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Greening the Workplace: Exploring the Influence of Corporate Sustainability Governance on Corporate Labour Rights in the Case of Indian Listed Companies for the Period of 2010 to 2021

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Abstract: Amidst today's globalized economy, embedding sustainable practices into corporate governance frameworks has become important. This era underscores a heightened focus on CSR and sustainability, drawing considerable scholarly and practical interest to the nexus of corporate governance, sustainability initiatives, and corporate labour rights (CLRs). Hence, this study investigates the relationship between corporate sustainability governance initiatives (CSGIs) and CLR practices in India. Despite regulatory efforts, issues such as modern slavery and low wages persist in the country. Drawing on legitimacy, agency, stakeholder, and resource dependency theories, this study examines how CSGIs influence CLR practices. Data from 1212 observations of top Indian listed companies between 2010 and 2021 indicate positive correlations between CSGI dimensions and CLR practices across industries and board CSR orientations. This research underscores the importance of CSGIs in promoting sustainable corporate practices and improving CLRs in emerging economies. It also aligns with the United Nations sustainable development goals (SDGs), particularly SDG 3, SDG 5, SDG 8, and SDG 10. By combining theoretical rigour with practical relevance, this study provides insights for businesses, policymakers, workers, investors, and CSR scholars, contributing to efforts to enhance CLRs in India and beyond. For instance, the study offers actionable guidance for businesses and policymakers aiming to improve CLR practices. It highlights the positive correlation between specific attributes of CSGIs and CLR practices, providing insights for corporate decision-making and emphasizing the importance of aligning operations with the UN's sustainable development goals. The findings serve as critical decision-making tools for investors concerned with corporate sustainability governance and CLRs to identify ethically responsible companies and mitigate investment risks.

Keywords: corporate labour rights practices; corporate sustainability governance initiatives; board CSR strategy; board CSR orientation; multi-theoretical perspective; India

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1. Introduction

Antonio Guterres, the United Nations (UN) Secretary-General, said in his briefing to the General Assembly on Priorities for 2023, "*This is not a time for tinkering. It is a time for transformation—When I look at human rights in the broadest sense—with a 21st-century lens—I see a roadmap out of the dead end*" [1]. Guterres' words resonate with the severity of the issue and necessity to act decisively to protect human rights. A striking statistic reveals that the global prevalence of modern slavery surged by ten million individuals from 2016 to 2021, leading to a total of fifty million individuals subjected to this affliction worldwide. Evidently, the incidence of modern slavery has reached alarming proportions, affecting approximately one in every one hundred and fifty individuals across the globe [2,3]. This numerical representation serves as a poignant reminder of the necessity to formulate a tangible and effective strategic framework to uphold corporate labour rights (CLRs).

Furthermore, the global community has committed to adopting the UN's sustainability goals (UN-SDGs) to eradicate modern slavery by 2030 and child labour by 2025 [4]. The formidable challenge of realizing these ambitious aims within the stipulated time limit is unequivocally apparent. Consequently, there has been a discernible shift towards the adoption of corporate sustainability practices within business operations. Notwithstanding this trajectory, the translation of theoretical sustainability principles into tangible corporate practices remains imperfect. The commitment of corporate entities to achieve sustainability goals often follows a gradual and protracted trajectory, particularly within developing nations [5]. Comparative analysis reveals that non-financial reporting disclosure has gained more attention in developed than developing countries due to the increasing pressure of revelation requirements of stakeholders [6,7]. To be precise, CLR accounting development has created a new dimension to enhance corporate accountability and reflects a more significant achievement of modernity [8].

It can be traced back to 1948 when the Universal Declaration of Human Rights established the domain principle to protect human and labour rights (HLRs) [9]. Later, the UN endeavoured to introduce mandatory international laws (i.e., hard law) to minimize HLR violations in 1970 [10]. Nevertheless, several government interventions have introduced it as a voluntary standard (i.e., soft law) by the ILO and other authorities [11]. Encompassing the expansive spectrum of business and human rights (BHR) violations, this umbrella term encompasses child labour, coerced labour, verbal or physical abuse, discriminatory practices, and hazardous working conditions [10].

Increasing pressure on scholars and policymakers to adopt a corporate responsibility agenda and meet stakeholders' expectations has led to the development of legislative changes, such as the development of the UK Corporate Governance Codes 1998–2018 and the UK Modern Slavery Act 2015 [12,13]. Consequently, scholarly attention has increasingly converged on examining board characteristics to achieve corporate sustainability governance [14]. Corporate sustainability governance initiatives (CSGIs) serve as a conduit to harmonize divergent owner interests with stakeholder expectations, fostering a symbiotic relationship. This encompasses a profound commitment to respecting CLRs, underscoring the profound relevance of CSGIs in moderating stakeholder dynamics and cultivating an ethos of holistic sustainability [15]. In the context of this study, CSGIs refer to the encompassing policies, structures, and practices implemented by companies to govern their sustainability efforts. They include initiatives related to environmental stewardship, social responsibility, and ethical business conduct. This study explores how various dimensions of CSGIs (CSR committee (CSRC), CSR strategy (CSRST), board orientation (BORNT), and corporate social performance (CSP)) influence organizations, particularly in the context of promoting CLRs within Indian companies.

Accordingly, CLR practices have become a high-ranked and prominent research area among CSR scholars [16,17]. Notably, Ullah et al. [18] emphasized that firms must proactively develop positive CLR practices and work beyond the shareholder's short-term profit orientation. Consequently, within corporate strategic management, a comprehensive understanding of CSGIs becomes pivotal, particularly within the context of emerging economies, to foster enduring business sustainability. Yet, the prevailing literature rarely focused on exploring the relationship between CSGIs and CLR practices in greater depth. In addition, it is imperative to understand that prior studies have given less attention to transition economies' impacts of different CSGIs on CLR practices to improve corporate accountability. CSGIs motivate corporations to be visible as socially responsible corporate citizens and respect their labour forces.

This study carries significant theoretical, academic, and methodological implications by validating a multifaceted framework rooted in legitimacy, agency, stakeholder, and resource dependency theories, expanding their applicability to the intricate relationship between CSGIs and CLR practices, particularly within emerging economies like India. Academically, it bridges critical gaps as the first quantitative investigation of the connections between various CSGI dimensions and CLR practices in India, contrasting with prior qualitative approaches. Moreover, this research adds value and fills the lacuna of the Ali [19] study by providing different dimensions of CSR practices that can improve the operational efficiency of the business. This methodological shift strengthens the empirical basis and suggests new research avenues. On a practical note, the study provides valuable insights for businesses and policymakers seeking to improve CLR practices, highlighting the significance of specific governance attributes like CSR committees and board CSR strategies.

Importantly, the outcomes of this study resonate with the imperatives of firms and nations aiming to align with the UN-SDGs. This alignment underscores this study's potential to catalyse meaningful change for investors considering social responsibility and CLRs in their investment decisions and to contribute to the holistic advancement of both corporate practices and societal aspirations. In addition, these study findings offer valuable insights for policymakers shaping CLR regulations in line with sustainability goals. From an academic perspective, this study addresses the challenge faced by human rights scholars in understanding micro-level factors influencing CLR practices. This research aims to explore how specific characteristics of CSGIs within Indian firms impact CLR practices, focusing on anti-child labour, anti-forced labour, and freedom of association policies. While verbal or physical abuse and safe working conditions are excluded due to data limitations, this study's results indicate that proactive CSR committees, effective board CSR strategies, orientation, and corporate social performance positively influence CLR practices in emerging economies. The remainder of this article is structured as follows: The next section provides an overview of the literature and discusses the theoretical background. Section 3 develops the central research hypotheses. The research design is presented in Section 4. The empirical results are discussed in Section 5. And the last section concludes the study.

2. Literature Review

2.1. Corporate Labour Rights Practices in Developing Countries

Globalization has enabled corporations to strategically relocate their operations to economically favourable regions or source resources from low-cost countries [20–22]. As a result, labour-intensive sectors, including the apparel industry, have shifted to developing nations such as India, Bangladesh, and Vietnam [10]. However, positive CLR practices often remain weakly enforced or entirely absent in these countries [17,23]. Despite the influx of investment from multinational companies aimed at boosting emerging economies and remedying economic challenges, the consistent implementation of effective CLR practices remains a challenge [22,24,25]. Governance limitations further complicate the matter, emphasizing the ongoing need for improved CLR practices within the evolving landscape of globalization [26]. This complex interplay highlights the need for enhanced CLR practices amid globalization's evolving landscape.

The endorsement of Professor John Reggie's "Guiding Principles on Business and Human Rights" by the UN in 2011 represented a significant milestone in shaping CLR practices. Grounded in the framework of "protect, respect, and remedy", these principles have laid the foundation for formulating firms' strategies related to CLR practices [9,27]. The UN's adoption of these principles, although non-binding (i.e., soft law), has provided comprehensive guidance to safeguard children's rights and well-being [9,23]. Despite these efforts, the persistent existence of child labour, particularly in sectors like mining and apparel within developing countries, remains a pressing concern [26].

Custers's [17] study notably highlighted the prevalent use of child labour as a cost-effective alternative to adult workers in Bangladesh's garment industry, dating back to the late nineteenth century. This practice of employing children as a source of cheap labour raised ethical and social concerns. Remarkably, the disclosure of child or forced labour practices has remained inadequately addressed, further emphasizing the critical need to integrate CLR practices into the broader scope of corporate sustainability initiatives [28–30].

In light of these issues, it becomes evident that prioritizing CLR practices is integral to the overarching goal of sustainable corporate development [23].

In contemporary business discourse, CSR entails initiatives to integrate social and environmental concerns into operational frameworks and transcending traditional business paradigms [30–32]. Moreover, the practice of CSR disclosure has gained traction as a voluntary endeavour, aimed at reducing information asymmetry between companies and their stakeholders. The increasing demand for transparency in non-financial performance has propelled concepts like environmental, social, and governance (ESG). ESG factors broaden this scope by encompassing a wider range of criteria for assessing sustainability and ethical impact [33]. This trajectory is particularly relevant to the field of CLRs, which focuses specifically on labour-related issues within CSR, emphasizing fair treatment of workers. However, in developing countries, the adoption of CSR and ESG practices is still evolving [34]. In the realm of HLRs, broader societal concerns, such as modern slavery, human trafficking, and race discrimination, are addressed [2,9]. Together, these concepts shape corporate behaviour and underscore the importance of ethical conduct and social responsibility in today's business landscape. Despite that, scholars have recognized different dimensions of CSR and defined them through various theories. For instance, Gillan et al. [35] have defined CSR as "corporation activities with regards to being more socially responsible to being a better corporate citizen" (e.g., legitimacy theory). In the same vein, Jackson and Apostolakou [36] viewed CSR as a "strategic response" to mitigate stakeholder pressure (e.g., stakeholder theory). Shareholder-oriented countries invest significantly in socially responsible projects to respond to the growing demand for CSR disclosure and remedy its capital constraints [5].

Nevertheless, global awareness of CSR disclosure and governance requirements has garnered escalated attention from both CSR scholars and regulatory authorities [32,37]. This transformation is highlighted by the shift from voluntary to mandatory disclosure mandates in certain nations, as evidenced by the UK's mandatory environmental and social disclosures for London Stock Exchange-listed firms [38], while Finland and Sweden have enforced CSR disclosure mandates for their state-owned entities [39]. Despite these advancements, the pace of stakeholders' expectations for social and environmental responsibility often surpasses the mandates for mandatory disclosures, as pointed out by Kolk [5]. Despite the progress, limited academic exploration exists regarding the intersection of CLR obligations and their repercussions on corporate reporting and practices [16,23].

However, some corporations have ignored CLR practices in their corporate reports (e.g., greenwashed reports), especially in supply chains [22]. Also, several corporations disclosed only positive social performance in their reports. In addition, some developing countries comparatively disregarded the disclosure of CLR practices in their CSR reports [23]. Further, Obara and Peattie [16] argued that most scholars have under-utilized CSR knowledge when investigating corporate reporting. Thus, one of the key objectives of any corporate reporting is to ensure the firm's legitimacy, transparency, and accountability of its activities. Therefore, boardroom characteristics are essential for developing CSGIs and CLR practices to achieve long-term corporate sustainability goals [14].

2.2. Indian Corporate Labour Rights Practices

This section provides an introductory overview of the study's context, regarding the state of CLR practices in India. It highlights India's transformation into a prominent emerging market since gaining independence in 1947, citing notable economic growth and increased foreign direct investment [40]. Moreover, it highlights significant challenges related to CLRs, such as modern slavery and human trafficking, indicating a need for stronger human rights laws and government intervention. Despite these challenges, historical evidence suggests a gap between rhetoric and action in addressing CLR issues [2]. For example, more than eleven million people live under modern slavery conditions [2].

In the practical context of India, alarming statistics reveal its ranking as the leading country in terms of estimated modern slavery practices [2]. Despite this, the governance response of India towards modern slavery, as assessed through the government response score, stood at 46% in 2018 and remain unchanged in 2023. This metric serves to evaluate the nation's efforts in combating modern slavery, encompassing aspects such as legislation, enforcement, victim support, and prevention. It signifies a consistent level of response, underscoring the need for continuous monitoring and improvement in addressing this pressing issue [41,42]. Furthermore, the Indian minimum wage has remained at a relatively low level of Indian Rupee 176 per day (approx. USD 2.1) since 2017 [43]. Notably, a substantial proportion of workers in the unorganized sector, approximately 90%, lack access to social security as of 2020 [44]. These historical shreds of evidence imply the reality of the state's actions and corporate behaviour toward respecting CLRs. Also, Indian human trafficking increased by 27.7% (2189 cases) in 2021 compared to 2020 (1714 cases) [45]. Significant gender equality efforts in corporate boards and recent labour code reforms aimed at protecting CLRs are key milestones in the history of CLRs.

Recently, India reformed labour codes by consolidating forty-four laws into four codes covering wages, industrial relations, social security and occupational safety, health, and working conditions to protect CLRs [44]. With these new reforms to labour codes, Indian Prime Minister Narendra Modi mentioned that "Minimum Government, Maximum Governance" will defend against CLR abuse [44]. India's distinct characteristics and its motivation for investigating the relationship between CSGIs and CLR practices are described in Table 1 below, which also provides key characteristics of the country for reference.

Table 1. Summary of country characteristics and comparison of basic characteristics with USA and UK.

Indicator	**Detail Information**		
	India	**UK**	**USA**
Population	1,438,439,389 as of 31 March 2024 [46]	67,905,539 [46] as of 31 March 2024	341,359,578 [46] as of 31 March 2024
GDP growth rate (2023)	6.4% [47]	4.4% [48]	2.5% [49]
Legal system	Common law	Common law	Common law
Unemployment rate	3.1% in 2023 [50]	3.8% in 2023 [48]	3.9% in 2023 [51]
Number of people under modern slavery	8 per 1000 of population [2]	1.8 per 1000 of population [2]	3.3 per 1000 of population [2]
Government response score to tackle modern slavery (higher rate is the strongest government response)	46% [2]	68% [2]	67% [2]
Bonded labour	Still existing [2,41]		
Forced labour	Domestic workers are a vulnerable group to forced labour. Some states exclude them from the law [2,41].		
Forced labour (begging)	Forced labour (begging) in the street (adults and children) is common in most cities [2,41]		
Indian Companies Act, Sec 135	Any private and public companies which has a net worth of Indian Rupees (Rs) 500 crore (approx. USD 60 Mn) or a turnover of Indian Rs 1000 crore (approx. USD 120 Mn) or net profit of Indian Rs 5 crore (approx. USD 0.6 Mn) must have a CSR committee with at least three directors, including one independent director, that publishes separate annual CSR reports under governmental guidelines [49], and is also required to spend 2% of its average net profits for the immediately preceding three financial years on CSR activities [52,53].		

2.3. Multi-Theoretical Framework for Corporate Labour Rights Practices

Social science research has used positivist theories, which provide greater insight into CLR practices. Within this paradigm, the present study employs a multi-theoretical framework encompassing legitimacy theory, agency theory, stakeholder theory, and resource dependency theory (RDT), which have garnered widespread recognition within the CSR governance literature for their comprehensive understanding of board characteristics and CLR practices. As noted by Hoque et al. [54], p.1171, "no single theory can have a monopoly on explanations of accounting and organizational practices since each theory has its own virtue and collectively, thus adding (not replacing) to our understanding of practice and individuals in their social, economic and cultural contexts" [54]. Accordingly, this study builds upon multiple theories to develop research hypotheses and interpret the findings.

Legitimacy theory, intertwined with social science practices and CLR endeavours, underscores its role in aligning corporate actions with societal expectations. Fostering corporate legitimacy, a distinct legal entity's adherence to legal frameworks aligns with stakeholders' anticipations [55,56]. Many studies built on the legitimacy theory, as legitimizing and legitimately regulating a firm's activities are key pillars in achieving stakeholders' expectations [37]. Moreover, more independent directors on the board are keen to perform legitimate corporate strategies [14]. It can be argued that CSGIs are a key driver of legitimizing corporate actions and purifying corporate images; for example, Shaukat et al. [12] argued that the presence of financial expert(s) on the audit committee generates better CSR performance and creates value for the firm. Furthermore, they argued that financial experts are more concerned about the legitimacy of business operations.

CSR scholars have also widely used agency theory in the corporate governance literature [12]. This theory suggests that increasing the presence of non-executive directors (NEDs) on corporate boards can mitigate agency costs, enabling more independent decision-making with ethical considerations [50]. Furthermore, developing CLR practices involves an extra cost for strategy development and changing systems and procedures [12]. According to agency theory, conflicts of interest between managers and shareholders significantly affect the firm's CSR/ESG practices [57]. Furthermore, NEDs have a high potential to monitor managers' behaviour and work toward achieving the stakeholder's long-term goals than short-term profits [12]. Similarly, Orazalin and Mahmood [58] assert that the firm could achieve its goals and targets by balancing shareholders' and stakeholders' interests.

This study intricately weaves together multiple theoretical frameworks to shed light on the complex dynamics between CSGIs and CLR practices. It combines legitimacy theory, agency theory, stakeholder theory, and RDT to offer a comprehensive understanding of this interplay. While agency theory's integration with stakeholder theory emphasizes the shift of board responsibilities from shareholder interests to stakeholder concerns, stakeholder theory underscores managers' obligations to meet stakeholder expectations, potentially influencing CSR/ESG practices. This interaction is frequently characterized by a hypothesized negative relationship between stakeholder engagement and agency costs, as proposed by Kolk [5].

Despite this, agency theory is often integrated with stakeholder theory because stakeholder theory shifts board responsibilities away from shareholder interest to stakeholder interest [58]. Accordingly, it considers managers' responsibility toward meeting stakeholders' expectations and stakeholders' conflicting goals adversely impacting CSR/ESG practices, hypothesizing a negative relationship between stakeholders' engagement and agency costs [5]. The study further delves into the positive association between females in the boardroom and sustainability performance from the stakeholder theory perspective, highlighting their propensity to foster robust social relationships that enhance stakeholder satisfaction [14].

Drawing from resource dependency theory (RDT), this research emphasizes the impact of inherent resources such as physical, financial, and human capital on CLR practices [12]. RDT underscores the competitive advantage bestowed by skilful human capital and advocates for developing firm competencies to maintain a sustainable competitive strategy [58,59]. In sum, this study capitalizes on a multi-theoretical framework to uncover the intricate interplay between CSGIs and CLR practices, enriched by the nuanced perspectives of legitimacy theory, agency theory, stakeholder theory, and RDT.

3. Development of Research Hypothesis

3.1. CSR Committee and Corporate Labour Rights Practices

A significant focus of recent empirical studies has been on the role of a CSR committee as a prominent board and corporate governance feature [58]. Such a committee reflects a firm's orientation and commitment to CSR practices, as highlighted by Obara and Peattie in 2018. Drawing from legitimacy theory, a CSR committee contributes to legitimizing business operations by mitigating reputational risks and potential litigation costs [59]. Additionally, the engagement of a firm in CSR practices is often driven by its relationship with stakeholders. Mallin and Michelon [60] emphasize that a CSR committee serves as a governance mechanism that enhances stakeholder engagement in formulating and endorsing CSR strategies

Viewed from an agency theory perspective, the CSR committee's presence can alleviate agency costs and foster improved CSR governance [61]. Orazalin and Mahmood [58] further establish a strong positive correlation between the CSR committee's existence and effective CSR practices. Considering the legitimacy and stakeholder theoretical viewpoint, the CSR committee plays a pioneering role in coordinating and legitimizing a firm's actions to align with stakeholders' objectives [16]. Meanwhile, the RDT lens underscores that a CSR committee enhances the effectiveness of board-level CSR strategies, thereby enhancing overall corporate social performance [59]. Notably, some studies suggest that CSR committees yield superior results in terms of sustainability governance [58].

In sum, the empirical focus on CSR committees in recent studies underscores their vital role in shaping corporate governance and fostering effective CSR practices. This multifaceted perspective, encompassing legitimacy, agency, RDT, and stakeholder theories, enriches our understanding of how CSR committees enhance CSR practices. Based on the above theoretical arguments and empirical evidence, we posit that the existence of a CSR committee encourages corporate strategic management to improve CLR practices to satisfy stakeholders' interests. Therefore, our first hypothesis is as follows:

H1: *There is a positive association between the existence of the CSR committee and CLR practices.*

3.2. Board CSR Strategy and Corporate Labour Rights Practices

The effectiveness of a precise board CSR strategy in making decisions that encompass economic, social, and environmental dimensions is emphasized in recent research [33]. They argue that such a strategy significantly correlates with firm non-financial disclosures and contributes to enhanced CSR performance. Additionally, Obara and Peattie [16] uncover a nuanced connection between CSR strategy and CLR practices. Furthermore, a higher CSR strategy score is indicative of better CSR performance, highlighting the role of the board of directors in formulating effective CSR strategies [33]. Ullah et al. [18] advocate for CSR strategies encompassing robust CLR policies, including measures against child and forced labour.

The underpinning theories, including agency, legitimacy, stakeholder, and RDT, elucidate the effectiveness of board CSR strategies [59,62]. The strategic communication of these strategies enhances a firm's image, legitimacy, and market presence, as posited by legitimacy theory [59]. RDT underscores the competitive edge that firms can gain through non-financial resources, and both stakeholder and legitimacy theories emphasize communicating CSR strategies to establish a competitive advantage and legitimize the firm's operations [12]. Drawing upon these theoretical foundations and empirical evidence, our research hypothesis asserts that the presence of a CSR committee stimulates strategic management toward improving CLR practices, aligning with stakeholders' interests. Thus, our second hypothesis is formulated as follows:

H2: *There is a positive association between board CSR strategy and CLR practices.*

3.3. Board CSR Orientation and Corporate Labour Rights Practices

In recent decades, scholarly interest has grown with regard to investigating the interplay of various corporate governance attributes. Board composition, effectiveness, and CSR orientations are top-ranked debates among CSR researchers [63]. This has been emphasized by studies from Shaukat et al. [12] as well as Helfaya and MMoussa [9], which highlight three core dimensions of board CSR orientation: board independence, board gender diversification, and the inclusion of at least one financial expert on the audit committee. These pillars collectively contribute to the evolving landscape of corporate governance and CSR practices.

Board gender diversification (BGD): Studies in the CSR literature stream argue that women's presence in corporate boardrooms can significantly influence board decisions, particularly on CSR matters [64]. Moreover, a positive association between BGD and social performance has become evident [14]. Recent studies, including Adams [65] and Nekhili et al. [63], reinforce the affirmative linkage between BGD and CSR performance. Helfaya and Moussa [59] explore the multifaceted role of female directors, encompassing stakeholder orientation, sensitivity to CSR issues, risk aversion, and diverse perspectives aligned with RDT. These attributes not only lend legitimacy to firms' operations but also drive socio-ecofriendly practices while prioritizing stakeholder interests [58]. Women have less of a propensity to be risk-takers, which has implications for business decisions [59,65]. In line with the previous literature, RDT and stakeholder perspectives confirm that BGD enhances and promotes the social agenda and recruitment of adept experts in the business field [58]. In sum, female representation on boards fosters the formulation of anti-forced and anti-child labour policies.

Board independence: Greater representation of outsiders in the boardroom will act in the interest of stakeholders. The inclusion of NEDs in the boardroom, particularly when they constitute half of the board or more, enhances the board's autonomy and is linked to heightened social performance [58,59]. The presence of NEDs is associated with a focus on social and environmental objectives, aligning with long-term shareholder interests [12]. Empirical findings by Cuadrado-Ballesteros et al. [66] and Naciti [14]) reinforce the positive connection between board independence and CSR disclosures and sustainability performance, respectively. NEDs are well-positioned to develop policies that cater to social and environmental concerns, mitigating potential stakeholder dissatisfaction [58]. According to the Indian Companies Act 2013, public companies need to appoint at least two independent directors when the companies have paid up share capital of Indian Rupee 100 million (approx. USD 1.2 Mn) or above, or annual revenue of RS 1000 million (approx. USD 12 Mn) or above, or interest-bearing liability of Rs 500 million (approx. USD 6 Mn) or above [48]. From an agency theory perspective, board independence plays a crucial role in monitoring manager behaviour to achieve shareholders' goals [58]. Furthermore, RDT posits that board independence infuses fresh expertise, experiences, and pioneering individuals into the fold [12].

Audit committee financial expert: Audit committee financial expertise is crucial in upholding the integrity of corporate disclosures, not only by detecting financial misconduct [59] but also by ensuring credibility in non-financial information [67]. Financial experts demonstrate a heightened likelihood of adhering to social and environmental regulations, as well as operating within the framework of global reporting initiatives (GRI) [59]. The presence of financial experts on audit committees is substantiated by RDT and legitimacy theory, as it bolsters the firm's legitimacy by demonstrating a commitment to financial credibility [59]. Shaukat et al. [12] advocate that financial experts within firms foster improved CSR practices. Similarly, these experts contribute to enhanced CSR performance and efficient resource allocation and create better CSR performance [12].

Building on these theoretical underpinnings and empirical findings, we posit that attributes such as board gender diversification, board independence, and financial expertise on audit committees contribute positively to CLR practices. Hence, our third hypothesis is as follows:

H3: *There is a positive association between board CSR orientation and CLR practices.*

3.4. Corporate Social Performance and Corporate Labour Rights Practices

In recent decades, a growing number of firms have increasingly attempted to legitimize their existence by disclosing positive sustainability governance information in their reports to build up their corporate reputation and enhance their corporate image [51]. Therefore, the social pillar of ESG practices holds particular significance in this endeavour. LeBaron's [68] research highlights the connection between inadequate ESG performance and factors such as poverty, limited social protection, restricted mobility, and race discrimination, which together contribute to forced labour within supply chains [68]. Moreover, she has revealed that concentrated corporate power and ownership, outsourcing, irresponsible sourcing practices, and governance gaps drive the supply chain to develop forced labour.

Some CSR scholars have observed a significant disparity in CSR practices, indicating that companies failing to meet CSR standards are more likely to neglect CLR in their operation [21,35,63]. Building on the prior literature, Obara and Peattie [16] suggest that better ESG performance can enhance CLR practices. The representation of labour within the boardroom is a significant contributor to achieving noteworthy CSP. For example, in 2021, Nekhili et al. [63] found a positive relationship between labour representation on the board and CSP.

CSP refers to the evaluation of a company's actions and initiatives regarding its social impact, including its commitment to positive CLR practices, aimed at creating long-term value for all stakeholders [6]. From the stakeholders' and legitimacy theoretical perspective, corporate social performance reflects the actual firm performance of the management's best practices to achieve the stakeholder's expectations [63]. Based on the above discussion, we expect a positive association between CLR practices and CSP in the Indian context. Therefore, our final hypothesis is as follows:

H4: *There is a positive association between corporate social performance and CLR practices.*

As seen in Figure 1, the research schema illustrates the visual representation of the conceptual framework and the interrelationship between the variables under investigation. It indicates that the variables of CSGIs have a positive relationship with CLR practices.

Figure 2 below provides a structured representation of the study's progression from research design through various analyses and concludes with theoretical and practical implications. Each step leads logically to the next, facilitating an organized understanding of the study's methodology and findings.

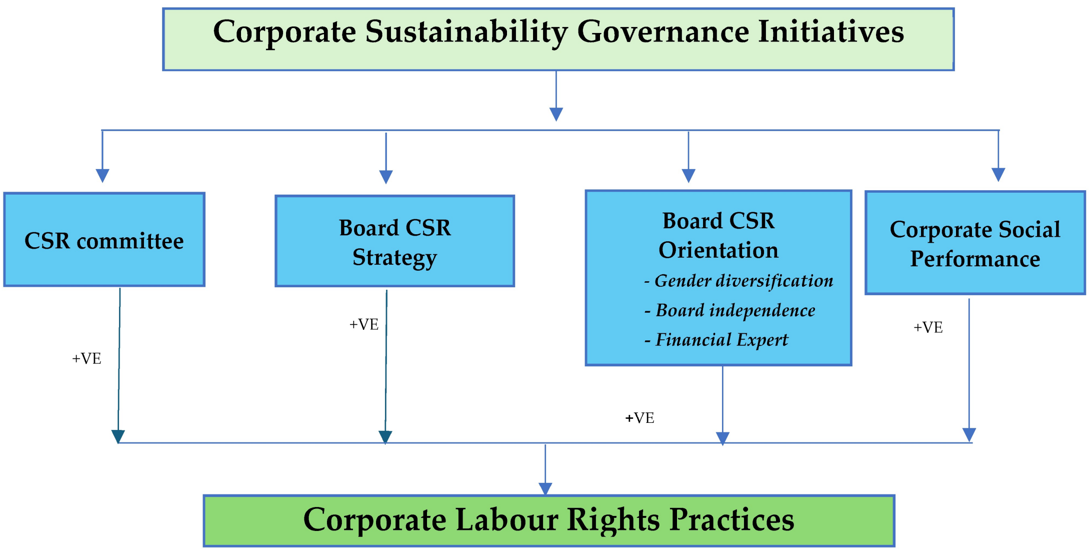

Figure 1. Research schema.

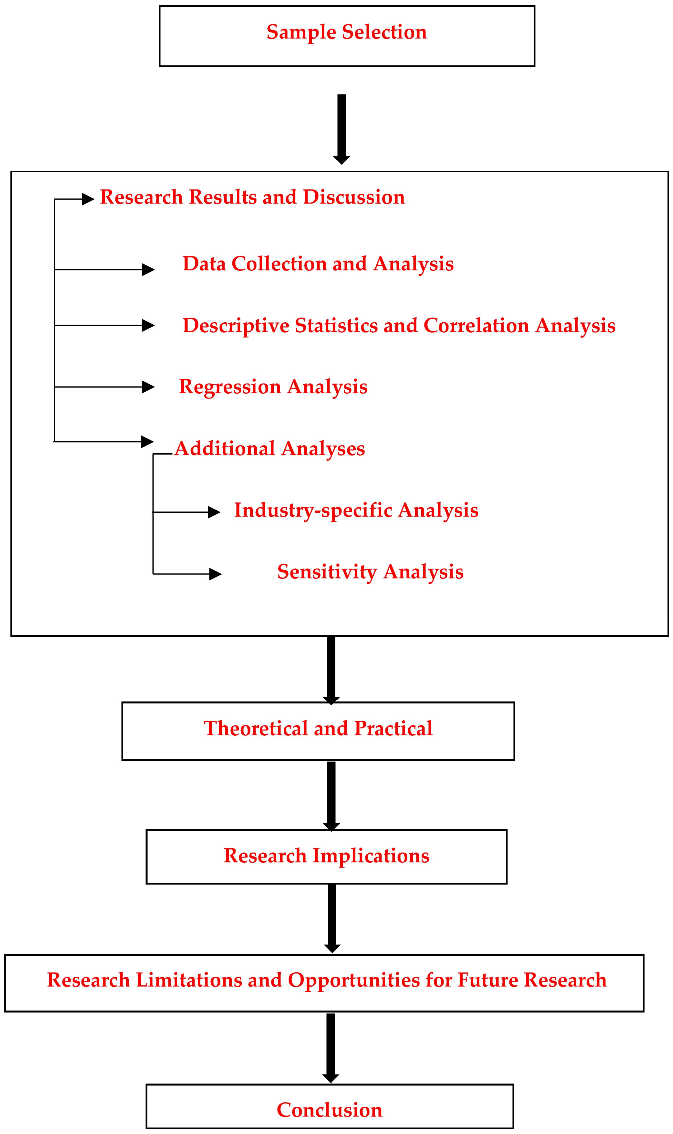

Figure 2. Structured Research Design.

4. Research Design

4.1. Sample and Data

Our initial sample consists of 2400 firm-year observations from the two hundred highest revenue-making Indian companies available on the Refinitiv Eikon database from 2010 to 2021. We adopted balanced panel data where all cross-sections were observed for the same period. It also covered nine diversified economic sectors classified under the Refinitiv Eikon database. The selected sample period maximizes the number of observations. From the sampled firm observations, 1104 firm-year observations were excluded due to the unavailability of CSGI data on the Refinitiv Eikon database or sustainability reports. In addition, 84 firm-year observations were also excluded due to the unavailability of CLR data. This has left us with 1212 firm-year observations. Table 2 presents the sample selection process (Panel A) and sample distribution by industry (Panel B).

Table 2. Sample selection and industry composition.

Panel (A) Sample Selection	
	Firm Observation
200 Indian revenue-making firms for the period 2010–2021	2400
Less:	
Firm-year observations without CSGI data	−1104
Firm-year observations without CLR data	−84
Total firm-year observation	1212

Panel (B) Industry Composition

Economic Sector [No. of Firms (%)]	**Industry Composition**	**Total no. of Firm(s)**	**Number of Observation(s)**	**Percentage**
Basic Material [20 (19.8%)] (e.g., Tata Steel Ltd., Hindalco Industries Ltd., JSW Steel Ltd., ACC Ltd., Bharat Forge Ltd., Shree Cement Ltd., Tata Chemical Ltd.)	Agricultural Chemicals	1	12	1.00
	Aluminium	2	24	2.00
	Commodity Chemicals	2	24	2.00
	Construction Materials	7	84	6.90
	Diversified Chemicals	2	24	2.00
	Iron and Steel	5	60	5.00
	Specialty Mining and Metals	1	12	1.00
Consumer Cyclicals [15 (14.85%)] (e.g., Tata Motors Ltd., Maruti Suzuki India Ltd., Bajaj Auto Ltd., Bosch Ltd., Exide Industries Ltd., Eicher Motors Ltd., Apollo Tyres Limited)	Apparel and Accessories Retailers	2	24	2.00
	Auto, Truck, and Motorcycle Parts Manufacturers	8	96	7.90
	Broadcasting	1	12	1.00
	Textiles and Leather Goods	1	12	1.00
	Tires and Rubber Products	3	36	3.00
Consumer Non-Cyclicals [11 (10.89%)] (e.g., ITC Ltd., Hindustan Unilever Ltd., Nestle India Ltd., United Spirits Ltd., United Breweries Ltd., Marico Ltd.)	Brewers	1	12	1.00
	Distillers and Wineries	1	12	1.00
	Food Processing	3	36	3.00
	Food Retail and Distribution	1	12	1.00
	Personal Products	4	48	4.00
	Tobacco	1	12	1.00
Energy [8 (7.9%)] (e.g., Indian Oil Corporation Ltd., Petronet LNG Ltd., Bharat Petroleum Corporation Ltd., Coal India Ltd.)	Coal	1	12	1.00
	Oil and Gas	7	84	6.90
Financial [8 (7.9%)] (e.g., Housing Development Finance Corporation Ltd., REC Limited, Bajaj Finance Ltd., LIC Housing Finance Ltd.)	Banks	2	24	2.00
	Consumer Lending	5	60	5.00
	Corporate Financial Services	1	12	1.00
Healthcare [12 (11.88%)] (e.g., Apollo Hospitals Enterprise Ltd., Sun Pharmaceutical Industries Ltd., Dr Reddy's Laboratories Ltd., Cipla Ltd., Biocon Ltd.)	Biotechnology and Medical Research	1	12	1.00
	Healthcare Facilities and Services	1	12	1.00
	Pharmaceuticals	10	120	9.90

Table 2. *Cont.*

Panel (B) Industry Composition				
Economic Sector [No. of Firms (%)]	**Industry Composition**	**Total no. of Firm(s)**	**Number of Observation(s)**	**Percentage**
Industrial [9 (8.9%)] (e.g., Larsen & Toubro Ltd., Ashok Leyland Ltd., Adani Enterprises Ltd., Siemens Ltd., NCC Ltd., Bharat Electronics Ltd.)	Aerospace and Defence	1	12	1.00
	Construction and Engineering	2	24	2.00
	Diversified Industrial Goods Wholesale	1	12	1.00
	Ground Freight and Logistics	1	12	1.00
	Heavy Electrical Equipment	2	24	2.00
	Heavy Machinery and Vehicles	1	12	1.00
	Marine Port Services	1	12	1.00
Technology [12 (11.88%)] (e.g., Infosys Ltd., Bharti Airtel Ltd., Tata Consultancy Services Ltd., Wipro Ltd., Havells India Ltd., Indus Towers Ltd.)	Electrical Components and Equipment	2	24	2.00
	Integrated Telecommunications Services	2	24	2.00
	IT Services and Consulting	6	72	5.90
	Wireless Telecommunications Services	2	24	2.00
Utilities [6 (5.94%)] (e.g., GAIL (India) Ltd., Reliance Power Ltd., Indraprastha Gas Ltd., Tata Power Company Ltd.)	Electric Utilities	2	24	2.00
	Independent Power Producers	1	12	1.00
	Natural Gas Utilities	3	36	3.00
Grand Total		**101**	**1212**	**100**

4.2. Study Variables

4.2.1. Dependent Variable

CLR practices are considered the dependent variable of this study. We measure the CLR practices through the index developed by the Refinitiv Eikon database. The index assesses the extent to which a company has policies and practices in place to exclude child labour, forced labour, or ensure freedom of association and captures The score ranges from 0 to 100, with higher scores indicating stronger adherence to best practices in CLR.

4.2.2. Independent Variables

We followed the prior literature to construct CSGI variables for this study [12,59]. The CSR committee (CSRC) variable is measured as a dummy variable: 1 for the existence of the CSRC and 0 otherwise. We measured board CSR strategy (CSRST) through the CSRST score, and a higher CSRST score indicates a greater orientation towards CSR-related activities. Additionally, we measured board CSR orientation using three board characteristics. We used board gender diversification (BGEN), board independence (BIND), and the presence of at least one financial expert on the audit committee (AEXP) as board CSR orientation (BORNT). BGEN is a dummy variable; equal to 1 is at least one female director on the board, and 0 is otherwise. BIND is a dummy variable, equal to 1 when more than half of the board are independent directors and 0 otherwise. Similarly, AEXP is a dummy variable; the presence of at least one financial expert on audit committees is considered as 1 and 0 otherwise. Therefore, board CSR orientation (BORNT) uses a score of 0–3 to indicate the level of BORNT. Finally, we considered the social pillar of the ESG performance matrix as a score of firm corporate social performance (CSP).

4.2.3. Control Variables

We controlled the additional variables to avoid misspecification, and it was heavily based on prior studies. We integrated several control variables, including return on assets, financial leverage, Tobin's Q, total assets, and board size, which represent some corporate governance and the firm's specific characteristics that may influence the CSRC, BORNT, CSRST, and CSP. The firm's profitability can be measured by return on assets (ROA). Gillan et al. [35]) suggest that there is a negative relationship between firm profitability (ROA) and ESG [35]. Further, we used firm leverage (FLEV), which measures the company's total debt to total assets, as a controlled variable. Moreover, it reflects the firm's financial barrier, which may affect its sustainability performance [6]. We used Tobin's Q (TOBQ) to control the firm's financial performance [52]. We controlled the firm size measured by total assets (TASSTS) [12,59]. Firm size is proxied by the natural logarithm of total assets, which is positively correlated with the CSP of the business [35]. Further, firm size positively relates to CSR strategy [12]. We controlled the board size (BSIZE), which could affect the firm's ESG performance [6]. Furthermore, board size positively affects firm performance and disclosures [69]. A summary of study variables is presented in Table 3 below.

Table 3. Summary of study variables' definition, measures, and data source.

	Acronym	Definition/Measure	Source
		Dependent variable	
Corporate Rights Score	CLR	The score represents the extent to which the company has a policy and practice place for the exclusion of child labour, forced labour, or compulsory, or to guarantee the freedom of association universally applied independent of local laws. Best CLR practices indicated in 100 and 0 otherwise.	Refinitiv Eikon
		Independent variable	
CSR Committee	CSRC	A dummy variable that codes as 1 if the company has a CSR committee and it is 0 otherwise.	Refinitiv Eikon/SRs
Board CSR Strategy Score	CSRST	CSR strategy score reflects a company's practices to communicate that it integrates the economic (financial), social, and environmental dimensions into its day-to-day decision-making processes. Scores range from 0 to 100, with higher scores indicating a more robust CSR strategy.	Refinitiv Eikon
Board Gender Diversity	BGEN	Percentage of females on the board.	Refinitiv Eikon/SRs
Board Independence	BIND	Percentage of independent board members as reported by the company.	Refinitiv Eikon/SRs
Audit Committee Expert Score	AEXP	A dummy variable takes 1 if the company has an audit committee with at least three members and at least one "financial expert" within the meaning of Sarbanes–Oxley.	Refinitiv Eikon/SRs
Board CSR Orientation BORNT		For dummy variables representing board gender diversification, board independence, and the presence of audit committee financial experts (all take values 0 to 3). *Board Gender Diversity:* A dummy variable taking 1 if at least 1 female representative is on the board and 0 otherwise. *Board Independence:* A dummy variable takes 1 if 50% or more than 50% of independent directors are on the board and 0 otherwise. *Audit Committee Expert Score:* A dummy variable taking 1 if the company has an audit committee with at least three members and at least one "financial expert" within the meaning of Sarbanes–Oxley and 0 otherwise. All three conditions were met; then consider the score as 3; if 2 conditions met, consider score as 2; 1 condition met, consider the score as 1; none of the conditions met, treat the score as 0). BORNT = $\sum$(BGEN + BIND + AEXP).	Refinitiv Eikon/SRs
Social Pillar Performance Score	CSP	The social pillar measures a company's capacity to generate trust and loyalty with its workforce, customers, and society through its use of best management practices. It reflects the company's reputation and the health of its operating license, which are key factors in determining its ability to generate long-term shareholder value. Scores range from 0 to 100, with higher scores reflecting stronger performance in cooperate social responsibility.	Refinitiv Eikon

Table 3. *Cont.*

	Acronym	Definition/Measure	Source
		Control variables	
Return On Assets	ROA	This value is calculated as the income after taxes for the fiscal period divided by the average total assets and is expressed as a percentage. Average total assets is the average of total assets at the beginning and the end of the year.	Refinitiv Eikon/Ars
Firm Size	FSIZE	The natural algorithm of firm assets.	Refinitiv Eikon/Ars
Tobin Q	TOBQ	The sum of the market value of the firm's equity plus the total book value of debt divided by the book value of total assets.	Refinitiv Eikon/Ars
Financial Leverage	FLEV	The ratio of total debt to total equity.	Annual report
Board Size	BSIZE	The total number of board members at the end of the fiscal year.	Refinitiv Eikon/Ars

4.3. Empirical Model

To perform the regression analysis for testing the research hypotheses, panel regression analysis is executed. In addition, three post-estimation tests are carried out to determine whether fixed-effects (EF) panel regression, random regression (RF) panel regression, or ordinary regression analysis (OLS) is the most appropriate regression model. An empirically fixed effect panel regression model relating to the CSGI on CLR practices is presented below.

$$CLRit = \beta 1\ CSRCit + \beta 2\ CSRSTit + \beta 3BORNTit + \beta 4\ CSPit + \beta 5ROAit + \beta 6\ FLEVit + \beta 7\ TOBQit + \beta 8\ FSIZEit + \beta 9BSIZEit + \varepsilon$$

where CLR is the corporate labour rights score for every firm i at the time t. CSRC is the existence of a CSR committee, CSRST is the board CSR strategy score (%), BORNT is board CSR orientation, CSP is board corporate social performance, ROA is the firm return on assets, FLIV is the firm leverage, TOBQ is the firm Tobin's Q, FSIZE is the total firm assets, BSIZE is board size, and ε is the error term. We also used robust standard errors to ensure robust and valid statistical inference [70].

5. Research Results and Discussion

5.1. Descriptive Statistics and Correlation Analysis

The descriptive statistics below (Table 4) offer a comprehensive overview of the key variables examined in our research. The dependent variable, CLR, exhibits an average score of 68.66, with a standard deviation of 25.693, indicating a notable variation in CLR practices across the sample, spanning from 8.85 to 93.79. Among the independent variables, approximately 73% of firms have established a CSR committee, reflecting a significant presence of this governance attribute. The mean board CSR strategy score is 49.82, with a range between 1.8 and 97.67, showcasing substantial diversity in strategic orientations towards corporate social responsibility. The average board CSR orientation is reported as 2.51, indicating a balanced perspective on CSR matters. The presence of independent directors on boards averages around 52%, in line with previous studies by Helfaya and Moussa [59] and Shaukat et al. [12]. Female board representation, at 14%, is aligned with mandatory gender diversity regulations in the Indian context, influencing CSR orientations. Furthermore, the high prevalence (89%) of financial experts on audit committees underscores the significance of financial oversight. The mean corporate social performance score stands at 52.935, displaying a distribution ranging from 5.38 to 96.75. The relatively moderate variability around mean values indicates a substantial range within which the observations are dispersed. This comprehensive summary provides a foundation for further investigation and interpretation of the relationships among the variables.

Table 4. Descriptive statistics.

Main Descriptive Statistics					Additional Descriptive Statistics							
					Capital Intensive				Labour Intensive			
Variable	**Mean**	**Std. Dev.**	**Min**	**Max**	**Mean**	**Std. Dev.**	**Min**	**Max**	**Mean**	**Std. Dev.**	**Min**	**Max**
CLR	68.665	25.693	8.85	93.79	68.658	25.663	10.38	93.79	68.693	25.88	8.85	93.79
CSRC	0.733	0.442	0	1	0.723	0.448	0	1	0.775	0.425	0	1
CSRST	49.82	28.753	1.8	97.67	51.871	28.822	1.8	97.67	41.516	26.98	1.8	97.01
BORNT	2.511	0.5	2	3	2.512	0.500	2	3	2.504	0.50	2	3
BGEN	14.506	7.113	5.56	50	14.067	6.493	5.56	44.44	16.285	9.01	5.56	50
BIND	51.417	13.058	6.73	97.01	51.338	14.093	6.73	97.01	51.734	7.54	20	66.67
AEXP	0.894	0.309	0	1	0.902	0.297	0	1	0.858	0.35	0	1
CSP	52.935	21.581	5.38	96.75	52.983	21.117	7.88	95.97	52.743	23.42	5.38	96.75
ROA	0.416	0.085	0.01	1.77	0.412	0.086	0.01	1.77	0.431	0.08	0.26	0.68
FLEV	0.258	0.23	0	1.1	0.269	0.234	0	1.1	0.212	0.21	0	0.88
TOBQ	2.826	4.073	0.24	55.78	2.129	1.932	0.24	14.46	5.648	7.68	0.39	55.78
BSIZE	9.903	17.384	0.23	198	11.057	18.710	0.33	198	5.232	9.043	0.23	42.56
FSIZE ($ Bn)	11.139	2.674	4	22	11.158	2.597	4	19	11.063	2.97	5	22

Note: CLR is corporate labour rights score; CSRC is CSR committee; CSRST is board CSR strategy score (%); BORNT is board CSR orientation; BGEN is board gender diversification; BIND is board independent; EXEP is audit committee financial expert; CSP is the firm corporate social performance; ROA is the firm return on assets; FLIV is financial leverage; TOBQ is Tobin's Q; FSIZE is firm size; and BSIZE is board size.

Table 5 displays a correlation matrix depicting the relationships among the variables presented in Table 3. It is evident that CLR is significantly and positively related to CSRC, CSRST, BORNT, and CSP, supporting Hypotheses 1, 2, 3, and 4. It highlights that companies with CSRC, greater levels of BORNT, and more developed CSRST tend to have better CLR practices. Also, a positive correlation with CSP highlights that firms excelling in social performance tend to uphold strong CLR practices. The CSP typically demonstrates a strong commitment to contributing positively to society and the environment [6]. This commitment often extends beyond mere compliance with corporate labour laws to encompass broader ethical considerations, such as fair treatment of employees, community engagement, and environmental sustainability. The correlation between CSP and CLR suggests that companies prioritizing social performance also tend to prioritize CLR within their operations. While there may be some overlap between CLR and CSP, with both aiming to promote ethical and responsible business conduct, they operate at different levels of specificity. CLR is more narrowly focused on labour-related issues within the company, while CSP extends to a wider scope of social and environmental concerns.

Table 5. Correlation matrix.

Variables	CLR	CSRC	CSRST	BORNT	CSP	ROA	FLEV	TOBQ	FSIZE	BSIZE
CLR	1.000									
CSRC	0.254 ** (0.000)	1.000								
CSRST	0.444 * (0.000)	0.122 * (0.000)	1.000							
BORNT	0.284 * (0.000)	0.568 * (0.000)	0.162 * (0.000)	1.000						
CSP	0.514 *** (0.000)	0.174 * (0.000)	0.685 * (0.000)	0.230 * (0.000)	1.000					
ROA	0.090 * (0.002)	0.061 * (0.034)	−0.076 * (0.008)	0.087 * (0.002)	−0.164 * (0.000)	1.000				
FLEV	−0.109 * (0.000)	−0.024 (0.414)	−0.141 * (0.000)	0.040 (0.166)	−0.130 * (0.000)	−0.420 * (0.000)	1.000			

Table 5. *Cont.*

Variables	CLR	CSRC	CSRST	BORNT	CSP	ROA	FLEV	TOBQ	FSIZE	BSIZE
TOBQ	0.032	0.003	0.130 *	0.037	0.067 *	0.292 *	0.249 *	1.000		
	(0.268)	(0.931)	(0.000)	(0.202)	(0.019)	(0.000)	(0.000)			
FSIZE	−0.131 *	0.070 *	0.265 *	0.124 *	−0.272 *	0.167 *	0.252 *	−0.200 *	1.000	
	(0.000)	(0.015)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)		
BSIZE	0.075 *	0.114 *	0.179 *	0.054	0.112 *	−0.027	−0.009	−0.177 *	0.221 *	1.000
	(0.009)	(0.000)	(0.000)	(0.062)	(0.000)	(0.344)	(0.748)	(0.000)	(0.000)	

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Note: This table represents Pearson's correlation coefficients for all variables. For more details on variable definitions, see Table 3.

5.2. Regression Results

We employed multiple regression analysis to examine the data and test various hypotheses. Table 6 presents the four distinct sets of regression models that were developed to individually assess the hypotheses H1, H2, H3, and H4. Moreover, Models 1 to 4 capture individual CSGI dimensions' effects on CLR practices, while Model 5 integrates all dimensions into a unified framework, enabling a comprehensive understanding of the overall relationships between CSGIs and CLR practices. Following the previous literature, we evaluated the relationship between CLR practices and CSGIs using the ordinary least squares method with clustered (at the firm level), robust standard errors, and industry and year-fixed effects. The results, as presented in Table 6, depict the outcomes of these regression models. Notably, the adjusted R-squared values and F-statistics are within acceptable ranges across all formulated models, affirming the appropriateness of the analysis.

Table 6. Regression results.

	Model (1)	Model (2)	Model (3)	Model (4)	Full Model (5)
CSRC (H1)	0.2854 ***				0.239 ***
	[4.89]				[4.17]
CSRST (H2)		0.404 ***			0.13 ***
		[7.53]			[3.97]
BORNT (H3)			0.895 ***		0.529 **
			[4.58]		[3.53]
CSP (H4)				0.618 ***	0.597 ***
				[19.45]	[11.06]
ROA	5.918	3.02	5.45	−8.501	3.15
	[−0.48]	[0.34]	[0.95]	[−1.01]	[−1.45]
FLEV	−9.267 **	−5.02 **	−9.025	−3.205 **	−2.179
	[−1.06]	[−1.39]	[−2.38]	[−0.92]	[−0.065]
TOBQ	0.217	[0.299]	0.135	0.391	0.389 **
	[1.08]	1.57	[0.68]	[2.16]	[2.22]
FSIZE	0.134	0.031 ***	0.108	−0.041 **	0.088 **
	[2.84]	[0.69]	[2.28]	[−0.94]	[−2.06]
BSIZE	0.526	0.005 *	0.373	0.056	0.29
	[1.87]	[0.02]	[1.34]	[0.22]	[1.18]
Year and industry effect	Yes	Yes	Yes	Yes	Yes
Adjusted R-squared	0.209	0.278	0.199	0.258	0.345
F-test	5.579	12.583	5.089	12.584	12.605
VIF	1.48	1.48	1.48	1.48	1.48
Observations	1212	1212	1212	1212	1212

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; Robust t-statics in brackets. All the variables are fully defined in Table 3.

Our finding proves that a CSR committee is significantly and positively associated with CLR practices. Also, these findings are consistent with stakeholder and legitimacy theories, which deliver better CLR practices through the CSR committee. Furthermore, the existence of a CSR committee indicates a firm active participation in CSR activities. In addition, it shows that the firm has a better relationship with stakeholders and is working toward enhancing the firm legitimacy, sustainability image, and reputation [59,62,71]. Notably, these results justify the Indian mandatory rule for establishing a CSR committee to enhance firm CSR orientation [53,59].

Table 6 illustrates that the board's CSR strategy has a significant and positive association with CLR practices. Our results suggest that corporations improve CLR practices by developing a proactive and positive CSR strategy to enhance workers' lives. Particularly, corporate boardrooms with effective CSR strategies tend to disclose more reliable social information to enhance their reputation and improve the firm image. A higher CSR strategy score indicates better CLR practices. This result is consistent with Shaukat et al.'s [12] findings regarding the positive relationship between CSR strategy and environment and social performance. It means better CLR practices generate a greater level of social performance.

Further, this result aligns with Obara & Peattie's [16] study that indicates a positive relationship between board CSR strategy and CLR practices. In addition, this finding supports our multi-theoretical framework that enhances a firm's ability to understand stakeholders' expectations (stakeholder theory), legitimizes its existence, renews its license to operate (legitimacy theory), and efficiently allocates resources (RDT). For example, a better board CSR strategy can help to achieve stakeholders' interests by developing and/or reviewing CLR policies, managing and maintaining business operations lawfully, and providing opportunities to gain competitive advantage by accessing various resources.

Regarding H3, the research finding indicates a significant positive relationship between board CSR orientation and CLR practices. This result suggests that the presence of female directors on the board, a greater level of board independence, and at least one financial expert present on the audit committee is likely to result in better CLR practices. This result is consistent with the previous literature indicating that the three pillars of CSR orientation positively impact ESG, CSR, or social performance [11,57]. Additionally, these findings are in line with our theoretical framework. For instance, the greater number of outside directors on the board and the presence of at least one financial expert on the audit committee (RDT) imply that the firm is working toward the stakeholder interest (stakeholder theory), and it helps to legitimize the business operations (legitimacy theory).

Our fourth hypothesis predicts that CLR practices have a positive relationship with CSP. The results presented in Table 6 demonstrate that the firm social performance reacts positively to CLR practices. Hence, CSP indicates a firm's orientation toward protecting CLRs. The coefficient of the CSP is positive and significant at the 1% level in both Model (4) and the full Model (5). Our results support the prior literature [15,55]. In sum, our regression results confirmed that all our CSGI hypotheses (H1, H2, H3, H4) have significant and positive relationships with CLR practices in an Indian context. In addition, we examine the maximum variance influence factor (VIF), which is 1.48 below the threshold of 10.00, indicating no serious collinearity in the examined model.

5.3. Additional Analyses

We performed two additional analyses to ascertain the robustness of our results. Initially, we scrutinized the influence of CSRC presence, CSRST effectiveness, BORNT, and CSRP on CLR practices within distinct industrial sectors. Our classification utilized the 2021 Indian industry categorization, distinguishing between labour-intensive and capital-intensive sectors, as depicted in Appendix A [72]. Accordingly, we recalibrated the regression analysis, partitioning the sample based on industry characteristics. Encouragingly, the outcomes reported in Table 7 align with our primary regression results from Table 6. This alignment underscores that CSRC, CSRST, BORNT, and CSP all positively and significantly impact CLR practices, regardless of whether industries are labour-intensive or capital-intensive. The cluster analysis results can provide greater insights.

Table 7. Additional analyses.

	Labour Intensity	Capital Intensity	Board Orientation Proxy	
	Model 5-A	**Model 5-B**	**Model-Z**	**Full Model (5-Z)**
CSRC (H1)	0.541 ***	0.768 ***		0.294 ***
	[2.98]	[3.16]		[1.62]
CSRST (H2)	0.138 ***	0.155 ***		0.154 ***
	[2.12]	[4.58]		[5.57]
BORNT (H3-A)	0.341 ***	0.269 ***	0.915 ***	0.287 ***
	[0.11]	[3.73]	[2.21]	[3.87]
CSP (H4)	0.487 ***	0.416 ***		0.456 ***
	[6.43]	[8.81]		[11.94]
ROA	−11.889	−6.648	5.81	3.15
	[−0.56]	[−0.77]	[0.98]	[−1.49]
FLEV	15.532	−9.455	−9.025	−2.179
	[1.56]	[−2.65]	[−3.51]	[−0.066]
TOBQ	0.889 ***	−0.945	0.115	0.379 ***
	[5.38]	[−2.66]	[0.58]	[2.22]
FSIZE	0.1	0.502 *	0.148	0.088 **
	[0.13]	[1.82]	[2.28]	[−1.07]
BSIZE	0.218	−0.06	0.178 *	0.29 *
	[0.9]	[−2.46]	[1.39]	[1.92]
Year and industry effect	Yes	Yes	Yes	Yes
Adjusted R-squared	38.2	33.9	0.199	0.35
Observations	240	972	1212	1212

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; Robust t-statics in brackets. For more variable details, see note of Table 3.

Even within capital-intensive industries, CLR issues such as forced labour and modern slavery can persist [41,62]. Despite their primary focus on capital investments and infrastructure, companies in these sectors face challenges due to the complexities of global supply chains, which involve numerous tiers of suppliers and subcontractors, making monitoring and regulation difficult [41,42]. Additionally, these industries often rely on a large, transient workforce, including temporary or migrant workers, who are vulnerable to exploitation [18,41]. Competitive pressures within these sectors, emphasizing cost reduction and production efficiency, may further compound CLR abuses as companies prioritize meeting targets over ensuring ethical labour practices. Through our cluster analysis, we aim to shed light on specific challenges within capital-intensive industries, identifying patterns of CLR violations and areas in need of targeted interventions to enhance working conditions and uphold CLR standards.

Furthermore, Table 4 explains descriptive statistics of the capital-intensive and labour-intensive companies. Capital-intensive and labour-intensive companies exhibit subtle differences in various metrics related to corporate governance and social responsibility. While both types of companies demonstrate similar practices regarding CLRs and board independence, labour-intensive companies tend to have a slightly higher presence of CSR committees and board gender diversity. Conversely, capital-intensive companies generally show higher CSR strategy scores and a slightly higher presence of audit committee financial experts. These nuanced variations underscore the diverse approaches taken by companies in addressing social and environmental concerns, reflecting their unique organizational structures and priorities. Further analysis of these differences can offer valuable insights into the effectiveness of different governance and CSR strategies across industries and sectors.

The observed disparity in the relationship between CLRs and Tobin's Q across labour and capital-intensive industries may be attributed to various factors. In labour-intensive sectors, where the workforce significantly influences production, companies likely prioritize CLR initiatives to bolster employee satisfaction and productivity, thus fostering a positive correlation between CLR practices and Tobin's Q. Conversely, capital-intensive industries may prioritize capital investments over labour-related efforts, potentially leading to a weaker association between CLRs and Tobin's Q. Additionally, factors such as technological advancements and regulatory differences between sectors could contribute to the observed variation.

In a subsequent analysis, following the approach of Helfaya and Moussa [59], we assessed the sensitivity of our results to the chosen proxy for board CSR orientation. We reran the equation by employing an averaged Z-score of metrics, including the proportion of independent directors, female board members, and the presence of financial experts on the audit committee. Employing clustered (at the firm level) and robust standard errors, along with year-fixed effects, the results reported in Table 7 consistently indicate a favourable relationship between board CSR orientation and CLR practices. These findings further validate the coherence of our regression outcomes presented in Table 6.

6. Theoretical and Practical Contributions

Theoretically, it substantiates a comprehensive framework informed by legitimacy, agency, stakeholder, and resource dependency theories. By empirically validating these theories, particularly in the dynamic background of emerging economies such as India, this research fills substantial knowledge gaps. It is pioneering in its quantitative exploration of the linkages between various facets of CSGIs (namely CSR committees, board CSR strategies, board CSR orientation, and corporate social performance) and CLR practices within the Indian context. Diverging from the prevalent qualitative methodologies in the prior literature, this study employs robust quantitative analysis, thereby charting new avenues for future research into the intricate interplay of CSGIs and CLR practices.

In practical terms, this study furnishes actionable guidance for businesses and policymakers eager to enhance CLR practices. It illuminates the positive correlation between specific attributes of CSGIs and CLR practices, thus offering invaluable insights for corporate decision-making. Furthermore, it underscores the importance of aligning corporate operations with the UN-SDGs, accentuating businesses' role in advancing UN-SDGs related to health, gender equality, decent work, and reduced inequality. These findings serve as critical decision-making tools for investors, especially those concerned with social responsibility and CLRs. A more profound understanding of the interconnection between CSGIs and CLR practices empowers investors to identify ethically responsible companies, potentially mitigating investment risks linked to poor labour practices. In essence, this study bridges theory and practice, offering a comprehensive view of the intricate relationship between CSGIs and CLR practices, particularly within the context of emerging economies like India, utilizing academic rigour to illuminate these critical dimensions.

6.1. Research Implication

This study's research implications are far-reaching and encompass various stakeholders. For businesses operating in emerging economies like India, it highlights the pivotal role of CSGIs in shaping CLR practices. Policymakers can draw valuable insights into the effectiveness of regulatory frameworks. This research's evidence indicates that Indian firms need to consider CSGIs to enhance their competitive sustainability strategies. This will certainly lead to a win-win situation by simultaneously improving social welfare and economic development. Labour forces can leverage the findings to advocate for their rights and hold businesses and policymakers accountable. Concerning investors, the findings suggest that investing in socio-friendly projects can reduce the risk associated with CLR-related litigation and reputational costs.

Regarding the corporate boardroom members and senior leaders, it can be used as a marketing tool to gain a competitive advantage while positively impacting the economy. While academia is encouraged to further explore the complex interplay between CSGIs and CLR practices in different contexts. At a broader societal level, these implications align with the UN-SDGs, emphasizing the potential for positive change in CLR practices through robust CSGIs, contributing to global sustainability objectives related to health, gender equality, decent work, and reduced inequality.

6.2. Research Limitations and Opportunities for Future Research

While our study contributes valuable insights into the relationship between CSGIs and CLR practices within the Indian corporate landscape, it is important to recognize several limitations. Our research primarily focuses on the Indian context, potentially limiting the generalizability of our findings to other regions with different economic, social, and regulatory environments. Also, a comparative analysis could have provided valuable insights into the differences and similarities across diverse corporate landscapes. However, due to constraints such as data availability and scope, we were unable to undertake such comparisons in this study. Expanding the analysis to include a comparative perspective with the historical context of CSR in major Western countries offers a rich opportunity for nuanced understanding. Future research could address this limitation by conducting comparative analyses to enhance global understanding of CSR and CLR practices. Additionally, our quantitative analysis was restricted to a subset of CSGI dimensions due to data constraints, suggesting avenues for future research to explore additional dimensions and employ mixed-method or qualitative approaches for a more comprehensive understanding. Furthermore, addressing malpractices in labour-intensive industries, such as the garment sector, through qualitative methods like semi-structured interviews and case studies is vital for a deeper examination of CLR practices.

In our study, the absence of data on ownership structures poses a limitation, as it prevents us from exploring the potential influences of state-owned, province/pradesh-owned, or privately owned companies on CSR practices and CLR compliance. Similarly, the unavailability of information regarding initial public offering (IPO) experiences among the sampled companies restricts our ability to delve into its potential impact on these areas. These data constraints limit the comprehensiveness of our analysis and highlight avenues for future research. Additionally, while we focused on the 200 most profitable companies in India to glean insights into industry leaders' practices, this approach overlooks smaller or less profitable firms that could also contribute valuable data. Although our selection was driven by data availability through the Refinitiv Eikon database, it is imperative to acknowledge the limitation of this choice, as it may not capture the full range of corporate practices and challenges, particularly among smaller entities. Despite these limitations, our study underscores the importance of further exploration into the complex interplay between CSGI and CLR practices, offering valuable insights for both academic scholarship and industry stakeholders.

7. Conclusions

In the context of deepening global trade, economic integration, and labour market deregulation in emerging economies, the significance of labour practices has garnered increased attention among scholars focusing on HLRs. This study explored the influence of CSGIs on CLR practices, drawing from multiple theoretical frameworks. Employing a quantitative approach, we rigorously tested hypotheses using a dataset of the top 200 revenue-generating Indian companies. The study established positive correlations between the presence of a CSR committee, board CSR strategy, board CSR orientation, corporate social performance, and CLR practices.

The multiple regression analysis conducted in this research aimed to assess the relationship between CSGIs and CLR practices within Indian listed companies. Table 6 presents the results of four distinct sets of regression models, each evaluating hypotheses related to different dimensions of CSGIs. The findings reveal significant and positive associations between various aspects of CSGIs and CLR practices, supporting stakeholder, legitimacy, and resource dependency theories. Notably, the presence of a CSR committee and the formulation of a proactive CSR strategy by corporate boards are found to positively influence CLR practices. Moreover, the study highlights the importance of board CSR orientation, indicating that factors such as female directors on board, board independence, and financial expertise contribute to better CLR practices. Additionally, the research confirms a positive relationship between CSP and CLR practices, signifying a firm's commitment to protecting

CLRs. Overall, the regression results provide robust evidence of the significant and positive impact of CSGIs on CLR practices in the Indian context, with no serious collinearity issues observed.

Comparing CSR implementation between Indian companies and their Western counterparts reveals distinct differences, such as in regulatory frameworks, corporate governance practices, and stakeholder engagement [62,71]. For example, comparing the CSR policies across India, Norway, and the USA reveals distinct approaches shaped by different concerns and historical contexts [68]. Section 135 of the Indian Companies Act 2013 requires specific companies to dedicate a minimum of 2% of their average net profits from the preceding three financial years to CSR activities [45]. In contrast, Norway integrates CSR into its business culture, driven by a sense of purpose and societal service. With a laxer policy, the USA relies on societal expectations and voluntary corporate actions. Despite their differences, all three countries face challenges in ensuring genuine CSR delivery.

Furthermore, corporate governance frameworks in Western countries, particularly in Europe and North America, often emphasize board independence, transparency, and accountability [36,61,71,73], whereas Indian companies may face challenges due to factors like family-dominated boards and regulatory complexities [42,71]. Additionally, Western companies tend to exhibit more mature CSR reporting frameworks, aligning with international standards such as the global reporting initiative (GRI) or sustainability reporting guidelines, thereby enhancing transparency and accountability [7]. However, despite these disparities, both Indian and Western companies are increasingly recognizing the importance of CSR in addressing societal and environmental challenges and fostering sustainable business practices [38].

The study significantly contributes to the literature by unveiling the intricate connections between corporate governance dimensions and CLR practices, encompassing multiple theoretical perspectives to provide a holistic understanding. The implications of our research underscore the potential of enhanced CSGIs to drive improved CLR practices, offering insights for policymakers, corporate leaders, and stakeholders striving to create ethically sound business environments. By strengthening the alignment between corporate governance and CLRs, businesses can foster fairness and equity. The study's outcomes also reinforce the idea that stakeholder-oriented corporations adopting CSGIs are better positioned to safeguard HLRs, ultimately enhancing their role as socially responsible corporate entities.

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Appendix A

Table A1. Capital- and labour-intensive industry classification.

Economic Sector	Industry	Capital-Intensive Industry	Labour-Intensive Industry
Basic Material	Agricultural Chemicals	x	
	Aluminium	x	
	Commodity Chemicals	x	
	Construction Materials	x	
	Diversified Chemicals	x	
	Iron and Steel	x	
	Specialty Mining and Metals	x	
	No. of Firms	20	0
Consumer Cyclical	Apparel and Accessories Retailers		x
	Auto, Truck, and Motorcycle Parts Manufacturers	x	
	Broadcasting	x	
	Textiles and Leather Goods		x
	Tires and Rubber Products	x	
	No. of Firms	12	3
Consumer Non-Cyclicals	Brewers		x
	Distillers and Wineries	x	
	Food Processing		x
	Food Retail and Distribution		x
	Personal Products		x
	Tobacco		x
	No. of Firms	1	10
Energy	Coal		x
	Oil and Gas	x	
	No. of Firms	7	1
Financial	Banks	x	
	Consumer Lending	x	
	Corporate Financial Services	x	
	No. of Firms	8	0
Healthcare	Biotechnology and Medical Research		x
	Healthcare Facilities and Services		x
	Pharmaceuticals	x	
	No. of Firms	10	2
Industrial	Aerospace and Defence	x	
	Construction and Engineering		x
	Diversified Industrial Goods Wholesale	x	
	Ground Freight and Logistics		x
	Heavy Electrical Equipment	x	
	Heavy Machinery and Vehicles	x	
	Marine Port Services	x	
	No. of Firms	6	3
Technology	Electrical Components and Equipment	x	
	Integrated Telecommunications Services	x	
	IT Services and Consulting	x	
	Wireless Telecommunications Services	x	
	No. of Firms	12	0

Table A1. *Cont.*

Economic Sector	Industry	Capital-Intensive Industry	Labour-Intensive Industry
Utilities	Electric Utilities	x	
	Independent Power Producers	x	
	Natural Gas Utilities	x	
	No. of Firms	6	0
	Grand Total Firms	**82**	**19**

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