotchev, Jackson, & Nakajima, 2013). Corporate governance scholars have become increasingly interested in investigating the effectiveness of different ownership structures in emerging market firms operating in environments with weak legal and market institutions (Aguilera, Filatotchev, Gospel, & Jackson, 2008; Singla, George, & Veliyath, 2017). Such work finds that principal-principal conflicts between controlling and minority shareholders are more prevalent in emerging markets due to weak formal protection of shareholder rights (Dharwadkar, George, & Brandes, 2000; Young, Peng, Ahlstrom, Bruton, & Jiang, 2008).

While both institutional theory and agency theory examine the drivers of CSR, each provides only a partial explanation of the phenomenon. In emerging markets, institutional theory arguments emphasize external pressures as important drivers of CSR (Chapple & Moon, 2005; Ioannou & Serafeim, 2012; Mitra, 2012) while agency theory focuses internally on opportunism due to principal-principal conflicts between majority and minority owners (Aguilera & Crespi-Cladera, 2016; Peng & Yang, 2014). Given that firms are exposed to both internal and external forces, combining institutional theory and agency theory might provide a more holistic picture of how the wider institutional/societal context may constrain or enable the autonomy of majority owners to pursue private benefits from CSR in emerging markets. Combination of these theories can also help us better understand how distinct ownership structures result in variations in CSR responsiveness to various regulative, normative and mimetic institutional pressures. We theorize that firm ownership will exert a differential influence on receptivity and responsiveness to institutional pressures for CSR from internal and external stakeholders due to the extent of conflict between owners.

CSR is viewed as a multidimensional construct with four main constituting dimensions: economic, legal, ethical and discretionary (Carroll, 1991). More recently, Block and Wagner (2014) consider five CSR dimensions: community-related CSR, diversity-related CSR, employee-related CSR, environment-related CSR, and product-related CSR and find that family-owned firms behave responsibly on some CSR sub-dimensions while being less responsive on other CSR dimensions. Since empirical research notes that firms tend to treat social and environmental issues quite differently in practice (Bansal, Gao, & Qureshi, 2014), we only investigate the influence of ownership structure on one component of CSR, namely, community-related CSR. We define community-related CSR as the extent to which a firm makes both charitable donations and community contributions (Mithani, 2017).

Some studies have begun investigating the impact of ownership structures on CSR disclosures in emerging markets such as South Africa (Ntim & Soobaroyen, 2013). Yet, there is a dearth of multi-theory research on the link between ownership structures and CSR expenditure in other emerging markets. Hence, in this study we examine CSR in a less investigated emerging market, India and seek to answer the following research question: *How does ownership structure impact community-related CSR engagement by Indian firms?* To answer this question, we adopt arguments from institutional theory along with agency theory.

To test our theory, we analyze a dataset of Indian firms currently listed on two Indian stock exchanges, namely, Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) over an eight year period from 2008 to 2015. This empirical context is especially conducive for exploring our research question given that despite economic liberalization and significant changes in factor markets, different types of organizational forms continue to dominate the business landscape in India (Arevalo & Aravind, 2011). Due to India's mixed-plan economy with features of centrally planning, the central and state governments directly or through their associated institutions control several strategic industries. At the same time, a large private sector with business groups and family-owned firms where business group promoters and families play an influential role in organizational governance represent features of a market economy (Khanna & Palepu, 2000).

Moreover, Indian firms operate in an institutional context with poor socio-economic conditions such as a high illiteracy rate (37.2%), a high infant mortality rate (41.4 per 1000 live births), and a high percentage of people living below the poverty line (23.6%) (UNDP, 2015a, b, c). This creates high normative institutional pressures for corporations with significant resources to act in socially responsible ways to improve these conditions while maintaining their focus on financial performance. Additionally, community-related CSR in the form of charitable donations and community contributions constitutes a significant portion of CSR spending by Indian firms due to historical traditions, religious norms, a post-colonial national building ethic, and indigenous business-society relations (Fisman & Khanna, 2004; Mitra, 2012; Sivakumar, 2008; Worden, 2003).

Rising coercive institutional pressures also require Indian firms to spend a nominated portion of their net profits on CSR (Jain, Aguilera, & Jamali, 2017; Subramaniam, Kansal, & Babu, 2017). The Indian government introduced several social reform regulations in the last decade such as the Prime Minister's 10 point Social Charter in 2007, Corporate Social Responsibility Voluntary Guidelines in 2009, National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business in 2011, and Section 135 of The Companies Act in 2013 mandating CSR investment (Ministry of Corporate Affairs, 2009; The Gazette of India, 2014). This creates high coercive pressures encouraging Indian firms to engage in community-related CSR.

At the same time, other researchers note that CSR in Indian firms broadly follows four models[1]: ethical, statist, liberal, and stakeholder (Kumar, Murphy, & Balsari, 2001). Although the influence of government ownership in Indian firms on CSR is less studied, it is plausible that it follows a statist model with public welfare objectives driving CSR initiatives. Indian business group owned firms have historically engaged in CSR to address institutional voids by providing education and employment in areas where they are most needed (Mishra & Suar, 2010). A major concern in family owned firms in emerging markets is that powerful families that control these organizations might expropriate minority shareholders to maximize their own benefits from CSR (Muttakin & Subramaniam, 2015; Oh, Chang, & Martynov, 2011). Due to their distinctive characteristics, CSR engagement can be expected to differ across Indian firms depending on whether they are government owned, business group owned or family owned. In summary, given that the influence of firm ownership on CSR in weak institutional settings remains largely understudied (Ararat, Colpan, & Matten, 2018), we believe that it is particularly important to assess whether variations in institutional and agency motives in Indian firms with different types of ownership leads to variations in their engagement in community-related CSR (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011; Subramaniam et al., 2017).

The next section provides our theoretical background and hypotheses where we utilize institutional theory and agency theory arguments to explain differences in community-related CSR by Indian firms with different types of ownership structures. This is followed by the methods section, which details the research site and key variables. Finally, the results section is followed by a discussion of the implications and limitations of our study.

Theoretical development and hypotheses

Scholars have largely examined the role of ownership patterns in influencing CSR in developed market contexts using agency theory and stakeholder theory arguments (Dam & Scholtens, 2013). Research suggests that ownership structure has a differential impact on CSR engagement by firms and this impact is likely to vary across countries (Devinney, Schwalbach, & Williams, 2013). Studies in Europe have found that

[1] Ethical model focusses on voluntary commitment by the firms towards public welfare. Under statist model, legal and state requirements define corporate responsibilities. The liberal model refers to the one championed by Milton Friedman, which refers to corporate responsibilities being limited to private owner or shareholders. Stakeholder model suggests that companies need to respond to their stakeholders like customers, employees and communities through corporate responsibility actions (Kumar et al., 2001).

corporate, individual and employee ownership lower CSR engagement while bank, institutional and state ownership have a neutral impact (Dam & Scholtens, 2012, 2013). On the other hand, studies in the US suggest that greater insider ownership (manager and large block holders) mitigates the conflict of interest between different shareholders in firms investing in CSR since insider investors bear a larger cost associated with CSR (Barnea & Rubin, 2010). Other empirical research in the US reveals that different types of ownership structures can differentially influence different dimensions of corporate social performance (Johnson & Greening, 1999). Extant research in other Western contexts also indicates that companies with higher CSR ratings have less concentrated ownership (Brammer & Millington, 2008). Dam and Scholtens (2013) reason that even though a CSR practice might be socially optimal, developed market firms with concentrated ownership are less likely to prefer investments in CSR since benefits do not outweigh the costs.

In emerging markets, previous multi-theory studies of organizations with different ownership structures primarily investigate differences in voluntary CSR disclosures in annual reports. For example, Ntim and Soobaroyen's (2013) study finds that different types of ownership in South African firms has a differential impact on CSR disclosures which the authors explain utilizing a combination of resource dependence theory, stakeholder theory, legitimacy theory and agency theory.

Extant research suggests that it might be important to integrate institutional theory with agency theory arguments (Eisenhardt, 1988; Kostova, Roth, & Dacin, 2008) since key decision-makers of firms with heterogeneous governance structures have a greater capacity to avoid pressures from market and non-market actors to meet both their economic and social goals in these institutional environments. The presence of regulative, normative and mimetic institutional pressures in these countries should compel some owners to compete for economic efficiency by reducing CSR while others will increase CSR engagement to conform to expected social behavior to gain legitimacy with relevant stakeholders.

In emerging markets, most agency theory research assumes that since the government, family or business group is the pre-dominant shareholder and manages the firm or is closely related to the top management team, there is a natural alignment of interests between owners and managers, therefore, principal-agent problems are unlikely to surface (Jensen & Meckling, 1976). Instead, a different type of agency problem termed the principal-principal agency problem is pervasive due to conflicts of interest between majority and minority shareholders when majority shareholders disregard the interests of minority shareholders (Schulze, Lubatkin, Dino, & Buchholtz, 2001). Research suggests that this could be due to actions such as 'financial tunneling' i.e. transfer of assets at below market prices between publicly listed group affiliates to private group affiliated companies (Young et al., 2008).

Recent work notes that heightened CSR may be the result of 'social tunneling' (Kock, Lee, Min, & Park, 2016). The notion of 'social tunneling' highlights greater principal-principal agency conflicts and expropriation of non-controlling shareholders due to the divergent interests of controlling and non-controlling owners. While controlling owners in emerging markets tend to strive for high social performance to reach their non-economic goals, non-controlling shareholders have a greater preference for financial goals since they are less likely to enjoy the non-economic benefits of CSR.

Agency theory tends to focus internally on the opportunistic behavior of controlling shareholders of firms, while both internal and external forces drive community-related CSR decisions. Therefore, it becomes important to examine the role of institutional pressures that emphasize external forces along with principal-principal agency problems that highlight the role of internal constraints in shaping CSR in firms operating in emerging markets. Fig. 1 summarizes the model we elaborate and test empirically.

Government ownership and CSR

Governments in many emerging markets control critical resources and increasingly play a significant role in setting rules to create norms for the CSR behavior of organizations (Campbell, 2007). Historically, Indian government firms adopted 'implicit' CSR practices such as the provision of housing for their employees, lifelong employment, employee-friendly health care plans and sponsorship of social welfare projects to fill institutional voids in emerging markets (Mishra & Suar, 2010).

Institutional theory views governments as societal institutions with coercive power to regulate the behavior of organizations through laws and regulations. Social reform regulations in India have led to rising coercive pressures on government firms to prioritize community-related CSR (Muttakin & Subramaniam, 2015). In addition, government firms face growing normative pressures from a variety of non-market actors such as professional associations, non-governmental organizations and the media (Dhanesh, 2014). Institutional theorists emphasize the importance of conforming to regulations and social norms because doing so increases organizational legitimacy (Deephouse & Suchman, 2008).

Historical factors prior to pro-market reforms in India led government firms to be viewed as both economic and social providers of local communities. This increases the likelihood that government firms will be more attuned to normative pressures from external constituents to continue to provide social benefits similar to those they provided pre-transition (Mohan, 2001). Some studies have found that greater sensitivity and responsiveness to institutional pressures can lead government owners in India to increase government sponsored CSR programs (Kansal, Joshi, Babu, & Sharma, 2018) and disclosures of CSR directed towards the weaker sections of society (Muttakin & Subramaniam, 2015).

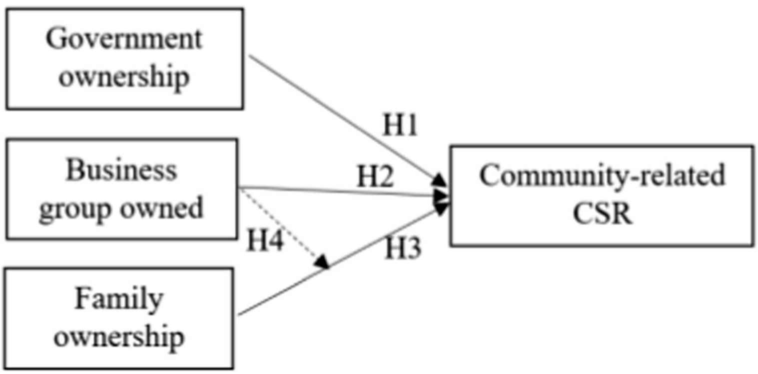

Fig. 1 Conceptual model for the study

From the agency theory perspective, government shareholders in India have a strong incentive to push for high social performance since enhancing financial performance might not be their primary objective (Subramaniam et al., 2017). In contrast, minority shareholders might have a greater preference for financial goals since they are less likely to enjoy the non-economic benefits of CSR. This makes the principal-principal agency problem in CSR terms more likely to occur. Due to the weak legal protection of minority shareholders in India (Sarkar, 2010) and the greater influence of the government on government firms, it is plausible that the principal-principal conflict will be resolved in favor of government owners.

Institutional theory arguments lead us to expect that the higher receptivity of government firms to rising institutional pressures for CSR from governments and external stakeholders will shift the balance towards greater prioritization of non-economic/societal goals by government owners. Likewise, our discussion of agency theory problems also suggests that government firms are likely to safeguard the interests of the government by increasing community-related CSR. Thus:

Hypothesis 1 *Government ownership is positively related to community-related CSR*

Business groups and CSR

Business groups are defined as a set of legally independent companies that are bound together by formal and informal ties (Chittoor, Kale, & Puranam, 2015; Khanna & Rivkin, 2001; Ramaswamy, Purkayastha, & Petitt, 2017). Business groups are a common feature in emerging markets since they are viewed as an efficient response to substantial institutional voids due to weak institutions and the poor infrastructure in these countries (Chari & Dixit, 2015; Elango, Pattnaik, & Wieland, 2016). Business groups are particularly successful in dealing with institutional deficient conditions since they have developed a variety of coping strategies and organizational mechanisms that provide them with an advantage over independent firms (Gaur & Kumar, 2009; George & Kabir, 2012; Purkayastha, Kumar, & Lu, 2017).

Citizens in many emerging markets do not have access to basic health care services and social security systems (Visser, 2008). To fill the institutional voids that stem from rudimentary social welfare systems to support markets, many Indian business groups with a post-colonial nation-building ethic engage in CSR. Case based studies highlight how business groups contributed to the socio-economic development of communities living around their industrial units long before pro-market reforms (Mitra, 2011; Worden, 2003). Older Indian business groups with a strong legacy of CSR continue to direct a significant portion of their group profits back to society through their charitable donations and community contributions (Sivakumar, 2008). Due to their historical socially responsible behavior, CSR by business groups has become a socially accepted norm and many Indian business groups have earned a favorable community-related CSR reputation (Mitra, 2011).

From an institutional theory perspective, normative pressures from local communities, financial and business associations should guide business group owners to view responsibilities to communities as inherently linked to their core organizational purpose. Because of their higher visibility and strong sense of obligation towards local communities, Indian business groups should prioritize visible community-related CSR strategies to respond to these rising institutional pressures. Doing so, allows them to alleviate stakeholder concerns while preserving their reputation with local constituents. Hence, it can be expected that their history of CSR engagement and efficiency with the use of group-level CSR resources (Sivakumar, 2008) will allow Indian business group promoters to derive socio-emotional benefits (Gomez-Mejia et al., 2011) by addressing institutional pressures for CSR. For example, congruence between stakeholder expectations and their community-related CSR engagement can help local communities to effectively cope with complex, deep-rooted social problems (e.g. poverty, malnutrition, illiteracy, etc.) while creating legitimacy gains for the business group promoter.

From an agency theory perspective, the complexity and opacity (i.e. incomplete disclosure on extent of insider ownership, extent of holdings by promoter type, etc.) of Indian business group ownership structures can interfere with efficient monitoring and lead to the expropriation of minority shareholders by promoters (Sarkar, 2010). One way minority investor expropriation can be undertaken is through social tunneling wherein business groups might strategically divert resources for CSR to group affiliates with higher visibility. Relatively weak investor protection and rule of law in India reduces the extent to which minority owners are able to act as a countervailing force against promoters. This creates principal-principal agency problems since business group promoters can collect majority of the benefits from CSR, while the costs of CSR engagement are disproportionately borne by minority shareholders (Kock et al., 2016).

Empirical work finds that over 69% of Indian business group affiliates have promoters as a chairperson or as a member of the board of directors (Sarkar, 2010). This indicates that business group structures provide promoters with greater discretionary power over corporate resources and a greater ability to appoint executives to management positions who are sympathetic to their objectives. Hence, we expect this principal-principal conflict to be resolved in favor of promoters. Based on our discussion above, group-affiliated firms will have stronger incentives to invest in community-related CSR to preserve their reputation with external stakeholders. Thus:

Hypothesis 2 *Business group affiliation is positively related to community-related CSR*

Family ownership and CSR

Family firms are controlled by a family through involvement in management and ownership which is often coupled with a transgenerational vision for the firm (Chua, Chrisman, & Sharma, 1999; Zellweger, Nason, Nordqvist, & Brush, 2013). Since the family is easily identified by the public as owners of the firm, negative reputation can easily spillover from the firm to the controlling family (Block & Wagner, 2014; Liu, Shi, Wilson, & Wu, 2017). Most family firms tend to score higher on values like empathy, warmth and zeal (Payne, Brigham, Broberg, Moss, & Short, 2011). Altruistic sentiments which promote unselfish behavior between family members have been found to be dominant in family firms and can also play an important role in influencing decision-making processes related to external stakeholders (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Nekhili, Nagati, Chtioui, & Rebolledo, 2017).

Two prominent perspectives that argue for greater CSR performance by family firms include the ‘long-term horizon’ view (i.e. family firms assign a high priority to preservation of their reputation) and the ‘expropriation’ view (i.e. the principal-principal agency problem where the controlling family could expropriate minority shareholders to pursue private benefits). Empirical studies investigating the impact of family control on CSR in Western contexts have found support for the ‘long-term horizon’ view indicating that family firms engage in CSR to meet their non-financial or socio-emotional goals, namely, projecting a positive family image and reputation (Berrone et al., 2010; Sharma & Manikuti, 2005; Westhead, Cowling, & Howorth, 2001), gaining recognition through generous actions (Schulze, Lubatkin, & Dino, 2003), and enjoying prestige in the community (Corbetta & Salvato, 2004; Stafford, Duncan, Danes, & Winter, 1999). The ‘expropriation’ view suggests that controlling families engage in CSR by using their voting rights to divert resources away from other projects to CSR that benefits the family while financially expropriating non-family shareholders (Kock et al., 2016).

Both perspectives are important for CSR predictions of family firms operating in emerging markets. The ‘long-term horizon’ view suggests that family firms in emerging markets should respond to institutional pressures for CSR from local communities in a substantive manner in comparison to non-family firms in an attempt to preserve their high social status in the community and family-related identity. Involvement in community-related CSR can provide the controlling family with an opportunity to have an impact on the firm as more than just a business. Additionally, family firms might increase community-related CSR engagement due to their strong inclination to listen to family shareholders, many of whom are closely connected to the local community (Zellweger & Nason, 2008). Greater sensitivity and responsiveness to normative and mimetic institutional pressures increases the likelihood that family firms will engage in community-related CSR. A recent study utilizing CSR ratings of India’s 500 largest firms provides support for the ‘long-term horizon’ view since family firms achieved higher levels of CSR engagement (Cordeiro, Galeazzo, Shaw, Veliyath, & Nandakumar, 2018).

Due to the institutional underdevelopment and weak legal protection of minority stakeholders in the Indian market (Lodh, Nandy, & Chen, 2014), agency theory arguments suggest that the ‘expropriation’ view might also apply to understanding CSR in family firms. Prior work notes that long-term relationships among family members in Asia provide the required trust for them to act opportunistically creating principal-principal conflicts (Sauerwald & Peng, 2013). Controlling families can be expected to divert greater resources to impose their CSR decisions on minority shareholders to pursue benefits for the family while ignoring non-family shareholder interests. Taken together, increased sensitivity of family owners to institutional pressures from stakeholders along with greater expected private benefits from directing resources to CSR suggest that greater family ownership might increase community-related CSR. Thus, we hypothesize that:

Hypothesis 3 *Family ownership is positively related to community-related CSR*

Family-owned business groups and CSR

The Indian corporate landscape is dominated by business groups controlled by families (Sarkar & Sarkar, 2000). Higher levels of interaction within family-owned business groups increases trust and resource sharing between group affiliates (Manikutty, 2000; Zahra, 2010). Historically, a formidable challenge for emerging market firms was the difficulty in obtaining external funds. In such institutionally constrained environments, family-owned business groups provided group affiliates with access to an "internal capital market" for funds (Khanna & Palepu, 1997). Besides, family-owned group affiliated firms were able to leverage their family reputation for easier access to external resources (Almeida & Wolfenzon, 2006).

Since controlling ownership is in the hands of a family, the family has greater discretionary power over corporate resources (Dharwadkar et al., 2000). Faced with rising institutional pressures, Indian family-owned business groups can be expected to take the 'long-term horizon' view (Ashwin, Krishnan, & George, 2015) and engage in community-related CSR activities for preserving their family image and reputation as a socially responsible business entity. Moreover, since business groups are viewed as excellent training grounds for developing talent (Mahmood & Mitchell, 2004), engaging in CSR projects across different group firms might allow family-owned business groups to act as incubators of CSR talent. Greater access to financial resources and CSR capabilities made available through multiple group affiliates coupled with greater discretionary power to use these for meeting their socio-emotional goals should encourage family-owned business groups to engage in greater community-related CSR in response to rising institutional pressures for CSR.

Prior research on business groups in India indicates that weak external governance due to the underdeveloped institutional environment results in principal-principal problems which allow controlling families to engage in 'financial tunneling' i.e. transferring profits from group affiliated firms where they have low cash flow rights to group affiliates with high cash flow rights (Bertrand, Mehta, & Mullainathan, 2002). Similarly, Indian family-owned business groups might indulge in 'social tunneling' (strategically engaging in community-related CSR mainly through their public affiliates rather than private affiliates) at the expense of minority owners because this approach effectively addresses institutional pressures from external stakeholders while creating reputation gains for their public as well as private business group affiliates.

From an agency theory perspective, greater mutual monitoring and trust between family members can facilitate the coordination and collective actions that are necessary to result in principal-principal conflicts. At the same time, institutional theory arguments suggest that higher normative and coercive institutional pressures will increase social benefits for family group affiliates from higher CSR performance. In light of both institutional theory and agency theory arguments, we hypothesize that

Hypothesis 4 *Family ownership of business groups is positively related to community-related CSR*

Data and methodology

Research context

India has a long tradition of community-related CSR consisting of corporate generosity directed towards addressing social problems (Husted, 2015; Sharma & Talwar, 2005). In the early modern era (early 1900s), community-related CSR began to be directed towards social causes such as education and women's rights (Mangaleswaran & Venkataraman, 2014). Nowrojee Wadia set up the first foundation in India, much before Carnegie and others in the United States (Sundar, 2013).

During the 1950s, inspired by the Gandhian philosophy of 'trusteeship', businessmen viewed their business as a 'trust', held in the interest of the community at large (Balakrishnan, Malhotra, & Falkenberg, 2017). Post-independence, in the mixed economy framework, there was an increase in government sponsored CSR activities through government-owned firms (Mohan, 2001). Leading business groups like Bajaj, Birla, Godrej, Larsen & Toubro, Infosys and Tata played a role in both industrializing India as well as in its social and political development (Mohan, 2001). Post the 1960s, India witnessed a transition from community-related CSR being an implicit element of the institutional framework to becoming an explicit element of corporate policies (Matten & Moon, 2008). This shift was driven by the economic liberalization in the early 1990s and the growth in non-family companies.

Since late 2007, due to rising CSR regulations Indian firms have increased their attention to socially responsible behavior (Agrawal & Sahasranamam, 2016; Jain et al., 2017). Institutional reforms started with the then Prime Minister Dr. Manmohan Singh releasing the Ten Point Social Charter, which called for organizations to partner with the government to achieve Inclusive Growth (Singh, 2007). This was closely followed by the Corporate Social Responsibility Voluntary Guidelines issued by the Ministry of Corporate Affairs (Ministry of Corporate Affairs, 2009). In 2013, Section 135 of The Companies Act 2013 made CSR a mandatory requirement for companies having a net worth in excess of 5 billion INR, or turnover greater than 10 billion INR, or a net profit higher than 50 million INR during any of the last three financial years (The Gazette of India, 2014). These firms must invest at least 2% of their net profits in CSR. These rules went into effect on April 1st, 2014. Although rising CSR regulations mandate CSR, it is important to note that the Indian government has adopted a lenient view with regard to CSR implementation since organizations did not face any penalties for non-compliance with mandatory CSR guidelines until 2017 (ET Bureau, 2015). Therefore, for all practical purposes, there are no mandatory CSR requirements with associated stringent penalties for the entire period of our study.

Sample

We test our hypotheses using a sample of Indian firms currently listed on the two Indian stock exchanges, namely, Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Data for all our variables was collected from the Centre for Monitoring Indian Economy Pvt. Ltd. (CMIE) Prowess database which has been extensively utilized in past research on Indian firms (Chittoor et al., 2015; Chittoor, Sarkar, Ray, & Aulakh, 2009).

Our analysis is for publicly listed Indian firms during the period from 2008 to 2015. We chose this time period since there was a global increase in consciousness around the CSR practices of firms following the financial crisis in 2008 (Giannarakis & Theotokas, 2011). Of the 5622 publicly listed firms, 1546 firms are business group affiliated and 100 firms are owned either by the central or state government. Of these publicly listed firms, our sample focuses on large firms with sales greater than 5 billion INR, since it is expected that such firms have enough resources to contribute towards CSR and new CSR laws enacted by the government mandate CSR for firms with sales greater than 5 billion INR. Based on this cut-off, our dataset consists of 768 business group affiliated firms, 718 family firms and 78 government owned firms. Due to missing data for some variables, we have an unbalanced panel dataset and firm-year observations are specified in the results table.

Measures

Community-related CSR Community-related CSR is operationalized as a ratio of charitable donations[2] and community contributions[3] made by Indian firms to their net sales. We consider both charitable donations and community contributions, because prior work has found that Indians firms are likely to inconsistently report these values such that community contributions from one year are reported as charitable donations in the following year, or vice versa (Mithani, 2017). We label this variable as community-related CSR since it represents monetary contributions directed towards charitable causes and community development as well as funds paid to non-profits (Mithani, 2017). Multiple surveys indicate that community-related CSR constitutes a significant portion of the CSR spending patterns of Indian firms (Chowdhry, 2017; KPMG, 2017). Fig. 2 illustrates the trend of yearly community-related CSR for publicly listed Indian companies (with annual sales in excess of 5 billion INR). A logarithmic transformation was performed since this variable was left skewed.

Ownership As mentioned earlier, we explore the impact of three forms of business ownership that are predominant in India, namely, state ownership, business group ownership and family ownership on community-related CSR.

Government ownership We operationalize state ownership as a dummy variable. It takes the value of 1 if the state or central government owns the firm. Classification of

[2] It is a combination of donation for a religious purpose, donation to a local authority or an institution set up for the purpose of a social cause, donation to an institution for relief work because of destruction caused by a natural calamity, donation given to the Prime Ministers' National or Drought Relief fund, and donation to a political party. Though Prowess does not provide detailed information on each of these donation categories, the proportion of donations to a political party is likely to be a very small portion since there was a government restriction on such donations during the period of this study. According to the Companies Act (which is what applied to the companies during the period of our study), companies could only contribute 7.5% of the average net profit of last three fiscals as donations to political parties (Singh, 2017). It was only in the Finance Bill 2017 that this cap was removed (Deshmukh, 2017). Hence, for the period of our study, we can assume that the largest part of these donations were non-political in nature.

[3] This includes expenses incurred by companies for the benefit of society or the community at large such as building or maintaining public parks, garden maintenance, building temples, constructing roads or contributions for social occasions, etc.

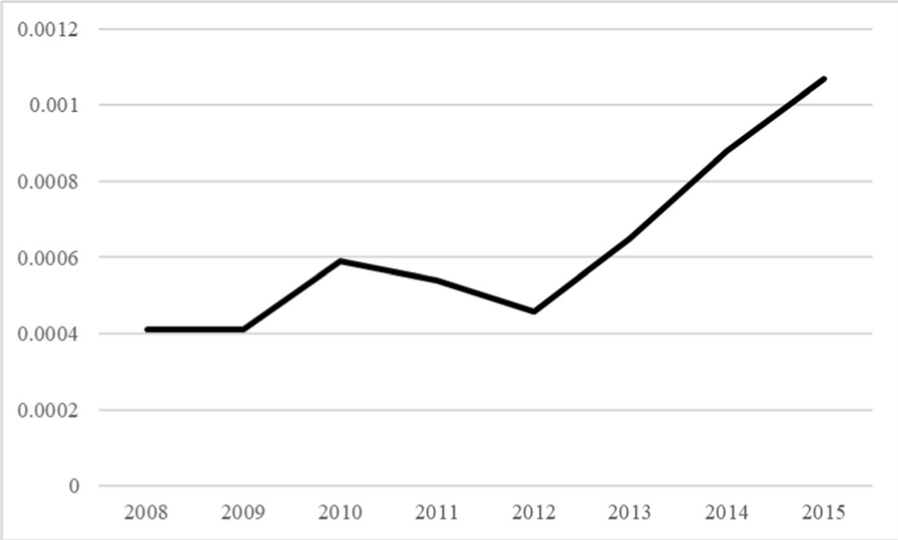

Fig. 2 Trend line of Community-related CSR by Indian firms for the period 2008–2015

government ownership is available in the Prowess database.[4] We operationalize government ownership similar to several other studies (Ashwin et al., 2015; Bhaumik & Dimova, 2004).

Business group affiliation Business group affiliation is operationalized as a dummy variable. It takes the value of 1 if the firm is associated with a business group and 0 otherwise. This classification of business group affiliated firms is specified in the Prowess database (Khanna & Rivkin, 2001; Komera, Lukose, & Sasidharan, 2018; Lodh et al., 2014). However, there are certain limitations in the way business group affiliation is recorded (Chittoor et al., 2015; Komera et al., 2018). Firstly, historical information about changes related to business group affiliation are not provided. However, since business groups in India are not very active in the market for corporate control, this limitation is not of significant concern (Chittoor et al., 2015; Komera et al., 2018). Secondly, a firm is recorded as business group affiliated even when it is the only affiliate of that business group. This goes against the definition of business group wherein at least two firms needs to be affiliated with a group (Belenzon & Berkovitz, 2010). To overcome this problem, we use a time-varying dummy variable to examine whether the business group shrank or expanded its portfolio of affiliate companies below or above two (Chittoor et al., 2015). To check on the robustness of our results, we re-estimated all our models with the time invariant business group dummy.

Family ownership Family ownership is measured as the ratio of equity held by family owners or promoters to the total common stock (Ashwin et al., 2015). It is a

[4] Additionally, we operationalize government ownership by manually calculating the ratio of equity held by government in each firm to the total common stock. Since the sample size for which this information was available, was very low, we choose to use the classification specified by Prowess. Prowess arrived at its classification of government ownership using data in the database along with market intelligence and its own judgment.

combination of shares held by individual family owners or promoters. Additionally, for a robustness check, we created a dummy variable (family ownership greater than 20% = 1; otherwise = 0) (Lodh et al., 2014).

Control variables Based on prior research investigating the relationship between ownership variables and CSR, we control for the following variables, namely, firm size, firm age, financial slack, leverage and past financial performance (Harjoto & Jo, 2011; Jo & Harjoto, 2011; McWilliams & Siegel, 2001).

Firm size. Since prior studies have found that firm size is positively associated with CSR (Johnson & Greening, 1999; Muller & Kolk, 2010), we control for firm size which is measured as the logarithm of total assets (Orlitzky, 2001).

Firm age. Based on previous research, firm age is likely to be positively (Moore, 2001) or negatively related (Cochran & Wood, 1984) with CSR. Hence, we control for age as a continuous variable by measuring it as the difference between current year and incorporation year.

Financial slack. Firms are more likely to make discretionary contributions like CSR when they have financial slack (Waddock & Graves, 1997; Xu, Yang, Quan, & Lu, 2015). We use current ratio as a proxy for financial slack (Mahmood & Mitchell, 2004).

Leverage. It is operationalized as the ratio of debt to equity. With higher levels of debt, firms are expected to spend their current cash flow in servicing the debt rather than investing in activities like CSR (Li & Zhang, 2010; Oh et al., 2011).

Past financial performance. We control for past financial performance, as poor prior financial performance can lead to conservative CSR behavior by firms (Cameron, Whetten, & Kim, 1987). We use lagged ROA (one-year lag) to capture prior financial performance.

We also control for industry and year using dummy variables. We created industry dummies using the 4-digit National Industry Classification (NIC) codes available in Prowess.

Results and analysis

Summary statistics for our dataset are provided in Table 1 as two parts. First, we present the summary statistics for the entire sample in part (a). From this, we can observe that the mean firm age of the sample is 30 years with the oldest firm being 150 years old. The large mean for business group affiliation suggests the significant presence of business group affiliated firms in India. In part (b), we present the summary statistics of dependent and control variables specific to the ownership categories. Further analysis revealed that there were 11 government owned firms and 13 business group firms, which had spent over 500 million INR in community-related CSR at least once during the period of our study. However, no family-owned firm had community-related CSR expenditure greater than 500 million INR. In Table 1 (b), we conducted 2-sided paired t-tests to assess whether there were significant differences in community-related CSR engagement based on firm characteristics. Our results indicate that there is a significant difference between the community-related CSR engagement of family and non-family firms, and between the community-related CSR engagement of

Table 1 Summary statistics

(a) For the overall sample					
Variable			Mean		s.d.
Community-related CSR			.0006		.004
Government ownership			.05		.21
Business group affiliation			.35		.47
Family ownership (%)			.23		.23
Past financial performance			1.77		195.86
Financial slack			17.56		130.72
Leverage			1.53		26.18
Firm size			6.87		3.61
Firm age			30.42		19.95
(b) For sub-samples based on ownership type					
	Business group firms		Standalone firms		2-sided paired t-test
Variable	Mean	s.d.	Mean	s.d.	*p* value
Community-related CSR	.0006	.002	.0007	.006	.185
Past financial performance	−.33	168.49	3.07	211.04	.405
Financial slack	4.32	28.81	25.52	163.38	.000
Leverage	1.68	12.54	1.44	31.40	.631
Firm size	8.76	2.91	5.81	3.53	.000
Firm age	35.63	22.72	27.53	17.59	.000
	Family firms		Non-family firms		
Variable	Mean	s.d.	Mean	s.d.	*p* value
Community-related CSR	.0004	.0009	.0006	.0017	.000
Past financial performance	1.69	86.11	−2.10	175.98	.299
Financial slack	16.72	149.98	12.64	102.76	.156
Leverage	1.15	7.63	1.89	15.61	.012
Firm size	6.24	3.18	7.66	3.29	.000
Firm age	25.44	12.31	32.73	20.69	.000
	Government-owned firms		Private sector firms		
Variable	Mean	s.d.	Mean	s.d.	*p* value
Community-related CSR	.0027	.016	.0004	.001	.000
Past financial performance	3.68	22.98	1.65	201.82	.810
Financial slack	2.70	7.30	18.40	134.31	.002
Leverage	1.02	1.53	1.56	26.90	.624
Firm size	12.02	2.34	6.59	3.46	.000
Firm age	55.16	29.71	29.12	18.40	.000

government-owned and non-government owned firms. On the other hand, we do not find a significant difference between the community-related CSR engagement of business groups and non-affiliated firms.

The correlation matrix is provided in Table 2. We find a negative and significant correlation between government ownership and community-related CSR, and a positive

Table 2 Correlation matrix

Variable	1	2	3	4	5	6	7	8	9
1. Community-related CSR	1								
2. Government ownership	.12*	1							
3. Business group affiliation	−.01	−.17*	1						
4. Family ownership (%)	−.05*	−.03*	−.31*	1					
5. Past financial performance	.11*	.00	−.01	.00	1				
6. Financial slack	.01	−.02*	−.08*	.01	.00	1			
7. Leverage	−.01	−.01	.01	−.02*	−.04*	−.01	1		
8. Firm size	.11*	.32*	.39*	−.21*	.02*	−.07*	.01	1	
9. Firm age	.01	.28*	.19*	−.20*	.00	−.04*	−.01	.36*	1

* $p < .05$

and significant correlation between business group affiliation and community-related CSR. We checked for multicollinearity and found that Variance Inflation Factors were below 4. Therefore, multicollinearity is not a likely concern in our analysis (Neter, Kutner, Nachtsheim, & Wasserman, 1996).

Table 3 presents the results for the relationship between ownership variables and community-related CSR. We used panel random effects regression for estimating the relationship. We use the random effect model because key explanatory variables in our models do not change (like group affiliation) or change slightly (ownership variables) over time (Kennedy, 1998). We also used robust standard errors clustered at the industry level.

In case the independent variables are endogenous, regression coefficients may be inconsistent. However, earlier research has argued that ownership structure in Asian and Indian firms remains relatively stable over time and endogeneity in ownership is not a concern for these firms (Ashwin et al., 2015; Jiang & Peng, 2011). Our research design helps mitigate concerns of omitted heterogeneity by the use of year and industry fixed effects (El Ghoul, Guedhami, Wang, & Kwok, 2016).

In Table 3, Model 1 represents the base model, which includes the control variables that influence community-related CSR. Among controls, we find that past financial performance has a significant and positive influence on community-related CSR. In Model 2, Model 3, and Model 4 we incrementally add the three ownership variables, namely, government ownership, business group affiliation, and family ownership. Model 5 includes all three ownership variables. Model 6 highlights the effect of business group affiliation, family ownership and its interaction. Finally, Model 7 includes all three ownership variables along with the interaction between family ownership and business group affiliation.

Model 2 presents the result for Hypothesis 1, which suggests that government ownership does not have a significant effect on community-related CSR. However, in Model 5 ($\beta = -.702$, $p < .10$) and Model 7 ($\beta = -.607$, $p < .10$), we observe a weak negative and significant effect of government ownership on community-related CSR. Considering that the predicted positive effect is not significant across all models, we do not find support for Hypothesis 1.

Model 3 shows the result for Hypothesis 2, which predicted that business group ownership is positively related to community-related CSR. In Model 3, the coefficient

Table 3 OLS regression results on Community-related CSR

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Financial slack	−.006 (.013)	−.006 (.013)	−.006 (.013)	−.010 (.012)	−.011 (.012)	−.011 (.012)	−.011 (.012)
Leverage	−.006*** (.001)	−.006** (.001)	−.006** (.001)	−.005** (.001)	−.005** (.001)	−.005** (.001)	−.005** (.001)
Firm size	.062† (.035)	.062† (.034)	.052 (.037)	.085* (.031)	.074* (.039)	.062† (.032)	.072* (.032)
Firm age	.002 (.002)	.002 (.001)	.001 (.001)	.003 (.002)	.002 (.002)	.001 (.002)	.002 (.002)
Financial performance $_{(t-1)}$	3.421*** (.783)	3.421*** (.783)	3.457*** (.784)	3.491*** (.883)	3.536*** (.882)	3.560*** (.890)	3.544*** (.886)
Government ownership		−.022 (.297)			−.702† (.395)		−.677† (.382)
Business group affiliation			.152* (.068)		.240** (.078)	.369** (.119)	.332** (.118)
Family ownership (%)				.278† (.160)	.389* (.167)	.596* (.246)	.586* (.249)
Family ownership X BG affiliation						−.374 (.320)	−.343 (.322)
	Industry dummies included						
	Year dummies included						
Constant	−1.113*** (.341)	−1.116*** (.336)	−1.100** (.346)	−1.291*** (.323)	−1.354*** (.329)	−1.309*** (.325)	−1.397*** (.331)
R-squared	.382	.382	.387	.385	.397	.396	.398
No. of firm-year observations	2533	2533	2533	1935	1935	1935	1935

*** $p < .001$; ** $p < .01$; * $p < .05$; † $p < .1$. Clustered robust standard errors provided in parenthesis for the effect of business group affiliation on community-related CSR is positive and significant (β = .152, $p < .05$) providing support for Hypothesis 2. The results presented in Model 5 (β = .240, $p < .01$), Model 6 (β = .369, p < .01) and Model 7 (β = .332, p < .01) also provide support for Hypothesis 2.

The coefficient for the effect of family ownership on community-related CSR is positive and significant (β = .278, $p < .10$) in Model 4. This result holds well in Model 5 (β = .389, p < .05), Model 6 (β = .596, p < .05) and Model 7 (β = .586, p < .05). Therefore, we find support for Hypothesis 3.

Models 6 and 7 show the results for the interaction between family ownership and business group ownership on community-related CSR. We find that the moderating influence of business group affiliation on the relationship between family ownership and community-related CSR is not significant, which indicates that Hypothesis 4 is not supported.

In summary, we find that while business group affiliation and family ownership have a positive and significant effect on community-related CSR, government ownership and family-owned business groups do not have a significant effect.

Robustness tests

We conducted several diagnostic checks on the sample to determine the robustness of our results (presented in Appendix). First, in place of the time-variant business group dummy, we used the time invariant dummy and repeated the entire analysis. Here again, we found that the results were consistent. Second, we replaced family ownership (%) with a dummy variable (where family ownership greater than 20% = 1; otherwise = 0) and found that family ownership has a positive and significant impact on CSR. Finally, we check for potential issues arising from selection issues by repeating our analysis using a Heckman two-stage model (Komera et al., 2018). In the first stage of we created a dummy variable for whether the firm has undertaken community-related CSR or not and ran a probit regression model on the dummy variable, considering firm level predictors like firm size, firm age and financial performance. Using the results from this probit model, we calculated the inverse Mills ratio, which we subsequently add as a predictor to the overall regression model. Results from this robustness analysis are consistent with our original results.

Discussion and implications

This study shifts theoretical attention to the impact of ownership structure on community-related CSR in a less studied emerging market. We utilize institutional and agency theory arguments to hypothesize that sensitivity to rising coercive and normative institutional pressures from stakeholders for community-related CSR must be considered along with principal-principal agency costs to determine whether ownership structure influences community-related CSR. By integrating insights from both theories, we argue that the firm's sensitivity to institutional pressures from external constituents along with principal-principal agency conflicts might enhance or reduce community-related CSR.

This study makes several theoretical contributions to the literature. First, it extends the CSR literature by examining the link between distinct types of ownership structures and CSR in firms operating in a difficult institutional environment. As highlighted earlier, in an attempt to overcome institutional constraints, organizations in emerging markets have developed distinct ownership structures such as state ownership, business groups and family firms (Ashwin et al., 2015; Khanna & Rivkin, 2001; Subramaniam et al., 2017). Since CSR activities in emerging markets are considered as a means for filling existing institutional voids (Chakrabarty & Bass, 2015; Su, Peng, Tan, & Cheung, 2016), this study contributes to our understanding of how differences in ownership structures in weak institutional environments might be associated with community-related CSR.

Second, our research outlines the ownership characteristics that influence receptivity to institutional pressures and drive engagement in community-related CSR. We find that institutional pressures that increase socio-political legitimacy (Young & Thyil, 2014) and preserve socio-emotional wealth (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007) encourage Indian business groups and family firms to engage in community-related CSR. This provides support for the 'long-term horizon' view indicating that business groups and family firms engage in CSR to maintain a positive family image and reputation (Berrone et al., 2010; Gomez-Mejia et al., 2011).

Owing to data limitations, we were unable to examine the effects of different percentages of family, business group and government ownership on community-related CSR. It is important to assess whether the percentage of ownership of Indian firms impacts community-related CSR differently. For instance, when the percentage of family or business group ownership is low, it is plausible that principal-principal conflicts might be resolved in favor of minority owners, such that they prioritize economic benefits over family or business group reputational benefits. Our study found that government ownership does not have a positive impact on community-related CSR. This suggests that principal-principal agency conflicts whereby government owners expropriate minority owners by engaging in community-related CSR might not be resolved in favor of government owners. This makes it particularly important to account for the impact of distinctive characteristics of owners of Indian government firms on their CSR engagement.

Since 1991, the Indian government has engaged in the partial sale of government equity in public sector enterprises (while retaining majority ownership) to improve their market competitiveness and efficiency. It is possible that the principal-principal conflict is resolved in favor of government owners at higher percentages of government ownership of government owned firms. On the other hand, at lower percentages of government ownership the principal-principal conflict might be resolved in favor of minority owners because government owners also choose to prioritize economic goals leading to lower engagement in community-related CSR. Our finding that government ownership does not have a positive impact on community-related CSR departs from evidence in other emerging markets such as China (Lau, Lu, & Liang, 2016) and South Africa (Ntim & Soobaroyen, 2013) where government ownership was observed to increase CSR engagement and CSR disclosure. Hence, our study suggests that it might also be important to account for differences between emerging markets in terms of their level of economic development and the institutional environment in exploring the association between government ownership and community-related CSR. Our results indicate that family ownership of business groups does not have a significant impact on community-related CSR. In light of recent work by Terlaak, Kim and Roh (2018), we believe that family ownership within Indian business groups by itself might not be sufficient to boost CSR. Instead, a combination of family ownership and family leadership within Indian business groups might be necessary to foster community-related CSR.

Third, our study contributes to the discussion on the effect of ownership on one CSR dimension. Unlike Block and Wagner's (2014) research in Western settings, which finds that family firms focus less on community-related CSR, our study finds that large Indian business groups and family firms prioritize the demands of community stakeholders by increasing their community-related CSR engagement. This could be because community-related CSR has become a culturally accepted norm in emerging markets such as India, which makes firms more sensitive to institutional pressures from stakeholders.

Fourth, our research examines the combined effect of institutional and agency arguments in influencing community-related CSR. Owing to both institutional pressures and plausible resolution of the principal-principal conflict in favor of group promoters in the Indian context, business groups are likely to exhibit greater attention to community-related CSR. Our study highlights the need to further explore the role of 'social tunneling' in business groups to better understand whether the expropriation of one shareholder group by another creates agency conflicts that heighten responsiveness to institutional pressures for CSR. Taken together, these findings advance recent work (Jain et al., 2017; Jamali & Karam, 2018) by suggesting that agency theory and institutional theory offer promising, complementary explanations for the CSR performance of organizations in emerging markets. Both internal constraints and external forces should be considered when analyzing the heterogeneous influence of dominant shareholders on CSR strategies.

More importantly, by examining the CSR practices of Indian firms this study integrates the corporate governance and international CSR streams of literature thereby addressing calls by IB scholars (Brammer, Pavelin, & Porter, 2009; Doh, Husted, Matten, & Santoro, 2010) and corporate governance scholars (Claessens & Yurtoglu, 2013; Strange, Filatotchev, Buck, & Wright, 2009) for greater synergy between IB and CSR research. Overall, our findings suggest that incorporating features of the institutional environment that shape the interests of stakeholders can provide a better understanding of the impact of ownership on CSR in international settings.

Future research and limitations

Our study opens up possibilities for further work in this area. First, our empirical investigation is based on one emerging market, India, which limits the generalizability of our findings to other emerging markets. Future research could replicate this study across other emerging and frontier markets in Africa, Asia and Latin America. Second, we study the role of ownership and CSR in a multi-industry context. Earlier research has found that institutional pressures on CSR engagement tend to vary across industry (Fernandez-Feijoo, Romero, & Ruiz, 2014; Imbun, 2007; Reverte, 2009) and within industry depending on the type of social performance (Brammer & Pavelin, 2006). Our research offers limited understanding on such nuanced differences and hence future research can explore whether the relationship between ownership structure and CSR varies in such instances in India. Third, comparing the community-related CSR performance of publicly-listed firms with that of smaller firms would be interesting since smaller firms face lower institutional pressures from a variety of stakeholders such as customers, NGOs and the government (Sahasranamam & Ball, 2018; Wickert, 2014; Wickert, Scherer, & Spence, 2016). Fourth, similar to Kock et al. (2016), future work in the Indian context can also explore the role of independent board monitoring in reducing social principal-principal conflicts. Such empirical research can contribute to a better understanding of whether governance mechanisms promote or hinder social performance in emerging markets. Fifth, since prior research has found that organizations can behave responsibly on certain CSR dimensions while demonstrating poor performance on other dimensions (Block & Wagner, 2014), researchers can examine how agency problems shape firm performance on visible CSR dimensions such as product-related CSR not examined in this study. Sixth, our research does not consider the exact ownership percentage of government and business groups owing to data limitations. Future research having access to such nuanced data will help to illuminate whether there are specific thresholds of ownership that influence community-CSR. Finally, the impact of CSR strategies of Indian firms on their financial market performance along the lines of research carried out in other emerging markets like South Africa (Arya & Zhang, 2009) merits further investigation.

Acknowledgements We would like to thank the Editors and the three anonymous reviewers for their insightful comments and suggestions during the review process. They have engaged in a constructive dialogue and this has helped us to improve the manuscript substantially. We would also like to thank Sai Chittaranjan and Saneesh Edacherian (doctoral scholars at IIM Ahmedabad) for their feedback on earlier drafts.

Compliance with ethical standards

Conflict of interest Author 1 declares that he has no conflict of interest.
Author 2 declares that she has no conflict of interest.
Author 3 declares that he has no conflict of interest.

Appendix

a. Robustness test - Time invariant business group dummy

Variable	Model 1	Model 2
Financial slack	−.011 (.012)	−.011 (.012)
Leverage	$-.005^{***}$ (.001)	$-.005^{***}$ (.001)
Firm size	$.074^{*}$ (.032)	$.071^{*}$ (.032)
Firm age	.002 (.002)	.002 (.002)
Financial performance $_{(t-1)}$	3.537^{***} (.882)	3.554^{**} (.888)
Government ownership	$-.714^{\dagger}$ (.387)	$-.690^{\dagger}$ (.625)
Business group affiliation	$.257^{**}$ (.084)	$.380^{**}$ (.123)
Family ownership (%)	$.387^{**}$ (.170)	$.652^{**}$ (.255)
Family ownership X BG affiliation		−.450 (.322)
	Industry and year dummies included	
Constant	-1.385^{***} (.328)	-1.450^{***} (.331)
R-squared	.397	.399
No. of firm-year observations	1935	1935

b. Robustness test - Family ownership operationalized as a dummy variable

Variable	Model 1	Model 2
Financial slack	−.011 (.010)	−.011 (.012)
Leverage	$-.006^{***}$ (.001)	$-.006^{***}$ (.001)
Firm size	$.058^{\dagger}$ (.032)	$.066^{*}$ (.032)
Firm age	.001 (.002)	.001 (.002)
Financial performance $_{(t-1)}$	3.584^{***} (.895)	3.569^{***} (.892)
Government ownership		−.580 (.398)
Business group affiliation	$.380^{***}$ (.105)	$.342^{***}$ (.104)
Family firm dummy	$.265^{**}$ (.102)	$.248^{**}$ (.103)
Family firm dummy X BG affiliation	−.243 (.137)	−.220 (.135)
	Industry and year dummies included	
Constant	-1.242^{***} (.334)	-1.305^{***} (.338)
R-squared	.398	.399
No. of firm-year observations	1935	1935

c. Robustness test - Regression model including inverse Mills ratio

Variable	Model 1	Model 2
Financial slack	−.011 (.012)	−.011 (.012)
Leverage	$-.005^{***}$ (.001)	$-.005^{***}$ (.001)
Firm size	.025 (.035)	.023 (.035)
Firm age	.001 (.002)	.001 (.002)
Financial performance $_{(t-1)}$	3.140^{***} (.796)	3.146^{**} (.799)
Government ownership	$-.702^{\dagger}$ (.392)	$-.676^{\dagger}$ (.379)
Business group affiliation	$.227^{**}$ (.079)	$.318^{**}$ (.199)
Family ownership (%)	$.366^{*}$ (.165)	$.562^{*}$ (.247)
Family ownership X BG affiliation		−.340 (.321)
	Industry and year dummies included	
Constant	-1.385^{***} (.328)	-1.450^{***} (.331)
inverse Mills ratio	-18.90^{**} (6.64)	-18.93^{**} (6.67)
R-squared	.405	.406
No. of firm-year observations	1935	1935

Though we include inverse Mills ratio in this robustness test, we acknowledge that in decisions like CSR it is difficult to differentiate which factors influence the decision to invest in CSR and subsequently the amount of CSR investment made

References

Agrawal, A., & Sahasranamam, S. 2016. Corporate social entrepreneurship in India. *South Asian Journal of Global Business Research*, 5(2): 214–233.

Aguilera, R. V., & Crespi-Cladera, R. 2016. Global corporate governance: On the relevance of firms' ownership structure. *Journal of World Business*, 51(1): 50–57.

Aguilera, R. V., Filatotchev, I., Gospel, H., & Jackson, G. 2008. An organizational approach to comparative corporate governance: Costs, contingencies, and complementarities. *Organization Science*, 19(3): 475–492.

Aguinis, H., & Glavas, A. 2012. What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38(4): 932–968.

Almeida, H. V., & Wolfenzon, D. 2006. A theory of pyramidal ownership and family business groups. *The Journal of Finance*, 61(6): 2637–2680.

Ararat, M., Colpan, A. M., & Matten, D. 2018. Business groups and corporate responsibility for the public good. *Journal of Business Ethics*, forthcomin: 1–19.

Arevalo, J. A., & Aravind, D. 2011. Corporate social responsibility practices in India: Approach, drivers, and barriers. *Corporate Governance: The International Journal of Business in Society*, 11(4): 399–414.

Arnold, D. G., & Valentin, A. 2013. Corporate social responsibility at the base of the pyramid. *Journal of Business Research*, 66(10): 1904–1914.

Arya, B., & Zhang, G. 2009. Institutional reforms and investor reactions to CSR announcements: Evidence from an emerging economy. *Journal of Management Studies*, 46(7): 1089–1112.

Ashwin, A. S., Krishnan, R. T., & George, R. 2015. Family firms in India: Family involvement, innovation and agency and stewardship behaviors. *Asia Pacific Journal of Management*, 32(4): 869–900.

Balakrishnan, J., Malhotra, A., & Falkenberg, L. 2017. Multi-level corporate responsibility: A comparison of Gandhi's trusteeship with stakeholder and stewardship frameworks. *Journal of Business Ethics*, 141(1): 133–150.

Bansal, P., Gao, J., & Qureshi, I. 2014. The extensiveness of corporate social and environmental commitment across firms over time. *Organization Studies*, 35(7): 949–966.

Barnea, A., & Rubin, A. 2010. Corporate social responsibility as a conflict between shareholders. *Journal of Business Ethics*, 97(1): 71–86.

Belenzon, S., & Berkovitz, T. 2010. Innovation in business groups. *Management Science*, 56(3): 519–535.

Berrone, P., Cruz, C., Gomez-Mejia, L. R. R., & Larraza-Kintana, M. 2010. Socioemotional wealth and corporate responses to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, 55(1): 82–113.

Bertrand, M., Mehta, P., & Mullainathan, S. 2002. Ferreting out tunneling: An application to Indian business groups. *The Quarterly Journal of Economics*, 117(1): 121–148.

Bhaumik, S. K., & Dimova, R. 2004. How important is ownership in a market with level playing field? The Indian banking sector revisited. *Journal of Comparative Economics*, 32(1): 165–180.

Block, J. H., & Wagner, M. 2014. The effect of family ownership on different dimensions of corporate social responsibility: Evidence from large US firms. *Business Strategy and the Environment*, 23(7): 475–492.

Brammer, S., & Millington, A. 2008. Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal*, 29(12): 1325–1343.

Brammer, S., & Pavelin, S. 2006. Corporate reputation and social performance: The importance of fit. *Journal of Management Studies*, 43(3): 435–455.

Brammer, S., Pavelin, S., & Porter, L. A. 2009. Corporate charitable giving, multinational companies and countries of concern. *Journal of Management Studies*, 46(4): 576–596.

Cameron, K. S., Whetten, D. A., & Kim, M. U. 1987. Organizational dysfunctions of decline. *Academy of Management Journal*, 30(1): 126–138.

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.

Carroll, A. B. 1991. The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons*, 34(4): 39–48.

Chakrabarty, S., & Bass, A. E. 2015. Comparing virtue, consequentialist, and deontological ethics-based corporate social responsibility: Mitigating microfinance risk in institutional voids. *Journal of Business Ethics*, 126(3): 487–512.
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.
Chari, M. D. R., & Dixit, J. 2015. Business groups and entrepreneurship in developing countries after reforms. *Journal of Business Research*, 68(6): 1359–1366.
Chittoor, R., Kale, P., & Puranam, P. 2015. Business groups in developing capital markets: Towards a complementarity perspective. *Strategic Management Journal*, 36(9): 1277–1296.
Chittoor, R., Sarkar, M. B., Ray, S., & Aulakh, P. S. 2009. Third-world copycats to emerging multinationals: Institutional changes and organizational transformation in the Indian pharmaceutical industry. *Organization Science*, 20(1): 187–205.
Chowdhry, S. 2017. *How companies are spending on CSR projects*. New Delhi:Livemint.
Chua, J. H., Chrisman, J. J., & Sharma, P. 1999. Defining the family business by behavior. *Entrepreneurship: Theory & Practice*, 23(4): 19–39.
Claessens, S., & Yurtoglu, B. B. 2013. Corporate governance in emerging markets: A survey. *Emerging Markets Review*, 15: 1–33.
Cochran, P. L., & Wood, R. A. 1984. Corporate social responsibility and financial performance. *Academy of Management Journal*, 27(1): 42–56.
Corbetta, G., & Salvato, C. A. 2004. The board of directors in family firms: One size fits all. *Family Business Review*, 17(2): 119–134.
Cordeiro, J. J., Galeazzo, A., Shaw, T. S., Veliyath, R., & Nandakumar, M. K. 2018. Ownership influences on corporate social responsibility in the Indian context. *Asia Pacific Journal of Management*, 35(4): 1107–1136.
Dam, L., & Scholtens, B. 2012. Does ownership type matter for corporate social responsibility? *Corporate Governance: An International Review*, 20(3): 233–252.
Dam, L., & Scholtens, B. 2013. Ownership concentration and CSR policy of European multinational enterprises. *Journal of Business Ethics*, 118(1): 117–126.
Deephouse, D. L., & Suchman, M. 2008. Legitimacy in organizational institutionalism. In R. Greenwood, C. Oliver, R. Suddaby, & K. Sahlin-Andersson (Eds.). *The Sage handbook of organizational institutionalism*. London: Sage Publications.
Deshmukh, V. 2017. Why ‘opaque’ corporate donations to political parties are allowed under Money Bill? *Moneylife* https://www.moneylife.in/article/why-lsquoopaquersquo-corporate-donations-to-political-parties-are-allowed-under-money-bill/51824.html. Accessed 14 Feb 2018
Devinney, T. M., Schwalbach, J., & Williams, C. A. 2013. Corporate social responsibility and corporate governance: Comparative perspectives. *Corporate Governance: An International Review*, 21(5): 413–419.
Dhanesh, G. S. 2014. CSR as organization–employee relationship management strategy: A case study of socially responsible information technology companies in India. *Management Communication Quarterly*, 28(1): 130–149.
Dharwadkar, R., George, G., & Brandes, P. 2000. Privatization in emerging economies: An agency theory perspective. *Academy of Management Review*, 25(3): 650–669.
DiMaggio, P. J., & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2): 147–160.
Doh, J. P., & Guay, T. R. 2006. Corporate social responsibility, public policy, and NGO activism in Europe and the United States: An institutional-stakeholder perspective. *Journal of Management Studies*, 43(1): 47–73.
Doh, J. P., Husted, B. W., Matten, D., & Santoro, M. 2010. Ahoy there! Toward greater congruence and synergy between international business and business ethics theory and research. *Business Ethics Quarterly*, 20(3): 481–502.
Eisenhardt, K. M. 1988. Agency and institutional-theory explanations: The case of retail sales compensation. *Academy of Management Journal*, 31(3): 488–511.
Eisenhardt, K. M. 1989. Agency theory: An assessment and review. *Academy of Management Review*, 14(1): 57–74.
El Ghoul, S., Guedhami, O., Wang, H., & Kwok, C. C. Y. 2016. Family control and corporate social responsibility. *Journal of Banking and Finance*, 73: 131–146.
Elango, B., Pattnaik, C., & Wieland, J. R. 2016. Do business group characteristics matter? An exploration on the drivers of performance variation. *Journal of Business Research*, 69(9): 3205–3212.
ET Bureau. 2015. Panel suggests going easy on companies not complying with CSR provisions. *The Economic Times*https://economictimes.indiatimes.com/news/economy/policy/panel-suggests-going-easy-on-companies-not-complying-with-csr-provisions/articleshow/49249542.cms. Accessed 5 June 2016
Fernandez-Feijoo, B., Romero, S., & Ruiz, S. 2014. Effect of stakeholders’ pressure on transparency of sustainability reports within the GRI framework. *Journal of Business Ethics*, 122(1): 53–63.

Filatotchev, I., Jackson, G., & Nakajima, C. 2013. Corporate governance and national institutions: A review and emerging research agenda. *Asia Pacific Journal of Management*, 30(4): 965–986.

Fisman, R., & Khanna, T. 2004. Facilitating development: The role of business groups. *World Development*, 32(4): 609–628.

Gardberg, N. A., & Fombrun, C. J. 2006. Corporate citizenship: Creating intangible assets across institutional environments. *Academy of Management Review*, 31(2): 329–346.

Gaur, A. S., & Kumar, V. 2009. International diversification, business group affiliation and firm performance: Empirical evidence from India. *British Journal of Management*, 20(2): 172–186.

The Gazette of India Amendments to Schedule Vll of the Companies Act, 2013 (18 of 2013) (2014). New Delhi, India: Ministry of Corporate Affairs, Government of India.

George, R., & Kabir, R. 2012. Heterogeneity in business groups and the corporate diversification–firm performance relationship. *Journal of Business Research*, 65(3): 412–420.

Giannarakis, G., & Theotokas, I. 2011. The effect of financial crisis in corporate social responsibility performance. *International Joumal of Marketing Studies*, 3(1): 2–10.

Gomez-Mejia, L. R., Cruz, C., Berrone, P., & De Castro, J. 2011. The bind that ries: Socioemotional wealth preservation in family firms. *Academy of Management Annals*, 5(1): 653–707.

Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. 2007. Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1): 106–137.

Goodrick, E., & Salancik, G. R. 1996. Organizational discretion in responding to institutional practices: Hospitals and cesarean births. *Administrative Science Quarterly*, 41(1): 1–28.

Harjoto, M. A., & Jo, H. 2011. Corporate governance and CSR nexus. *Journal of Business Ethics*, 100(1): 45–67.

Husted, B. W. 2015. Corporate social responsibility practice from 1800-1914: Past initiatives and current debates. *Business Ethics Quarterly*, 25(1): 125–141.

Imbun, B. Y. 2007. Cannot manage without the ‘significant other’: Mining, corporate social responsibility and local communities in Papua New Guinea. *Journal of Business Ethics*, 73(2): 177–192.

Ioannou, I., & Serafeim, G. 2012. What drives corporate social performance? The role of nation-level institutions. *Journal of International Business Studies*, 43(9): 834–864.

Jain, T., Aguilera, R. V., & Jamali, D. 2017. Corporate stakeholder orientation in an emerging country context : A longitudinal cross industry analysis. *Journal of Business Ethics*, 143(4): 701–719.

Jamali, D., & Karam, C. 2018. Corporate social responsibility in developing countries as an emerging field of study. *International Journal of Management Reviews*, 20(1): 32–61.

Jamali, D., Karam, C., Yin, J., & Soundararajan, V. 2017. CSR logics in developing countries: Translation, adaptation and stalled development. *Journal of World Business*, 52(3): 343–359.

Jamali, D., & Neville, B. 2011. Convergence versus divergence of CSR in developing countries: An embedded multi-layered institutional lens. *Journal of Business Ethics*, 102(4): 599–621.

Jensen, M. C., & Meckling, W. H. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4): 305–360.

Jiang, Y., & Peng, M. W. 2011. Are family ownership and control in large firms good, bad, or irrelevant? *Asia Pacific Journal of Management*, 28(1): 15–39.

Jo, H., & Harjoto, M. A. 2011. Corporate governance and firm value: The impact of corporate social responsibility. *Journal of Business Ethics*, 103(3): 351–383.

Johnson, R. A., & Greening, D. W. 1999. The effects of corporate governance and institutional ownership types on corporate social performance. *Academy of Management Journal*, 42(5): 564–576.

Kansal, M., Joshi, M., Babu, S., & Sharma, S. 2018. Reporting of corporate social responsibility in central public sector enterprises: A study of post mandatory regime in India. *Journal of Business Ethics*, 151(3): 813–831.

Kennedy, P. 1998. *A guide to econometrics*. Cambridge, MA:MIT Press.

Khanna, T., & Palepu, K. 1997. Why focussed strategies may be wrong for emerging markets. *Harvard Business Review*, 75(4): 41–51.

Khanna, T., & Palepu, K. 2000. Is group affiliation profitable in emerging markets? An analysis of diversified Indian business groups. The Journal of Finance, 55(2): 867–891.

Khanna, T., & Rivkin, J. W. 2001. Estimating the performance effects of business groups in emerging markets. *Strategic Management Journal*, 22(1): 45–74.

Kim, C. H., Amaeshi, K., Harris, S., & Suh, C.-J. 2013. CSR and the national institutional context: The case of South Korea. *Journal of Business Research*, 66(12): 2581–2591.

Kock, C. J., Lee, K. H., Min, B., & Park, B. J. 2016. Principal-principal problems and social governance: Korean firms, chaebols and ‘social tunneling’. *Academy of Management Proceedings*, 2016(1): 14720.

Komera, S., Lukose, P. J., & Sasidharan, S. 2018. Does business group affiliation encourage R&D activities? Evidence from India. *Asia Pacific Journal of Management*, 35(4): 887–917.

Kostova, T., Roth, K., & Dacin, M. T. 2008. Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review*, 33(4): 994–1006.
KPMG. 2017. India's CSR reporting survey 2017. from https://www.home.kpmg/in/en/home/insights/2018/01/csr-companies-act-2013-corporate-affairs-sebi.html. Accessed 20 March 2018
Kumar, R., Murphy, D. F. and Balsari, V. 2001. *Altered images: The 2001 state of corporate responsibility in India poll*. Understanding and encouraging corporate responsibility in South Asia: update one. Tata Energy Research Institute, New Delhi, India.
Lau, C., Lu, Y., & Liang, Q. 2016. Corporate social responsibility in China: A corporate governance approach. *Journal of Business Ethics*, 136(1): 73–87.
Li, W., & Zhang, R. 2010. Corporate social responsibility, ownership structure, and political interference: Evidence from China. *Journal of Business Ethics*, 96(4): 631–645.
Liu, M., Shi, Y., Wilson, C., & Wu, Z. 2017. Does family involvement explain why corporate social responsibility affects earnings management? *Journal of Business Research*, 75: 8–16.
Lodh, S., Nandy, M., & Chen, J. 2014. Innovation and family ownership: Empirical evidence from India. *Corporate Governance (Oxford)*, 22(1): 4–23.
Mahmood, I. P., & Mitchell, W. 2004. Two faces: Effects of business groups on innovation in emerging economies. *Management Science*, 50(10): 1348–1365.
Mangaleswaran, R., & Venkataraman, R. 2014. Designing Indian philanthropy for impact. *Mckinsey on society* http://voices.mckinseyonsociety.com/india-philanthropy-impact/. Accessed 30 Nov 2014
Manikutty, S. 2000. Family business groups in India: A resource-based view of the emerging trends. *Family Business Review*, 13(4): 279–292.
Marano, V., & Kostova, T. 2016. Unpacking the institutional complexity in adoption of CSR practices in multinational enterprises. *Journal of Management Studies*, 53(1): 28–54.
Matten, D., & Moon, J. 2008. "Implicit" and "Explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, 33(2): 404–424.
McWilliams, A., & Siegel, D. 2001. Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26(1): 117–127.
Meyer, J. W., & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2): 340–363.
Ministry of Corporate Affairs. 2009. Corporate social responsibility voluntary guidelines. New Delhi. Retrieved June 5, 2016, from http://www.mca.gov.in/Ministry/latestnews/CSR_Voluntary_Guidelines_24dec2009.pdf . Accessed June 5 2016
Mishra, S., & Suar, D. 2010. Does corporate social responsibility influence firm performance of Indian companies? *Journal of Business Ethics*, 95(4): 571–601.
Mithani, M. A. 2017. Innovation and CSR — Do they go well together? *Long Range Planning*, 50(6): 699–711.
Mitra, R. 2011. Framing the corporate responsibility-reputation linkage: The case of Tata Motors in India. *Public Relations Review*, 37: 392–398.
Mitra, R. 2012. "My country's future": A culture-centered interrogation of corporate social responsibility in India. *Journal of Business Ethics*, 106(2): 131–147.
Mohan, A. 2001. Corporate citizenship: Perspectives from India. *Journal of Corporate Citizenship*, 2(Summer): 107–117.https://www.ingentaconnect.com
Moore, G. 2001. Corporate social and financial performance: An investigation in the U.K. supermarket industry. *Journal of Business Ethics*, 34(3/4): 299–315.
Muller, A., & Kolk, A. 2010. Extrinsic and intrinsic drivers of corporate social performance: Evidence from foreign and domestic firms in Mexico. *Journal of Management Studies*, 47(1): 1–26.
Muttakin, M. B., & Subramaniam, N. 2015. Firm ownership and board characteristics: Do they matter for corporate social responsibility disclosure of Indian companies? *Sustainability Accounting, Management and Policy Journal*, 6(2): 138–165.
Nekhili, M., Nagati, H., Chtioui, T., & Rebolledo, C. 2017. Corporate social responsibility disclosure and market value: Family versus nonfamily firms. *Journal of Business Research*, 77(April): 41–52.
Neter, J., Kutner, M. H., Nachtsheim, C. J., & Wasserman, W. 1996. *Applied linear statistical models*, 4th ed. Boston:Irwin.
Ntim, C. G., & Soobaroyen, T. 2013. Corporate governance and performance in socially responsible corporations: New insights from a neo-institutional framework. *Corporate Governance: An International Review*, 21(5): 468–494.
Oh, W. Y., Chang, Y. K., & Martynov, A. 2011. The effect of ownership structure on corporate social responsibility: Empirical evidence from Korea. *Journal of Business Ethics*, 104(2): 283–297.
Orlitzky, M. 2001. Does firm size comfound the relationship between corporate social performance and firm financial performance? *Journal of Business Ethics*, 33(2): 167–180.

Payne, K. H., Brigham, J. C., Broberg, J. C., Moss, T. W., & Short, J. C. 2011. Organizational virtue orientation and family firms. *Business Ethics Quarterly*, 21(2): 257–285.
Peng, C. W., & Yang, M. L. 2014. The effect of corporate social performance on financial performance: The moderating effect of ownership concentration. *Journal of Business Ethics*, 123(1): 171–182.
Prime Minister of India. 2007. PM's 10 point social charter. Retrieved from http://www.picindia.org/sites/default/files/PM's 10 Point Charter for Companies.pdf
Purkayastha, S., Kumar, V., & Lu, J. W. 2017. Business group heterogeneity and the internationalization-performance relationship: Evidence from Indian business groups. *Asia Pacific Journal of Management*, 34(2): 247–279.
Ramaswamy, K., Purkayastha, S., & Petitt, B. S. 2017. How do institutional transitions impact the efficacy of related and unrelated diversification strategies used by business groups? *Journal of Business Research*, 72: 1–13.
Reverte, C. 2009. Determinants of corporate social responsibility disclosure ratings by Spanish listed firms. *Journal of Business Ethics*, 88(2): 351–366.
Sahasranamam, S., & Ball, C. 2018. Influence of national business system on social enterprises in Scotland and India. In L. J. Spence, J. G. Frynas, J. Muthuri, & J. Navare (Eds.). *Research handbook on small business social responsibility: Global perspectives*: 23–46. Cheltenham: Edward Elgar.
Sahasranamam, S., & Nandakumar, M. K. 2018. Individual capital and social entrepreneurship: Role of formal institutions. *Journal of Business Research* forthcoming.
Sarkar, J. 2010. Business groups in India. In A. M. Colpan, T. Hikino, & J. R. Lincoln. (Eds.).The Oxford handbook of business groups. Oxford: Oxford University Press.
Sarkar, J., & Sarkar, S. 2000. Large shareholder activism in corporate governance in developing countries: Evidence from India. *International Review of Finance*, 1(3): 161–194.
Sauerwald, S., & Peng, M. W. 2013. Informal institutions, shareholder coalitions, and principal–principal conflicts. *Asia Pacific Journal of Management*, 30(3): 853–870.
Schulze, W. S., Lubatkin, M. H., & Dino, R. N. 2003. Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, 18: 450–473.
Schulze, W. S., Lubatkin, M. H., Dino, R. N., & Buchholtz, A. K. 2001. Agency relationships in family firms: Theory and evidence. *Organization Science*, 12(2): 99–116.
Sharma, A. K., & Talwar, B. 2005. Corporate social responsibility: Modern vis-a-vis vedic approach. *Measuring Business Excellence*, 9(1): 35–45.
Sharma, P., & Manikuti, S. 2005. Strategic divestments in family firms: Role of family structure and community culture. *Entrepreneurial Theory and Practice*, 29(2): 293–311.
Singh, K. 2017. Finance Bill relaxes corporate funding to political parties, but is the move really evil? *The Indian Express*. Retrieved February 14, 2018, from http://indianexpress.com/article/opinion/web-edits/finance-bill-relaxes-corporate-funding-to-political-parties-but-is-the-move-really-evil-4582020/
Singla, C., George, R., & Veliyath, R. 2017. Ownership structure and internationalization of Indian firms. *Journal of Business Research*, 81: 130–143.
Sivakumar, N. 2008. The business ethics of Jamsetji Nusserwanji Tata – A forerunner in promoting stakeholder welfare. *Journal of Business Ethics*, 83(2): 353–361.
Stafford, K., Duncan, K., Danes, S., & Winter, M. 1999. A research model of sustainable family businesses. *Family Business Review*, 12(3): 197–208.
Strange, R., Filatotchev, I., Buck, T., & Wright, M. 2009. Corporate governance and international business. *Management International Review*, 49(4): 395–407.
Su, W., Peng, M. W., Tan, W., & Cheung, Y.-L. 2016. The signaling effect of corporate social responsibility in emerging economies. *Journal of Business Ethics*, 134(3): 479–491.
Subramaniam, N., Kansal, M., & Babu, S. 2017. Governance of mandated corporate social responsibility: Evidence from Indian government-owned firms. *Journal of Business Ethics*, 143(3): 543–563.
Sundar, P. 2013. *Business and community: The story of corporate social responsibility in India*. Thousand Oaks, California:Sage Publications.
Terlaak, A., Kim, S., & Roh, T. 2018. Not good, not bad: The effect of family control on environmental performance disclosure by business group firms. Journal of Business Ethics, 153(4): 977–996.
UNDP. 2015a. Goal 4: Quality education. *2030 Agenda for sustainable development*. Retrieved June 5, 2016, from http://www.undp.org/content/undp/en/home/sdgoverview/post-2015-development-agenda/goal-4.html
UNDP. 2015b. Goal 3: Good health and well-being. *2030 Agenda for sustainable development*. Retrieved June 5, 2016, from http://www.undp.org/content/undp/en/home/sdgoverview/post-2015-development-agenda/goal-3.html
UNDP. 2015c. Goal 1: No poverty. *2030 Agenda for sustainable development*. Retrieved June 5, 2016, from http://www.undp.org/content/undp/en/home/sdgoverview/post-2015-development-agenda/goal-1/

Visser, W. 2008. CSR in developing countries. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. S. Siegel (Eds.). *The Oxford handbook of corporate social responsibility*: 473–499. Oxford: Oxford University Press.

Waddock, S. A., & Graves, S. B. 1997. The corporate social performance – Financial performance link. *Strategic Management Journal*, 18(4): 303–319.

Westhead, P., Cowling, M., & Howorth, C. 2001. The development of family companies: Management and ownership imperatives. *Family Business Review*, 14(4): 369–382.

Wickert, C. 2014. "Political" corporate social responsibility in small- and medium-sized enterprises: A conceptual framework. *Business & Society*, 55(6): 792–824.

Wickert, C., Scherer, A. G., & Spence, L. J. 2016. Walking and talking corporate social responsibility: Implications of firm size and organizational cost. *Journal of Management Studies*, 53(7): 1169–1196.

Worden, S. 2003. The role of religious and nationalist ethics in strategic leadership: The case of J. N. Tata. *Journal of Business Ethics*, 47(2): 147–164.

Xu, E., Yang, H., Quan, J. M., & Lu, Y. 2015. Organizational slack and corporate social performance: Empirical evidence from China's public firms. *Asia Pacific Journal of Management*, 32(1): 181–198.

Young, M. N., Peng, M. W., Ahlstrom, D., Bruton, G. D., & Jiang, Y. 2008. Corporate governance in emerging economies: A review of the principal-principal perspective. *Journal of Management Studies*, 45(1): 196–220.

Young, S., & Thyil, V. 2014. Corporate social responsibility and corporate governance: Role of context in international settings. *Journal of Business Ethics*, 122(1): 1–24.

Zahra, S. A. 2010. Harvesting family firms' organizational social capital: A relational perspective. *Journal of Management Studies*, 47(2): 345–366.

Zellweger, T. M., & Nason, R. S. 2008. A stakeholder perspective on family firm performance. *Family Business Review*, 21(3): 203–216.

Zellweger, T. M., Nason, R. S., Nordqvist, M., & Brush, C. G. 2013. Why do family firms strive for nonfinancial goals? An organizational identity perspective. *Entrepreneurship: Theory and Practice*, 37(2): 229–248.

Publisher's note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.

Dr. Sreevas Sahasranamam (PhD, IIM Kozhikode) is a Chancellor's Fellow (Lecturer) at Strathclyde Business School, United Kingdom. Sreevas's research has been published in journals such as *Journal of Business Research*, and *Management and Organization Review.* He was shortlisted for the 2018 FT-McKinsey Bracken Bowen Prize. He has obtained research grants from the Strategic Management Society (SMS), Scottish Government, Indian Academy of Management (INDAM), and Global Entrepreneurship Monitor (GEM) consortium. He was a recipient of Strategic Management Society's (SMS) Strategic Research Foundation dissertation fellowship for the period 2015–2016.

Dr. Bindu Arya (PhD, University of Texas at Dallas) is a tenured Associate Professor of Management at UM-St. Louis who teaches *Strategic Management* at the undergraduate, graduate, and Professional MBA levels. Dr. Arya was the 2016 recipient of the *Anheuser-Busch Teaching Award* and the 2009 winner of the *Douglas E. Durand Award for Research Excellence*. Dr. Arya has published articles in refereed management journals including top tier journals in the Management area i.e. *Strategic Management Journal*, *Journal of Management*, *Journal of Management Studies*, *Journal of World Business*, etc. Dr. Arya is a current Fellow in UMSL's International Studies and Programs (ISP) and also holds an appointment as Research Associate in UMSL's International Business Institute since 2006.

Prof. Mukesh Sud (PhD, IIM Bangalore) is an Associate Professor at IIM Ahmedabad. After being an entrepreneur in the engineering space Prof Sud completed a PhD in 2001 from the IIM Bangalore. He was then in the US for 9 years before joining IIM Ahmedabad. His research is focused on entrepreneurship at the individual, firm and societal levels. Prof Sud has several publications in FT50 journals. His recent research has centered around institutional theory, the paradox of embedded agency and the actions of entrepreneurs in complex and pluralistic institutional environments.