Exploring Market Environment for Corporate Social Responsibility (CSR) Implementation Modes

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Abstract

Purpose : Extant literature on corporate social responsibility (CSR) provided insights into its antecedents and outcomes; however, more scholarly attention must be given to CSR implementation. India was the first country in the world to adopt the CSR law in 2014; firms coming under the preview of the law were expected first to choose a CSR implementation mode for every CSR project and further report it as part of the yearly reporting. Therefore, the need to understand the various CSR implementation modes increased. This paper addressed this gap first by defining the various CSR implementation modes and then by comparing these modes. This knowledge of CSR implementation modes could help firms choose the right one.

Methodology : Using literature findings and the secondary data from the Indian firm's annual CSR reporting, we argued that firms mainly use direct, foundation, and collaboration modes to implement their CSR initiatives. Furthermore, we interviewed the CSR leaders of seven publically listed firms to gain more insights into comparing these modes.

Findings : We uncovered the characteristics of various CSR implementation modes. We found these modes differ in governance, CSR focus, control over outcomes, resource availability, and organizational structure. Furthermore, this paper contributed to the domain of CSR implementation by proposing a few research-worthy propositions for scholars to pursue in future research.

Practical Implications : Firms would like to choose a suitable mode of implementation to execute their CSR implementation effectively. Knowledge about key characteristics of these modes could help firms choose suitable CSR implementation modes.

Originality : Unlike prior research on corporate social responsibility implementation, the current work clearly defined the CSR implementation modes with key characteristics.

Keywords : CSR implementation modes, direct mode, foundation mode, collaboration mode

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The Corporate Social Responsibility (CSR) field is evolving rapidly through its context, regulation, and impact on businesses and society (Aguinis & Glavas, 2012; Faller & Knyphausen-Aufseß, 2018; Wang et al., 2020). While CSR, as a scholarly domain, has received adequate attention in the past few decades, how CSR funds are utilized and in which modes still need to be researched (Fatima & Elbanna, 2023; Klettner et al., 2014). Recently, popular media has highlighted the issues related to the misuse of CSR funds and fraud in CSR implementation(Vig, 2020). Findings of scholarly literature have indicated that firms have faced challenges while utilizing CSR funds (Graafland & Zhang, 2014; Osagie et al., 2016), such as transparent monitoring, conflict of interest, fraud by implementation partners, not finding an implementation partner, lack of competencies, ethical issues, difficulty in tracking social impact, top management focus, industry-specific expertise, high implementation cost, lack of resources, and improper utilization of CSR funds (Graafland & Zhang, 2014; Nini et al., 2013; Osagie et al., 2016). Firms want to solve these challenges for effective implementation of CSR initiatives. How to solve these CSR implementation challenges has not received due attention (Fatima & Elbanna, 2023; Pope & Wæraas, 2016). The CSR implementation modes can solve some of the challenges that firms face. This paper explores the various CSR implementation modes to solve some CSR implementation challenges. This new understanding from this paper about CSR implementation modes will help firms adopt the correct one.

As a part of the mandate of Indian CSR law in 2013, firms must report the implementation mode used in their CSR projects. CSR implementation modes have become an important part of yearly CSR reporting under the mandate. As per the mandate, firms must report the modes of implementation for every CSR project. The CSR law mandates firms to choose the implementation modes from a registered trust, a registered society, a company established by the company or its subsidiary under Section 8 of the act, collaborate with other companies or utilize its personnel (mca.gov.in 2014). The prior literature on CSR implementation highlights that firms use various modes to implement CSR initiatives, including in-house departments, through non-profit organizations (NGOs), the foundation, contributing to Government funds, and collaboration with other companies (Bala, 2015; Elembilassery & Gurunathan, 2018; Husted, 2003; Zeimers et al., 2018). Although the law defines the modes, firms need to gain its understanding and usage. Therefore, it requires more clarity. Based on the firm's CSR implementation data, literature findings and qualitative interviews of CSR leaders, we defined these CSR implementation modes and categorized them into three types: foundation, direct, and collaboration.

We used the interview method (Corbin & Strauss, 1990; Saldana, 2021; Strauss & Corbin, 1998) to explore the CSR implementation modes. We interviewed senior CSR leaders of seven companies to validate our definitions of various CSR implementation modes and learn their characteristics.

This paper makes a few significant contributions to literature and practice. First, we define various CSR implementation modes and then compare them. We use stakeholder theory to explain why the CSR implementation mode phenomenon is essential for firms. According to stakeholder theory (Donaldson & Preston, 1995; Freeman, 1984; Freeman et al., 2004), firms have relationships with many constituent groups called stakeholders, and these stakeholders affect and are affected by the firm's actions.

There is a nexus of CSR with consumer perception (Shetty et al., 2022) because the communities are shaped through common concerns and shared values (Pawar & Raut, 2019). Therefore, CSR initiatives like social welfare schemes are increasingly used as marketing strategies (Majeed & Sriram, 2019) as communication of social welfare schemes influences brand promotion and loyalty (Jaiswal et al., 2024). However, due to a lack of awareness, it becomes difficult to implement such schemes. For instance, some schemes, such as agritourism, have much potential. Still, it confronts challenges like strained stakeholder relationships and a need for more awareness among businesses about sustainability (Dsouza et al., 2024).

Firms can build a strong relationship with their stakeholders by demonstrating authentic and credible actions, such as CSR activities, which would ultimately benefit the stakeholders and society (Kang & Sivadas, 2018).

Further, the explanation of CSR implementation modes will increase the firm's credibility among stakeholders, thereby enhancing the firm's reputation and branding and adding intangible value to the firm. The comparison of these modes provides information to practitioners so that they can make the right decision on selecting a CSR implementation mode for their CSR initiatives.

Literature Review

CSR Implementation in the Indian Context

There has been a debate in the literature on corporate social responsibility's voluntary or mandatory nature (Jackson et al., 2020; Kansal et al., 2018; Mishra, 2021; Poddar et al., 2019; Subramaniam et al., 2017). In the past, CSR was driven by voluntary social activities or self-regulation. Prior literature highlights that most CSR research has been done in a voluntary or self-regulated setting. The context of CSR has changed in recent years from self-regulated to government-regulated when a few countries started laws or policy regulations on CSR disclosures (Indonesia 2007, Denmark 2008, France 2010, Brazil 2012, India 2013). The Government of India adopted the mandated CSR regime and created a CSR law to increase commercial firms' participation in social activities. The law also states that CSR projects should not benefit the firm's business and cannot be commercially linked to provide any commercial advantage to the firm. The Government of India (GOI) amended the Indian Company Act for CSR regulation and introduced a dedicated section (no.135) on CSR. As per the Indian Company Act 2013 Section 135, CSR has become mandatory for a particular set of firms, specifically the "firms with a net worth of INR 500 crore or more or turnover of INR 1,000 crore or more or a net profit of INR 5 crore or more in any financial year" are supposed to invest 2% of their net profit on CSR activities. The firms not meeting the above criteria are exempted from this CSR policy compliance. The firms under the purview of CSR law must submit the details of CSR expenditure, CSR projects, implementation mode, social sectors and location details as a part of the annual return to the Ministry of Corporate Affairs. The law also mentions the various social sectors under Schedule VII where CSR activities can be performed. The law recommends undertaking social activities in local vicinities, focusing on creating local social impact. As per the law, these firms must also form a CSR committee under the board of directors. Despite the CSR laws sharing the guidelines for CSR spent, firms are left to decide how to implement CSR. For example, firms can choose different social sectors, e.g., education, healthcare, environment, rural and other projects and the location where the project is to be implemented. Firms can also choose the implementation mode. This has increased the transparency in the way CSR is implemented.

On the one hand, voluntary CSR offers organizations the agility to adopt superior execution practices; on the other hand, it may sometimes lead to complacency. Conversely, mandated CSR ensures a baseline quality of execution and transparency but may impede innovative approaches (Jackson et al., 2020). A few recent studies on mandated CSR context (Mishra, 2021; Poddar et al., 2019) highlight that mandated CSR regulation in India has aligned the social causes addressed through CSR activities with UN sustainable development goals (SDG). Many of these social causes focus on education and healthcare. Another group of studies indicates that mandated CSR has increased the manager's accountability and transparency in CSR implementation (Subramaniam et al., 2017).

Despite the CSR law, challenges related to CSR implementation and non-compliance have emerged in the past few years. Due to these challenges, the CSR law was further amended in 2019 with an additional clause that included punishment. It is reasonable to assume that the different contexts, self-regulated or mandated, may have some influence on the way CSR is implemented; therefore, it is vital to know how the context of mandated CSR influences CSR implementation.

CSR Implementation Modes

Findings on CSR implementation modes have indicated that firms use the following modes: in-house department, through NGO, the foundation, contributing to Government funds, and collaboration with other companies (Bala, 2015; Elembilassery & Gurunathan, 2018; Zeimers et al., 2018). The Government of India promulgated a CSR law for the first time in 2013. It released CSR policy guidelines highlighting the different modes of implementation, e.g., a registered trust, registered society, a company established by the company or its subsidiary under Section 8 of the act, collaboration with other companies, or utilizing their personnel (mca.gov.in 2014) to implement their CSR activities. Different modes of implementation have their advantages and disadvantages. The proper modes can solve some of the challenges faced in CSR implementation. Therefore, studying these modes and how they solve CSR implementation challenges is worthwhile. The following section defines various modes.

Direct Mode

In direct mode, the firms use in-house resources for CSR implementation, which the CSR department typically manages. Most of the CSR activities in this mode are conducted through volunteering employees and a few dedicated resources. In the direct mode of implementation, the firms have more control over CSR initiative activities and outcomes. In this mode, firms lack focus on CSR initiatives. It is the most effective mode for smaller projects. The capability in this mode is developed in-house. A few researchers have defined the direct mode in the following ways:

✥ In the in-house CSR implementation mode, a separate department is created within the organization to manage CSR-related activities, and this department is primarily responsible for implementing CSR initiatives (Elembilassery & Gurunathan, 2018).

✥ Execute CSR initiatives through the in-house department, even though the cost of in-house development of a project may be higher. In this mode, management has control over CSR activities (Husted, 2003).

✥ In this mode, the organization allocates the resources to CSR projects executed by internal departments created within the organization. In this, the organization's management has significant involvement, though the cost of executing the project may be significant (Zeimers et al., 2018).

✥ Firms give CSR funds directly to government trusts like PM Care Funds and run the CSR projects through in-house departments (Bala, 2015).

Foundation Mode

In foundation modes, the firms create their entity to execute the CSR initiatives, but it adds much liability for firms. CSR or corporate foundations are not new in India; Tata Group and Birla Group created foundations in the early twentieth century. However, post-Indian CSR law, significant growth has been seen in creating new CSR foundations, which are the highest-growing option in implementing CSR initiatives. These foundations are created with the objective of social development and are an enabler in creating a positive social impact. CSR foundations share a similar structure as a hybrid social enterprise (Dees & Anderson, 2003; Dees et al., 2004) and get funds from either a parent company or by donation. These foundations later create economic value to gain financial self-sufficiency. Over time, these foundations acquire the necessary capabilities to scale the social objective. In addition, these foundations have the advantage of carrying the same brand name as a firm. A few definitions of foundation mode are given below:

↳ CSR foundations are defined as sister organizations of business firms dedicatedly formed to execute the CSR activities of the parent organization. This foundation can be a non-profit company or a trust managed and controlled by the representative of parent firms. A CSR foundation is a standalone organization with a proper structure and is professionally competent in social development activities (Elembilassery & Gurunathan, 2018).

↳ The implementation method is through one's trust or foundation (Bala, 2015).

↳ Execute CSR through corporate charitable contributions. The charitable contribution consists of transferring financial resources/other resources from the organization to a community charitable organization. In this mode, the management involvement is minimal. In this mode, firms create foundations referred to as charitable organizations responsible for CSR activities (Husted, 2003).

↳ Foundations are created to co-create CSR values. These foundations execute the CSR activities, sometimes collaborating with other implementing partners (Zeimers et al., 2018).

Collaboration Mode

In collaboration mode, business firms create partnerships with non-profit organizations (NGOs) to implement CSR initiatives (Seitanidi & Crane, 2009). In the mandated CSR regime in India, CSR is a necessary corporate activity for a set of firms, but as per law, firms do not need to use only direct or CSR foundation mode. Therefore, some firms also look for partnerships to implement their CSR initiatives. A non-profit organization (NGO) becomes essential in implementing CSR (Fontana, 2018). NGOs are formed to help the community or environment; however, recently, issues related to governance, corruption, and performance monitoring have increased in NGOs (Mason, 2010). A few definitions of collaboration mode are given below:

↳ A partnership between business firms and NGOs is created to solve societal problems like education, health, and the environment. This is one of the prominent ways to implement CSR. This partnership solves social issues by combining both parties' resources and aligning business and societal interests (Seitanidi & Crane, 2009).

↳ A social partnership is a form of collaboration from a different economic sector created to address social issues. Within this is a shared understanding of responsibilities and commitment to resources (Walters & Anagnostopoulos, 2012).

↳ Fontana explained that the firms collaborate with NGOs to share resources to execute CSR initiatives and select the NGOs on the basis of the resources they have, specifically the capability to implement CSR. NGOs adjust to the firm's demand to get financial resources from the firm (Fontana, 2018).

↳ The collaboration mode involves a partnership between an organization and a non-profit partner, in which the former provides the resources to the latter to execute the CSR activities jointly (Husted, 2003).

↳ The organization creates partnerships and collaborations with non-profit partners, transferring resources to a non-profit partner to carry out the CSR projects jointly (Zeimers et al., 2018).

Practice Perspective of CSR Implementation Modes

Indian Company Act 2013 Section 135 also mentions the mode of implementation firms can use to execute CSR initiatives. As per Government of India guidelines, the firms need to report the mode of implementation in their CSR reporting. Therefore, we collected four years of data, from 2014 to 2018, to study the mode of implementation reported by these firms. Table 1 presents the CSR amount spent in different modes of implementation. As per the author's expectation from the literature, after eliminating incomplete information, the

Table 1. *Mode of Implementation Definition Adopted by Practice*

Mode of Implementation Reported on the MCA Portal by Listed Companies	Total CSR Amount Spent (FY 2014-18) (Cr.)
By a "Trust" established by the company	11.32%
By a "Trust" established under State legislature	4.25%
Combined	2.71%
Directly	33.01%
Other Implementing Agency	32.56%
Not mentioned MOI	16.15%
Grand Total	**100.00%**

Source : India National CSR portal.

data from practice also reflects that firms are using primarily three modes of implementation. This data is from the top 500 listed companies. The data reflects that the top 500 firms have spent 33% of total CSR spending using direct mode (directly), another 32% of total CSR spending by collaboration mode (other implementing agency), and another 11% of total CSR spending by foundation mode (through a trust established by the company). The remaining CSR funds have been spent either through other modes or not mentioned in the mode of implementation information.

After combining the findings from both literature and practice, we conclude that firms primarily use three modes of implementation: direct, foundation, and collaboration.

Theoretical Underpinning

Prior researchers have used the stakeholder theory to explain the firm's relationship with its stakeholders (Donaldson & Preston, 1995; Freeman, 1984; Freeman et al., 2004); it states that a firm's actions affect stakeholders and also stakeholders influence a firm's actions. As the firm's decision to choose CSR implementation mode affects the stakeholders, therefore we use the stakeholder theory to explain this phenomenon. The firms build relationships with their stakeholders and involve them in CSR initiatives to deliver higher performance (Yang & Basile, 2022). Firms can build a strong relationship with their stakeholders by demonstrating authentic and credible actions. Explaining CSR implementation modes will increase the firm's credibility among community stakeholders. Therefore, if a firm explains or reports the implementation mode for its CSR projects, the stakeholders will know the firm's seriousness toward CSR initiatives.

Furthermore, the details of implementation modes in annual reporting provide information about the implementation modes firms have adopted to implement CSR projects. For example, stakeholders may see whether the firm is giving only donations to government funds using direct mode, has created its foundation and is using foundation mode, or has created a partnership with any NGO to execute the CSR projects. Different stakeholders or groups among the same stakeholders may perceive this mode of implementation information differently. Therefore, stakeholder theory explains that the various modes may create different perceptions about firms. The CSR projects executed through the CSR foundation may be perceived as mightier than donating.

Method

We have followed the qualitative interview method for this study (Balasubramanian et al., 2021; Elembilassery & Gurunathan, 2018; Khan et al., 2020; Merriam & Tisdell, 2015; Subramaniam et al., 2017), given that the study is an attempt to explore the process of identifying implementation mode. This study was conducted over two years,

from 2020 to 2022. We interviewed CSR heads for seven Indian-listed firms. Nine interviews were performed; two CSR heads were interviewed twice to get additional clarity. The interview setting was semi-structured. Each interview was transcribed, followed by open coding, selective coding, and theme development (Corbin & Strauss, 1990; Saldana, 2021; Strauss & Corbin, 1998). After getting permission from participants, wherever approved, the interviews are recorded. Qualitative data has been stored as transcripts, recording audio files, and hand-written notes. A transcript has been created for each interview. The hand-written notes have been converted into the transcript manually. Transcripts were created with the help of a software otter for the recorded interviews. The software has also highlighted the keywords from each transcript. The author has further checked the software-written transcript with hand-written notes to avoid missing points. Each transcript has been coded into Open and Selective codes (Merriam & Tisdell, 2015; Spiggle, 1994). After the open coding for each transcript, second-level coding was performed based on the open codes of each transcript (Corbin & Strauss, 1990).

Results

The result of the qualitative phase has been organized into themes. This research question is related to different modes of CSR implementation: How are these modes different? The literature and quantitative findings supported the idea that firms mainly use the three modes to implement CSR initiatives. These modes are direct mode, foundation mode, and collaboration mode. To understand the difference between various CSR implementation modes, we asked CSR leaders questions about the various modes of implementation and how they chose the mode of implementation for their CSR projects. A few excerpts from interviews and multiple themes built through qualitative analyses are explained here.

Firms use three implementation modes for their CSR projects: Direct, foundation and collaboration. Here are a few excerpts from the interview with CSR leaders :

> Your findings are correct; firms adopt all three implementation modes; it is not just one mode of implementation. For some projects, firms use the direct mode. For some projects, firms use the foundation mode, and for some projects, firms can use the collaboration mode. (Participant 8)

> There are three modes of implementation. The company directly implements one; the second is that the firms have a CSR foundation. Moreover, the third is the collaboration mode or implementation through NGOs. (Participant 1)

As described in the method section, the authors coded each transcript with open and selective codes to build the themes (Merriam & Tisdell, 2015; Spiggle, 1994; Saldana, 2021). Table 2 demonstrates an example of theme development.

Table 2. *Characteristics of Different CSR Implementation Modes: Coding and Themes Development*

Open Codes	Selective Codes/Categories	Theme Building
*P1.10	*C4.2.1	Theme 1.2
The foundation is not just a charity;	Foundations are parallel organizations with	Foundation mode characteristics
it is also a liability, and it involves taking	both liability and extra compliance.	- Liability and commitment
risks to run an extra organization with	C4.2.4	- Flexibility
considerable operational expenditures.	Promoter-owned firms are using	- Tangible outcome
P 1.39	the foundation mode.	- Full control
Running a foundation is a commitment even if	C 4.2.2	- Good governance
firms do not have funds.	The foundation needs Opex to function.	

P3.06
Giving grants is a simplistic way to meet CSR compliance, but the foundation's purpose is not this: the foundation wants to contribute to a social cause.

P4.11
Foundations also create employment, which adds to goodwill.

P4.03
MNCs find it difficult to create a foundation because of additional reporting and compliance.

P6.20
In foundation, you can have more control.

P6.22
Foundation provides flexibility.

P6.34
Foundations are given the freedom to execute CSR projects.

P8.09
A board of trustees governs foundations; the promoters are a part of the trustees. The foundation CEO reports to the board of trustees. The board decides how to use CSR funds, and the CSR head can decide the mode of implementation.

P4.05
In foundation mode, the firms must go for additional audits and checks.

C 4.2.3
Creating a foundation is a commitment.

C4.2.11
Foundation builds goodwill for the firms.

C4.2.12
A foundation is more effective for CSR implementation and having a good governance structure.

P1.38
Large funds cannot be spent directly; therefore, you need a collaboration path.

P4.04
In collaboration mode, MNC transfers the funds to collaboration partners to meet their CSR compliance liability.

P6.36
Collaboration mode challenges include getting the right kind of people at the ground level to execute projects; a lack of skill set; and a lack of passion.

P6.44
Most MNCs work with NGOs and

C4.3.4
Partner selection is critical in collaboration mode, based on their expertise, partner reputation and credibility, and equal partnerships guided by MOUs.

C4.3.3
Collaboration mode helps in acquiring resources.

C 4.3.2
Policy pressure, uncertainty in the healthcare social sector, and lack of expertise in healthcare drive firms to use collaboration.

C4.3.9
Firms use collaboration mode for those projects where they do not have internal expertise.

Theme 1.3
Collaboration mode characteristics
- Partner selection
- Lesser liability
- No audit checks
- Less control
- Risk-averse

collaborate with companies like ours.	C4.3.1	
P6.50	Firms go for collaboration mode	
The third choice, collaboration, is for	in the healthcare social sector because	
companies lacking expertise or presence	they do not want to take risks.	
in specific locations.		
P8.06		
Collaboration mode is used for projects		
where firms lack the know-how.		
P2.15		
Choosing the right partners is critical in		
collaboration; sometimes, firms		
withdraw from collaboration.		
P3.20	C4.1.2	Theme 1.1
Lack of expertise in using the direct mode.	Direct mode lacks expertise.	Direct mode characteristics
P6.49	C4.1.3	- Lack of expertise
Clarity in accountability in direct mode,	Giving grants is a simplistic way	- Easy to implement
specifically, the fund allocation.	to meet CSR compliance.	- Full control
P3.06	C4.1.4	
Giving grants is a simplistic way to meet	Lacks accountability and issues	
CSR compliance, but the foundation's	related to fund allocation.	
purpose is not this. The foundation wants	C4.1.5	
to contribute to a social cause.	Direct mode helps contribute to	
P8.04	government CSR initiatives like	
Direct mode is for projects like Clean	Clean Ganga and Swachh Bharat.	
Ganga and PM care fund.		
P2.48		
A dedicated CSR department does		
not have CSR expertise.		

Note. *- *P* denotes the open code numbers, and C denotes the category code numbers.

(Merriam & Tisdell, 2015; Saldana, 2021).

After conducting qualitative interviews, as described in Table 2, we combined the literature, quantitative, and interview findings and developed a comparison between the three modes of implementation. Table 3 represents the comparison between different modes of implementation.

In direct mode, the firms use in-house resources for CSR implementation, which the CSR department typically manages. Most of the CSR activities in this mode are conducted through employees volunteering and some devoted resources. The results indicate that in the direct mode of implementation, the firms have more control over CSR initiative activities and outcomes but lack focus and accountability on CSR initiatives. It is the most effective mode for smaller projects.

In foundation modes, the firms create their entity to execute the CSR initiatives, but it adds much liability for firms. These foundations are created with the objective of social development and are an enabler in creating a positive social impact. CSR foundations share a similar structure as a hybrid social enterprise (Dees & Anderson, 2003; Dees et al., 2004) and get funds from either a parent company or by donation. These foundations later create

economic value to gain financial self-sufficiency. The results indicate that foundations have the advantage of carrying the same brand name as a firm or promoter. Foundations do have both liability and commitment. The CSR projects executed using foundation implementation mode deliver tangible social results. Foundations have more flexibility and resources to execute CSR projects and are more suitable for long-term CSR projects. The foundation mode gets good management focus and provides more control over outcomes.

In collaboration mode, business firms create partnerships with non-profit organizations (NGOs) to implement CSR initiatives. In the mandated CSR regime in India, CSR is a necessary corporate activity for a set of firms, but as per law, firms do not need to use only direct or CSR foundation mode. Therefore, some firms also look for partnerships to implement their CSR initiatives. A non-profit organization (NGO) becomes essential in implementing CSR (Fontana, 2018). The collaboration mode helps acquire new resources where the firms either do not have in-house resources or do not want to build these resources internally. The result indicates that collaboration is one of the most used modes by firms for executing CSR initiatives. Partner selection is one of the critical activities of collaboration mode. In this mode, the firms sign the memorandum of understanding (MOU) with NGOs to execute the CSR projects. Firms try to share accountability with the help of MOUs. Firms find it easy to comply with CSR law through collaboration mode as it does not create any liability. In collaboration mode, the firms lack the project's governance as NGO partners manage the execution and CSR project outcome depends on the partner's execution capabilities. A summary of the differences between these modes is mentioned in Table 3.

Table 3. *Comparison Between Different Modes of Implementation*

Parameters	Direct Mode	Foundation Mode	Collaboration Mode
Legal entity status of CSR function	Part of the firm itself	Separate legal entity with the same brand name as the firm or founder	A separate legal entity NGO registered as a Section 8 company on the basis of the Indian Companies Act 2013
CSR function organization structure	CSR department or a part of the HR and Strategy department	A dedicated entity focused on CSR goals with its organizational structure	The firm's partnership with NGOs
CSR funding source	The firm's CSR fund	Firms allocate CSR funds to foundations, which can also accept donations from other companies for similar projects	NGOs get funds from business firms to execute their CSR initiatives
Control over CSR outcome	Full control	Full control	Limited control
Firm's liability	Low	High	Low
Resource availability	Limited–in-house CSR department	Specialized resources developed as part of a dedicated organization	Alliance partner resources
Governance	Good	Good	Poor
CSR focus	To comply with CSR law	To create long-term social impact and to comply with CSR law	To comply with CSR law
CSR implementation challenges	Lacks in top management focus, difficulty in scaling CSR outcome, lack in resource availability, priority conflict on social vs financial goals	High implementation cost	Finding the right implementation partners, transparency, conflict of interest, improper utilization of CSR funds

Discussion

Stakeholder theory gives us insight into why explaining the CSR implementation mode is important and how it helps build firms' credibility toward CSR initiatives. Any action that helps build trust and enduring relationships with stakeholders will benefit CSR implementation (Bhattacharya et al., 2009; Dobele et al., 2014). Our findings provide insights into the choice of the modes of CSR implementation. In Direct mode, the firms implement CSR activities through their CSR departments and use in-house resources. These activities are also done through employee volunteering. The findings from this study indicate that the firms have more control over CSR activities in the direct mode of implementation. Furthermore, the findings also highlight that the firms lack focus and accountability in this mode. In foundation mode, the firms create their entity to execute the CSR initiatives, but it adds much liability for firms. The results indicate that foundations have the advantage of carrying the same brand name as a firm or promoter. Foundations do have both liability and commitment. The CSR projects executed using foundation implementation mode deliver tangible social results. Foundations have more flexibility and resources to execute CSR projects and are more suitable for long-term CSR projects. The foundation mode gets good management focus and provides more control over outcomes. In collaboration mode, business firms create partnerships with non-profit organizations (NGOs) to implement CSR initiatives. The collaboration mode helps acquire new resources where the firms either do not have in-house resources or do not want to build these resources internally. The paper compares various CSR implementation modes and finds that governance, control, organizational structure, and other factors affect the choice of CSR implementation modes.

Contribution to Theory and Practice

The explanation of the modes of implementation adds to the CSR implementation literature and gives stakeholder theory a new context. This paper makes many novel contributions to both academics and practice. For academics, it adds new knowledge related to CSR implementation modes and contributes to literature related to CSR implementation. The paper first defines the various implementation modes and then identifies the characteristics of CSR implementation modes using qualitative interviews. The CSR implementation mode phenomenon has added a new context to stakeholder theory. Stakeholder theory explains the differences among these modes. The right CSR implementation mode may help firms build relationships and credibility with stakeholders. One possible explanation from stakeholder theory is that the firms will benefit by explaining the CSR implementation mode, which will enhance the firm's reputation and positively impact the building relationship with the stakeholder group. This is because the stakeholders will know about the CSR implementation mode used for the CSR project. The explanation of CSR implementation mode will help CSR managers choose suitable implementation modes for their CSR projects.

Conclusion

Effective implementation of CSR has become a strategic priority for many firms (Flammer, 2015). Firms not only want to leverage CSR work for business purposes but also want to contribute to society (Godfrey, 2005). In the mandated CSR regime in India, CSR is a necessary corporate activity, and firms must choose CSR implementation mode wisely. The effective implementation of CSR initiatives can achieve this. This paper explains the three modes of implementation: direct, foundation, and collaboration, based on qualitative interviews. In direct mode, the firms typically use a dedicated department to implement CSR initiatives. Firms create separate legal entities to execute their CSR initiatives in foundation mode. In collaboration mode, the firms collaborate with other implementing partners to execute the CSR initiatives. The key characteristics of CSR implementation modes are

governance, CSR focus, control over outcomes, resource availability, and organizational structure. The findings of our study and this new knowledge on CSR implementation modes will encourage future scholars to work on "*How CSR*" and contribute to CSR leaders in building the credibility of firms by demonstrating authentic CSR actions.

Limitations of Study and Scope for Future Research

This study explains the CSR implementation modes and opens the canvas for future scholars to build further by exploring various factors influencing the CSR implementation mode decisions. This study is being done in India and can be further extended to other geographies. We have used the qualitative interview method in the study. Future scholars can use other methodologies to validate the findings.

Authors' Contribution

Dr. Sanjeev Pathak conceived the idea and developed a qualitative design to undertake the empirical study. Dr. Arun Kumar Tripathy validated the idea, helped find the right research papers, and supervised the study. Dr. Abinash Panda evaluated the qualitative codes and interview transcripts to conclude and guided the study on methodology. Dr. Ajay Kumar Pandey contributed to finding the right firms for this study. Dr. Sanjeev Pathak conducted the interviews. The same were further transcribed and translated into English. The paper was reviewed multiple times and modified by all authors.

Conflict of Interest

The authors certify that they have no affiliations with or involvement in any organization or entity with a financial or non-financial interest in the subject matter or materials discussed in this manuscript.

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