

## Corporate Social Reporting and Stakeholder Accountability: A Case of A Leading IT Firm

Anjana Paranamanna, Kalani Dissanayake<sup>✉</sup>

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Department of Accounting, University of Colombo, Sri Lanka

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### Abstract

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Corporate social reporting is a process of communicating the social and environmental effect of an organization to the particular groups within society and society at large. The Particular groups in the sense consist of individuals, groups or organizations that have a significant interest or concern over the corporation. Accordingly, this study aims to examine the corporate social responsibility practices of a selected company and attempt to reveal how the concept of corporate social reporting affects stakeholder accountability. Qualitative methodology is adopted in this study. Both primary and secondary data were gathered. The primary data were collected through semi-structured interviews and questionnaires. Various documents were used as secondary data sources. Through this study researcher has intensely concentrated on exploring the concept of CSR, its practice and disclosure in a leading Sri Lankan IT company and the study summarized from the review findings that CSR reporting is crucial for discharging accountability to stakeholders. The Study will provide businesses and managers the useful insights for implementing such practices or to further develop corporate social reporting practices as in Sri Lankan context rich CSR initiatives are rarely observable.

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<sup>✉</sup> Address Correspondence:

E-mail: [kalani@dac.cmb.ac.lk](mailto:kalani@dac.cmb.ac.lk)

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## INTRODUCTION

Corporate social responsibility (CSR), corporate social reporting and stakeholder accountability are interrelated and they are no longer isolation functions of a firm. At present, business enterprises have given core priority to concepts like organizational effectiveness and productivity. Social responsibility is treated as an effective management tool that increases organizational financial performance by maintaining responsible behavior towards stakeholders, the environment, and society. The corporate social responsibility concept has grown over the last decades. Initially, only the large organizations were engaged in CSR related activities as a business practice. After 2000s CSR becomes a predominant strategic issue and a powerful business tool where organizations cannot disregard it. The European Commission defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with stakeholders voluntarily (European Commission, 2002). Technical advancement, globalization, and increasing education level are some major causes for expanding CSR in the last decades. Comfort, Hiller, and Jones (2006) state that five key drivers influence the increasing focus on CSR: greater stakeholder awareness of corporate ethics, social and environmental behavior, direct stakeholder pressure, investor pressure, and peer pressure as an increased sense of social responsibility.

According to Guthrie and Parker (1990), organizations try to achieve key three purposes through corporate social reporting which includes providing a comprehensive view of the organization and its resources, providing a constraint upon socially irresponsible corporate behavior, providing positive motivation for the corporation to act in a socially responsible manner. As a result of CSR's voluntary nature, there is no mandatory requirement for presenting social and environmental information of an organization. Kumar (2017) has identified and analyzed the primary corporate social reporting standards. Accordingly, Global Reporting Initiative (GRI) remains the most popular framework for social

reporting. Specially GRI with G3 being its most recent guideline.

Additionally, UN Global Compact, ISO 14000, ISO 26000, AA1000, and SA 8000 provide standard social reporting guidelines (Kumar, 2017). UN Global Compact is an activity of United Nations to motivate organizations worldwide to display and embrace socially responsive and practical approaches and give an account of their execution. Ten principles of the UN Global Compact are followed as a basis of social reporting by many organizations worldwide. The ten principles mainly cover four areas, including human rights, environment, anti-corruption and other work standards. ISO 14000 is an Environmental Management Framework (EMS). This standard can be utilized by any organization that needs to enhance asset proficiency, lessen waste and drive down expenses. ISO 26000 gives rules on social sustainability. Its ultimate objective is worldwide sustainable improvement. It encourages habitats, groups and their specialists. AA1000 series are an arrangement of principle-based standards to help the association to ending up plainly more responsible (Kumar, 2017).

The survey report of KPMG (2017) based on 4900 of N100 and G250 companies states that 83% of American companies, 78% of Asia Pacific companies, 77% of European companies and 52% of the Middle East and African companies maintain separate corporate social report to ensure accountability and transparency. The questioning on accountability and transparency starts with, “Accountability to whom?”. The existing literature reveals two recent scandals where the accountability of large businesses can be questioned. The Enron and WorldCom scandals happened due to the lack of accountability and unethical accounting practices. Hence both scenarios offer an excellent opportunity for businesses to re-think about accountability. Many scholars have suggested that a substantial degree of administrative and institutional support is required to make CSR more effective and to enhance accountability (Owen, Gray, & Bebbington, 1997).

There is a significant degree of administrative reform, in terms of ensuring organizational corporate social responsibility credentials, by reporting environmental, social and sustainable

information (Cooper & Owen, 2007). However, a relatively lesser number of researchers have addressed the relationship between corporate social reporting and stakeholder accountability. Alrazi, Villiers, and Staden (2015) argue that the need for social accountability is vital for stakeholders because organizations operate in society via social contract, which extends the scope of social accountability and responsibility by making explicit the essentials of disclosures to serve the stakeholder right to information. Unerman and Bebbington (2007) identify CSR as a tool for retaining and winning stakeholders who have the great ability to affect both organization and its outcomes. Hossain and Alam (2016) carried out a study on corporate social reporting and stakeholder accountability by focusing specifically on less economically powerful stakeholders. By increasing the sample size requirement, this study is primarily organized to examine the CSR practices that affect stakeholder accountability from the perspective of a leading IT firm in Sri Lanka.

## **2. REVIEW OF LITERATURE**

### **2.1 The origin of corporate social responsibility**

Corporate social responsibility has grown over the last decades and the modern conception of CSR was begun in the 1950s. Various scholars have defined the term 'CSR' in different ways, as well as there are several notions related to the topic in the literature. The absence of a clear-cut definition for corporate social responsibility still exists in the field of business. Corporate governance has changed from the traditional "profit-centered model" to the "socially responsible model" (Ofori & Hinson, 2007). CSR is a signal which shows the company's continuous concern and commitment to social sustainability and development. In other words, a company maintains its ethical behavior towards society. Ethical behavior refers to doing good and not doing wrong (Martinuzzi & Krumay, 2013). Sheham and Jahfer (2011) defined CSR as an umbrella term which includes (a) responsibility for the organization's impact on society and the natural environment (b) responsibility for the behavior of others with whom do business and (c) management of its relationship with broader society.

In the 1990s unique contributions were made to the concept of CSR, as well as many scholars further developed the theory. During this period, the CSR concept became more prevalent within the business context. Wood (1991) developed the CSR principles: social legitimacy, public responsibility and managerial direction. After the 2000s, CSR became a predominant strategic issue and a powerful business tool where organizations cannot disregard. A considerable number of contributions were made during this period. Dahlsrud (2008) has identified five CSR dimensions: environmental, social, economic, stakeholder and voluntariness. Dahlsrud (2008) defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders voluntarily. New approaches related to CSR were introduced in this period, such as strategic CSR, corporate governance and globalization.

### **2.2 Sustainability and the triple bottom line**

Sustainability is considered as one of the critical elements of the firm's engagement with CSR activities. Sustainability development refers to "satisfying the needs of the present generation in such a way that it does not lower the chance of future generations to satisfy theirs" (Malovics, Csigene & Kraus, 2008). When the sustainability concept enters into the corporate world, it gets converted into 'corporate sustainability'. Corporate sustainability is the way corporations merge sustainability principles with policies and operations that can be met in everyday business. In the end it translates them into bottom line results (Epstein & Buhovac, 2014). Moreover, sustainability can be viewed as a broader concept that encompasses global problems such as global climate, human rights issues and environmental pollution. Steurer, Langer, Konrad and Martinuzzi (2005) state that a firm is able to establish sustainability by considering economic, social and environmental dimensions. They are also known as the "triple bottom line" criteria or 3Ps: People, Profit and Planet (Marrewijk, 2003). Economic growth, competitiveness and financial performance are also sub-components of the economy. Diversity, human rights, equal opportunity are sub-components of social and compliance of

biodiversity; water and chemical usage are significant components of the environment. Matten and Moon (2004) stated that CSR and sustainable development have a close relationship and are directly linked.

### **2.3 Why firms engage in CSR?**

Since CSR's voluntary nature, many companies in the local market and the international market have a notable willingness to engage in CSR activities due to various corporate purposes and objectives. Miles and Munilla (2005) have thoroughly analyzed the causes of firms' engagement with CSR initiatives. The study consists of five different CSR ambition levels of an organization including compliance-driven, profit-driven, caring, synergetic and holistic. Silberhorn and Warren (2007) argue that firms engage in CSR activities to respond to the interaction between organizational values and external influences. Similarly, organizations do engage in CSR activities in accepting the pressure from various stakeholder groups. These pressures come from stakeholders such as employees, consumers, communities and environmental groups (McWilliams & Siegel, 2001).

Comfort et al. (2007) suggest that CSR generates several benefits for the business such as: improved financial performance and profitability, reduced operating cost, long term sustainability, enhanced capacity to innovate, good relations to government and communities, better risk and crisis management, improved reputation and brand value, development of closer links with customers and greater awareness of customer needs. The identified potential benefits are also viewed as a primary reason behind the firms' engagement with CSR activities. Many researchers have conducted studies on CSR and its advantages based on different organizational contexts (Tsoutsoura, 2004).

### **2.4 Different dimensions of CSR**

The corporate social performance (CSP) model identifies four significant CSR elements represented in the form of a pyramid (Carroll, 1991). This model is identified as the fundamental concept of CSR, where the pyramid consists of four dimensions: economic, legal, ethical, and

philanthropic (Carroll, 1991). Further, he argued that these four responsibilities should be fulfilled by the companies concurrently. Carroll (1991) suggested that ethical and philanthropic responsibilities are the social responsibilities of a business.

Economic responsibility is the most significant and fundamental aspect compared to the other four dimensions (Carroll, 1979). Economic responsibility is about the firm's ability to satisfy the society within which it operates. The companies should have the capacity to treat society by providing goods and services that the customers demanded and must be capable of fulfilling their unlimited needs and wants. The fundamental logic behind this dimension is led by profitability. Legal responsibility points out adherence to the relevant laws and regulations to meet the legal requirements. Carroll (1991) further states that "ethical responsibility embodies those standards, norms or expectations that reflect a concern for what consumers, employees, shareholders and the community regard as fair, just or in keeping with the respect of the protection of stakeholders' moral right." Ethical responsibility represents being moral and doing fair things and avoid harmful activities in the business context. Discretionary responsibility is the last responsibility, also referred to as voluntary responsibility. It highlights the need to be a good corporate citizen by avoiding bad corporate practices, contributing to company resources, and improving the quality of human life by providing quality goods and services to the society. This is identified as one of the crucial responsibilities that firms should do look into. Many scholars have built on Carroll (1979)'s work and further developed the model (Jamali, 2008).

### **2.5 CSR and stakeholder accountability**

Most of the past literature have discussed the term "stakeholder" in many ways. "Any group or individual who can be affected, or affected by, the achievement of a corporation's purpose" (Freeman, 1984). Stakeholders have a huge ability to affect firm's outcome. Friedman (2007) identified stakeholders as customers, employees, local communities, suppliers and distributors, and shareholders. Other groups and individuals are also considered stakeholders including, the media, the

public, business partners, future generations, past generations (founder or organization), academics, competitor, NGOs or activists, stakeholder representatives such as trade union or trade associations of suppliers or distributors, financiers other than stockholders (debt holders, bondholders and creditors), competitors, government regulations and policymakers. Bhattacharya, Korschun, and Sen (2009) state that CSR initiatives are essential to stakeholders for the purpose of improving the relationship between the company and its stakeholders. Though the literature has large number of stakeholder studies, researchers have not thoroughly focused on the connection between CSR and the firm's stakeholders. O'Riordan and Fairbass (2008) develop a framework including both stakeholders and CSR activities. The primary purpose of this framework is to disclose the important relationship between stakeholders and CSR.

Further, O'Riordan and Fairbass (2008) suggest that "part of the burden of addressing the demand of CSR is the need to engage effectively with a range of stakeholders." CSR has a goal to balance its operations with the interest of the various group of stakeholders. Researchers studied groups of stakeholders and their expectations from the business (Longo, Mura, & Bonoli, 2005).

When analyzing the past literature, agency theory is adopted by corporate governance (CG) (Eisenhardt, 1989). Agency problem fundamentally defines a conflict of interest between management and shareholders. After adopting the agency theory, it further developed the term "accountability." A vast number of definitions for accountability are available in the literature. Crane and Matten (2004) define "organizational accountability as the readiness or preparedness of an organization to give an explanation and a justification to relevant stakeholder for its judgment, intention, acts and omission when appropriately called upon to do so." Put another way accountability is a form of obligation of an individual or organization to record and maintain accounts for its activities and transparently disclose the organizational results. Results could be financial or non-financial. Self-honesty, value others, keep records, take responsibility, do the right things and act promptly with care the main six steps of accountability. The

main aim of accountability is to provide leverage by reducing the probability of disputes and negative repercussions. Social Accountability 8000 (SA 8000) or the Global Reporting Initiative (GRI) provide a commonly accepted framework to measure, verify and communicate accountability related information of an organization.

### **3. RESEARCH METHODOLOGY**

#### **3.1. Research site and the collection of data**

The case study is surrounded by "Virtusa Pvt. Ltd.", a leading IT firm in Sri Lanka. It is a global business consulting and Information Technology (IT) outsourcing company that combines innovation, technology, leadership and industry solutions. Mainly they provide their service to various industries such as banking, financial services, insurance, healthcare, communication, media and entertainment. Virtusa is identified as a respectful corporate citizen for their sustainability initiatives and efforts in creating a pollution-free environment. The sustainability program aims to reduce their environmental footprint with ethical maturity, respect and dignity to all. Premised on their core corporate values of Passion, Innovation, Respect and Leadership (PIRL), they believe in doing more and better with less. The intention of their corporate social responsibility initiatives is to use technology to solve social issues. To this end, their three corporate social responsibility pillars focus on using the different aspects of technology for social development. The company has a community support program that focuses on education and uses its IT competencies to meet the needs of the community.

The study follows a qualitative approach and scholars argue that the qualitative method is capable of absorbing rich information unless otherwise not attainable through statistical sampling method (Hoepfl, 1997). Based on qualitative method, the study was conducted as a case study. Fundamentally case study is an in-depth analysis of a particular scenario and it is used to narrow down an expansive area into a specific researchable topic. According to Yin (2003) case studies can be exploratory, hypotheses of a subsequent study, or the feasibility of the desired

research procedure (Yin, 2003). As methods of data collection, mainly the interviews were used and all the primary data were gathered through semi structured interviews. A total of seven semi-structured interviews were conducted with representatives involved in the company's CSR function. Each interview lasted between 60 and 120 minutes. Some interviews were face-to-face discussions while some interviews were conducted over the phone due to COVID 19 restrictions.

Interviews were audio-recorded and later transferred to the computer as mp3 files. All interview transcripts were coded manually using Microsoft word software. According to Yin (2009) such activity increases the reliability of the study. Firstly, the transcripts were read many times. Data were then categorized and mapped under main topics (coding) to identify the relationship between various topics.

### 3.2. Theoretical framework

The study is backed by stakeholder theory which was developed by Freeman in 1984. According to stakeholder theory, stakeholders are recognized as a group of people interested in the company's activities. The stakeholder approach describes that corporate entities use CSR reports to enhance corporate reputation and public image. According to the social contract theory, CSR reports are used as a mean of meeting social needs. Further, stakeholder theory consists of two branches, the ethical branch and the managerial branch. The ethical branch describes that CSR reports are used to meet the stakeholders' right to obtain information. The managerial branch describes that corporate entities use CSR reports to manage stakeholders by providing the required information. The primary focus of stakeholder theory is stakeholder management. Moreover, stakeholder theory is one of the most widely used theories by CSR scholars.

## 5. FINDINGS

### 5.1 Corporate Social Responsibility practices of Virtusa

Virtusa has implemented its sustainability policy to gain competitive advantages and to ensure its long-term survival. Virtusa is an active member

of the United Nations Global Compact (UNGC). Hence, they comply with ten UNGC principles as a central mechanism of their overall sustainability program. Virtusa's sustainability program comprises of five main dimensions. Namely economy, environment, social, compliance and ethics, and people. The senior manager of facilities and sustainability stated that;

*"...Our sustainability program is quite different from the industrial sustainability program due to the usage and discharge of huge amounts of electronic items. However, the key purpose is to reduce the carbon footprint. Our sustainability program is linked to the corporate core values of Passion, Innovation, Respect and Leadership (PIRL). Virtusa's sustainability framework covers health and safety, environment, business continuity management, information security, labor standards and diversity, anti-bribery and corruption, and management engagement and social impact. Sustainability guidelines cover those areas..."*

Virtusa's CSR policy aims to use technology to solve social issues. Virtusa's CSR policy includes three pillars. They are *Digital Reach*, *Tech Reach* and *Campus Reach*, which focus on using different technology aspects for social development. Through Digital Reach, they aim to create a digitally inclusive society by IT-enabling communities. As a part of *Digital Reach*, they have implemented several CSR activities that have evolved over the years and impacted many lives.

### Digital Learning Center (DLC) and Rehabilitation Management System (RMS)

This project was one of the main CSR initiative under two of Virtusa's CSR pillars, Digital reach and Tech reach. The DLC was set up under Digital reach, while the RMS was developed under Tech reach. The Digital reach and Tech reach projects integrate the company core strategy by improving the IT infrastructure in the North and East of Sri Lanka and thus bridging the digital divide, providing IT education for rehabilitees. This initiative has increased the number of IT professionals in the country and ultimately improves the community's quality of life. Following the cessation of Sri Lanka's thirty year-long war in May 2009. There was an acute need to rehabilitate thousands of ex-combatants. 12000+ ex-combatants from the Liberation Tigers of Tamil Eelam (LTTE)

needed to be reintegrated. This task was given to the Bureau of the Commissioner-General of Rehabilitation (BCGR). Its ultimate goal was to achieve sustainable peace, security, and long-term development of the country. Successful reintegration required equipping the rehabilitees with the education and skills needed for civilian life and providing suitable vocational training. The BCGR required IT knowledge and quality IT infrastructure to implement the training program. Virtusa constructed a Digital Learning Center (DLC) in the Northern Province of Sri Lanka to build up rehabilitees' skills and abilities. Moreover, a software application called the Rehabilitation Management System (RMS) was developed by Virtusa to assist BCGR and improve the rehabilitation process's accountability.

#### **Donation of IT laboratories in 50 rural schools**

Virtusa executed a program to build IT laboratories in 50 rural schools in the Uva province in 2009. Virtusa implemented this project in partnership with the Uva Wellasa University in Sri Lanka; this program could be categorized as a part of the Digital reach of their three pillars of CSR initiatives. This project aims to empower communities by creating avenues that strengthen education and employment capabilities through access to information and communication technology (ICT). They provided schools with computer laboratories and learning materials.

Through *Tech Reach*, they use their software development and consulting experience to contribute to social benefits projects. As a part of Tech Reach, they have developed many software such as Rehabilitation management system (RMS), 117-Disaster Management App, Arambaya, SAHANA, and AKURA, benefitting societal lives.

#### **Disaster Management App**

In response to the severe floods in Sri Lanka in May 2016, they created an online solution for the Disaster Management Center (DMC) to facilitate better tracking and responsiveness to aid requests. The application was built on the latest technologies to submit their requests through a mobile phone or tablet, making it more accessible in the field. Overall, more than 73,000 people were supported through the system in food/water, clothing, shelter,

medical, missing persons, power, and evacuation during and after the floods. 117- Disaster management app enriched the lives by providing their basic needs.

#### **Sahana**

SAHANA is an open-source Disaster Management Software. SAHANA was initially developed in Sri Lanka after the Tsunami by the Lanka Software Foundation. (LSF). Later it was used by unique, vulnerable nations. Such as the Philippines, Nepal, and Bangladesh. The main purpose of this project is to protect human beings by providing information management services that enable organizations and communities to better prepare for and respond to disasters. This open-source software allows to solve problems effectively and bring efficiencies to disaster response coordination between government, aid organizations, civil society and victims themselves. The board of directors, foundation members, executive committee, and project management committee were the main parties who contributed to the project's success.

#### **AKURA school management system**

Virtusa won the WITSA Global ICT Excellence Award in 2012 for its AKURA School Management System. The goal in creating the Akura school management system was simple; to bring together school management, teachers, students and parents to enhance the quality of education. Akura school management system smooths school's daily administrative activities and provides a user-friendly dashboard to manage the system efficiently. It also allows school management to maintain operational and master data on teachers, parents and students and provide an online portal through which teachers and parents can collaboratively view students' progress. Teachers can easily track progress through Akura.

Through *Campus Reach*, they partner with engineering colleges, universities, and academic institutions across many initiatives to improve collaboration between academia and the industry.

Virtusa hosted undergraduate tech students at the Converse 2015 graduate meet up program which was organized in Colombo for over 300 undergraduate students from leading universities

and educational institutions across Sri Lanka. The program was implemented as a part of the company's Campus reach initiative; students were able to receive the opportunity to learn more about Virtusa. A panel of company experts shared their valuable working experiences. Participants were able to get the job opportunities available at the company, both in permanent and internship roles.

### Forest restoration

Biodiversity Sri Lanka (BSL) signed a partnership agreement with Sampath Bank and Citizen Development Business Finance (CDB) for the LIFE project. The main objective is to restore 10 hectares of degraded land in the Kanneliya forest reserve to a functional protected forest. After signing the agreement, it has entered into partnership agreements with 10 member companies for this 05 years project. Forest Department of Sri Lanka guided this program, and the International Union for Conservation of Nature Sri Lanka (ICUN) acted as the technical supporter of this project. In 2018 Virtusa signed a MOU with Biodiversity Sri Lanka (BSL) as the patron partner in the LIFE forest restoration program. Virtusa (Pvt) Ltd helped the project, develop a system for recording the data collected.

### 5.2 CSR and Stakeholder Accountability

Various pressures come from the external environment for organizations to be socially responsible. The associate consultant clearly explained one of the central pressures they are facing:

*"...The highest pressure comes from the government. Because we have registered as a Board of Investment (BOI) company. Hence our company is a BOI company we need to take approval from the government for CSR activities. Most of our CSR activities are implemented in government schools and government universities. Therefore, we need to take approval from the Ministry of Education and other government institutions and need to comply with government laws and regulations too..."*

Virtusa engages in CSR activities due to government pressure as well as some other reasons. The associate consultant explained these reasons:

*"...We engage in CSR activities under three pillars for several reasons. The most important concern*

*lies with stakeholder management. Various stakeholder groups have different expectations of the organization. To fulfill their requirements, we engage in CSR activities. Besides, those other reasons are to maintain good community relations, do a service to the society while earning profits, contribute to the national economy, increase the organizational reputation and gain competitive advantage..."*

The associate manager for facilities compliance commented that:

*"...If the society is working efficiently, government tax income should be equally distributed among the society. There is no requirement for businesses to do CSR activities. An example is that one of our CSR activities involves delivering IT knowledge to rural schools in Sri Lanka. We distributed IT equipment also. If the government facilitates the distribution of IT knowledge equally to each student, there is no need to implement such projects. We have been doing this program continuously. Unfortunately, last few years we were unable to conduct this project..."*

The associate manager for facilities compliance (global) further commented on the firm's interest in gaining public reputation:

*"...As I believe, society has an anti-social idea about people who are working in the apparel industry and the social respect given to them is relatively minimal. Hence, there is a shortage of workforce within the industry. To overcome such problems and to make the industry more attractive, apparel companies widely involve in CSR, just for their survival. As mentioned earlier, there is a shortage of human resources. They are unable to hire workforce due to the lack of social acceptance. Therefore, CSR acts as a supporting mechanism, and it has become an essential requirement that ensures their survival..."*

Planning and implementing a CSR activity is a challenging task because it is out of daily organizational operations. Virtusa faces issues regarding CSR. When the company has more than one CSR project to implement, the most beneficiary activity will be implemented. Selection of the most beneficiary CSR activity is difficult. It is based on organizational requirements.

At Virtusa, clients, investors, employees, academia, suppliers, government, NGOs, and local communities are the main stakeholder groups. Clients, investors, and employees are the most



critical stakeholders among them. The associate consultant commented:

*“...A stakeholder is a person who influences organizational growth as well as the failure of the organization. If a person or group of persons do not perform well or work oppositely, they must be managed well. Otherwise, their behavior will lead to organizational failure...”*

Some interviewees stated that the organization engages in CSR activities to gain financial benefits. In contrast, some interviewees argued that CSR should not consider only the corporate benefits and need to consider the needs of broader stakeholder groups. The associate manager for facilities compliance made the following comment:

*“... Virtusa engages in CSR not only for corporate benefits and advantages. But specially for catering local individual requirements. Stakeholders have special intentions towards CSR. For example, the organization’s recruiting team says that CSR is vital to attract new employees. People want to join the organization because of its high reputation earned through CSR activities. Our organization’s social acceptance is high due to CSR activities...”*

However, the senior consultant of marketing made the following quote:

*“...It does certainly pique the interest of our clients when CSR activities that we have performed are brought to their attention. However, they are most interested in aspects such as sustainability, labor practices, health, and safety...”*

The following quotes remark how the organization is currently managing the varying interests of different stakeholders:

*“...Generally, we give priority for some stakeholder groups: internally employees and externally investors and clients...” (Associate manager for facilities compliance).*

*“...The stakeholder groups with whom we engage include clients, investors, employees, academia, suppliers, government and NGOs, and local communities. Clients, investors, and employees have the greatest impact on our operations. Stakeholder management is an important aspect of our sustainability program as it provides inputs on the topics that are important for our stakeholders...” (Corporate Citizenship Report).*

The Virtusa’s CSR activities are recorded, and the most impactful CSR activities conducted for the year are highlighted in their annual

sustainability report. The main objective of reporting is to strengthen ‘Accountability’ (Cooper & Owen, 2007). CSR activities are usually recorded by HR and the facilities team (sustainability falls under the organization's facilities team). The associate consultant stated that:

*“...I can give some reasons for CSR reporting. The first one is to fulfill the information requirement of external stakeholders of the company and to give a clear picture of what the company has done to society and give direction to our stakeholders. Communicate with stakeholders about where we are now, where we should go in the future, and support their decision-making process. The second one is to fulfill the information requirement of internal stakeholders, such as employees. The third one is to gain competitive advantage...”*

Virtusa has obtained the membership of several respected organizations in order to enhance environmental accountability. American Chamber of Commerce Sri Lanka, Biodiversity Sri Lanka (BSL), and Green Building Council of Sri Lanka (GBCSL) are among those organizations. To increase the social impact, Virtusa comply with ISO 26000 Guidance and UNGC principle 4, principle 6 and principle 17.

Further to the above findings, Virtusa’s corporate citizenship report highlights the importance of having an effective complaint handling mechanism towards stakeholder accountability.

*“...We provide several ways for employees to seek guidance or report potential violations: Speak directly to their supervisor, human resources, or the senior director of internal audit, Report complaints anonymously and in a protected manner by using web-based submission tool or by calling the hotline, contact Virtusa’s general counsel and compliance officer, Report concerns involving accounting, internal controls or auditing matters to the audit committee of the board of directors...”*

## 6. DISCUSSION AND CONCLUSION

CSR is a kind of corporate strategy that generates both short-term and long-term benefits to the organization. CSR is a voluntary initiative. Based on the organizational requirements and its capacity, CSR policy could be varied from organization to organization. The study further reveals that there are some pressures for

organizations to be socially responsible. Virtusa's most immense pressure comes from the government, as they have registered as a BOI company.

The study investigates that one of the main reasons for CSR reporting is to fulfill the company's information requirement. Clients, investors, employees, academia, suppliers, government, NGOs and local communities are the main stakeholder groups of Virtusa. This finding is more similar to Jamali (2008), stating that the organization gives vast attention to the traditional stakeholders, namely employees, customers, and shareholders, and only limited attention to the silent stakeholders. Due to the absence of mandatory CSR guidelines in Sri Lanka, the case study company follows a voluntary CSR reporting approach in providing social and environmental information. Hossain and Alam (2016) emphasized the need for mandatory CSR guidelines to enhance stakeholder accountability. The voluntary nature of CSR reporting is a kind of internal motivation that allows organization to arrange their CSR policy in a unique way. It seems that the voluntary nature of CSR offers more freedom to the organization, and it provides a roadmap. However, some interviewees highlighted the need of mandatory CSR reporting. Early researchers have identified three main steps of accountability. The first step is auditing. The main objective of auditing is to assure organizational activities. It is widely recognized that the audit is an integral part of the accountability process (Gendron, Cooper, & Townley, 2001). At Virtusa through external auditing, the company can provide an assurance regarding accuracy and completeness of their report. Accordingly, external assurance regarding social and environmental responsibility ensures stakeholder accountability of CSR. It was found that most interviews favor their 'right to know' about the organization's responsibility towards the community and environment, and it complies with the study findings of O'Dwyer, Unerman and Bradley (2005). 'Right to know' means the transparency of corporate activities, including CSR. Transparency helps to build trust with Virtusa's employees and stakeholders. Virtusa publishes its social and environmental responsibility through sustainability reports and company website. The website is a

powerful media that presents company information at a low cost. Web presence entails accountability (Winner, 1995).

Additionally, Virtusa follows both UN global compact and GRI guidelines to mitigate contemporary reporting issues and enhance the quality of reporting. The study identified some methods which could be applied in discharging accountability towards stakeholders through CSR reporting. In summary: External assurance regarding sustainability report/CSR report is one way of being accountable to stakeholders. The product/service responsibility is identified as a part of CSR, and if a firm involves in philanthropic activities without ensuring product/service responsibility, the organization may encounter continuity issues. Stakeholder engagement is another way of discharging accountability. Virtusa complies with environmental laws, regulations and standards as the environmental protection is a key component of stakeholder accountability. Finally, the study identifies a formal complaint mechanism as an effective risk management strategy, which is essential to ensure stakeholder accountability.

In addressing the limitations of the study, due to the Covid 19 pandemic situation, all the interviews except the pilot study were conducted over the phone and have experienced some technical issues. All the instructions and documents were shared through means of telephoning and emailing. Moreover, qualitative research is subjective, and some findings of the study are based on personal opinions that could sometimes be varied from person to person. Future researchers can investigate the CSR reporting and stakeholder accountability practices in public sector organizations. In Sri Lanka, the level of public sector engagement in CSR initiatives is relatively low compared to the private sector.

Furthermore, researchers can carry out studies by considering how overall sustainability reporting (social, economic, and environmental aspects) affects the concept of stakeholder accountability. Additionally, researchers can carry out multiple case studies by considering both MNCs and local companies to overcome the limitations of the present study. Such further research opportunities would overcome the lack of

comparability of the single case study method as in the current scenario.

### Declaration of Conflicting Interests

The authors declared no potential conflicts of interest concerning the research, authorship, and publication of this article.

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