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Research Paper

A STUDY ON CORPORATE SOCIAL REPORTING OF MARKET LEADERS

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ABSTRACT

Corporate social responsibility in today's times has gained much attention abroad as well as in India. The governments of the economies across the globe are taking measures to ensure that the economic activities are not flourishing at the cost of the society, environment and the stakeholders of an organization. In this backdrop the current study attempts to examine the corporate social reporting practices of the Indian market leaders over a period of 5 years from 2008-09 to 2012-13. The analysis revealed that there has been rise in the corporate social reporting disclosures over the study period with major rise being in the environmental management group. Further, an attempt was also made to examine the determinants of the corporate social reporting for the sample firms by taking firm size, leverage, board size, independence of board and profitability as explanatory variables and the corporate social responsibility disclosure score as response variable. The analysis revealed that, CSR activities of the market leaders is independent of all these variables and it is concluded that the market leaders consider CSR as their duty and the same is ingrained in their DNA.

KEYWORDS: Corporate social responsibility, BSE SENSEX, banking sector

1. INTRODUCTION

Corporate Social Responsibility (CSR) has become the matter of great concern amongst the policy makers the world around. "Today we are talking about triple bottom line reporting which includes People Planet and Profit, wherein *people* relates to fair and beneficial business practices for human resources, the community and region where a firm carries out its business activities; *planet* refers to sustainable environmental practices whereas *profit* is the economic value created by the organizations after deducting the cost of all inputs, including the cost of the capital tied up"¹.

Thus, it can be construed that CSR focuses on the effects of business activities on their employees, suppliers, customers, society, environment and energy consumption. CSR thus requires aligning business activities on the principles of trusteeship and

stewardship which long seems to be lost in the din and clutter of capitalism. Over a period of time, the corporate houses across the globe are under the scanner of the government for fulfilling and discharging their roles as a social entity.

In this backdrop, the present study is organized into six sections. Section – 1 introduces the theme. Section – 2 states the objectives of the study; Section – 3 presents methodology; Data analysis and interpretations are discussed in Section –4 and Section – 5 concludes the results.

2. OBJECTIVES OF THE STUDY

The present study is conducted with the following objectives:

- a. To analyse the CSR reporting practices of the market leaders.



- b. To study the nature of voluntary CSR disclosures made by market leaders.
- c. To find out the variable of CSR on which disclosure is made by majority of sample.
- d. To examine the impact of Board Independence, Board Size, Firm Size, Leverage and Profitability on CSR Performance of the market leaders.

3. RESEARCH METHODOLOGY

3.1 Time Frame: A five-year period from 2008-09 to 2012 -13 is selected for the study in order to find the CSR reporting practices over a period of 5 years.

3.2 Data: The secondary data in the form of Annual Reports of the sample formed the main source of data.

3.3 Sample Selection: The present study aims to analyse the CSR reporting practices of market leaders because their practices would reflect the practices followed by the others in their respective industries as they are most exposed to the public as well as incessant oversight and hence are expected to be highly transparent by providing all information for

decision making in the capital market. Also, they are subjected to the norms of both *viz*, The Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India (SEBI), the market regulator. For identifying market leaders, 30 companies comprising the BSE SENSEX are selected for the study which forms the population of the study. Of these, annual report of 4 companies was not available on their respective websites and hence, it was not possible to carry out analysis on them. Since the impact of corporate characteristics on CSR performance is to be found out, the 3 companies belonging to banking sector were eliminated due to the specific nature of their business. Further, 5 government companies were also eliminated from the sample on the grounds that their CSR practices are to be far better than that of privately owned companies. Further, in case of 1 company a lot of irregularity was found in terms of accounting items and the matter reported in annual report and hence the same was eliminated. From the remaining 12 companies were selected randomly for the purpose of analysis which is listed in Table – 1.

Table – 1: Final sample of BSE SENSEX Companies

S.N.	Name of Company	S.N.	Name of Company
1	Bajaj Auto Limited	7	ITC Limited
2	Cipla Ltd	8	Jindal Steel & Power Limited
3	Dr. Reddy's Laboratories Ltd.	9	L & T Limited
4	Hero Motocorp Limited	10	Reliance Industries Limited
5	Hindalco Limited	11	Tata Motors Limited
6	Hindustan Unilever Limited	12	Tata Steel Limited

3.4 Research Technique

Content analysis has become a principal technique to study CSR disclosures in corporate annual reports as it aids in understanding on the meanings, motivations and corporate intentions and has been used widely by many researchers^{4, 5, 9, 10, 15, 16, 19}. Hence, content analysis is used as research technique in present study as it will help in revealing the nature, type and extent of CSR disclosures.

An index of 51 CSR parameters for CSR reporting was identified surveying the literature, in order to find out the actual disclosure practices of sample and is known as CSR Disclosure Index (CSRDI). This index is further sub divided into six groups, *i.e.*, i) General CSR; ii) Energy Conservation; iii) Environment Management; iv) Employees; v) Product Information

and vi) Community Development, to find out the thrust of CSR disclosures by the market leaders which is given in Table – 2.

Further, an attempt has been made to quantify these parameters to enable quantitative analysis. According to Riffe *et al*, “Quantitative content analysis is the systematic and replicable examination of symbols of communication, which have been assigned numeric values according to valid measurement rules and the analysis of relationships involving those values using statistical methods, to describe the communication, draw inferences about its meaning, or infer from the communication to its context, both of production and consumption”.

Table – 2: CSR Disclosure Index

S. N.	Name of Broad Category and its Variables	S. N.	Name of Broad Category and its Variables
A	General on CSR	D	Employees
1	Whether CSR (Environment, Sustainability, Social Resp. etc.) included in Mission Statement, Vision or any CSR Policy	6	Industrial Relations
2	Whether committed to CSR	7	Employee Benefits
3	CSR Department or CSR Committee	8	Employee Welfare
4	CSR Awards	9	Employee Assistance
B	Energy	10	HR Awards for practices in HRM
1	Energy Conservation Disclosure	E	Products
2	Energy conservation awareness programmes	1	Research & Development
3	Use of alternative energy sources	2	Quality (ISO 9001)/ Quality Integration
4	Promotion of energy efficient processes	3	Safety
5	Energy Audit	4	Product innovation, new technology, improved performance
6	Energy Awards	5	Awards for product innovation, quality, safety etc.
C	Environment	F	Community Development
1	Waste Management Disclosure (Recycling waste etc)	1	Promoting Self Reliance, Livelihoods
2	Installation of Effluent Water Treatment Plants	2	Promoting Education & Funding to research and educational activities
3	Pollution Control in the Conduct of the Business Operations	3	Promoting Community Health & Hygiene
4	Air Emissions Disclosure	4	Promoting Rural Development
5	Conservation of natural resources (Water, Paper etc.)	5	Promoting Women Empowerment
6	Environmental Management Systems (ISO 14001)	6	Support to economically weaker sections of the society
7	Environment and or Natural Resource Conservation Awards	7	Conducting community awareness programmes
8	Environmental activities, awareness and education programmes	8	Development in government sponsored community programmes
9	Environment friendly initiatives	9	Tribal Development
10	Environmental Research and Development	10	Trust formation for various CSR activities
D	Employees	11	Social Development
1	Employee Health & Safety Policy (OHSAS 18001)	12	Infrastructure Development
2	Employee Training and Development	13	Promoting Spiritual Development/ Heritage conservation
3	Employee Stock Option Schemes	14	Promoting Child Welfare
4	Awards programmes for employees or scholarships for children of employees	15	Promoting Arts/ craft / sports for the community development
5	Employment of minorities/ disabled / women/ socially & economically disadvantaged	16	Other Social Activities not covered under any of the above heads.

In order to facilitate the measurement, a disclosure is defined as any passage of written or any form on any CSR parameters identified in the Table – 2. Therefore, CSR disclosures were rated based on the presence or absence and the degree of specificity of each item. Level of extensiveness was measured as per the four groups categorization discussed as follows:

(1) General Information may consist of ‘a short’ statement of either company’s intention or general statements of ‘*the company will, the company does*’

nature on CSR or any general statement of a sentence of length and a **score of 1** is assigned in this case.

(2) Qualitative Information includes any declarative/ narrative CSR information other than financial information in nature and may contain ‘a long’ description on the CSR performance of the companies, wherein - ‘long’ means more than one sentence. It also includes pictorial information such as graphs and photos depicting specific environmental message or event and a **score of 2** is assigned in this case.

3) Quantitative Information – It relates to disclosure of actual financial numbers or any quantifiable CSR information. For *e.g.*, Number of trees planted, expenditure on environment management programmes, Number of beneficiaries due to health programmes savings in cost due to environmental initiatives, number of environmental activities undertaken, savings in consumption due to conservation of water, paper or any other natural resource etc. A **score of 3** is assigned in this case.

(4) A Combination of Qualitative and Quantitative Information – This means that the disclosure made in the report is qualitative as well as quantitative terms and a **score of 4** is assigned in this case.

3.5 Hypothesis of the Study and Specification of Model:

Firm Size: Firth³ advocates that large firms will disclose more information to improve the reputation of the firm since they are more visible in the “public eyes”. Cowen *et al*⁴ observe that the larger companies are subject to more of stakeholder groups’ attention and therefore they are more likely to receive greater pressure to report about their social responsibility Developments. The empirical studies of Trotman and Bradley⁵, Cowen *et al*⁶, Hossain *et al*⁶, Haniffa and Cooke⁷ and Ghazali⁸ have showed a positive relationship between firm size and the level of social disclosures. Firm size (Size) is measured by taking natural log of Sales of the sample. Based on the results of previous study the first hypothesis of the present study is,

H_{01} : *There is no significant impact of Firm Size on CSR.*

Leverage: Purushothaman *et al*⁹ argued that highly leveraged companies may have closer relations with their creditors and hence these firms disclose more CSR information in their annual report narratives. Al Arrusi *et al*¹⁰ also supported this view. Previous empirical studies have produced mixed results. Belkoui and Karpik¹¹ found a negative association between leverage and CSD level and explained that firms with a high leverage must adhere to strict debt covenants which reduce their ability to spend resources on CSR and disclose information about CSR. Similar results were reported by Hagerman & Zmijewski¹², Dhaliwal *et al*¹³ and Cormier and Magnan¹⁴. Conversely, Reverte¹⁵ did not find any association between CSR and gearing. Leverage (Lev) is measured by taking the ratio of Total Debt to Total Assets. Thus, the second hypothesis proposed is: H_{02} : *There is no significant impact of Leverage on CSR.*

Profitability: Haniffa and Cooke⁷ explained that profitable companies have the freedom and flexibility to implement and disclose social responsibility activities to stakeholders, in order to legitimize their existence. Prior research examining relationship between profitability and CSR has produced mixed results. Preston¹⁶ and Mills and Gardner¹⁷ concluded that a higher ROE leads to high CSR disclosures. However, Cowen *et al*⁴, Hackston and Milne¹⁸ and Echave and Bhati¹⁹ did not find any relationship between the two. The profitability (Prof) is measured by Return on Total Assets which is derived by dividing earnings before interest and tax by total assets. The third hypothesis of the study is:

H_{03} : *There is no significant impact of Profitability on CSR.*

Board Size: Aktaruddin *et al*²⁰ found a positive association between board size and level of corporate voluntary disclosure. “Further, the ability of directors to control and promote value creating activities is more likely to increase with the increase of directors on the board. Thus, Board size may influence the level of voluntary disclosure as the level of disclosure is a strategic decision made of the board of directors.”²¹ Board Size (BS) is measured by taking the number of members on Board of the companies. Thus, the fourth hypothesis of the study is:

H_{04} : *There is no significant impact of Board Size on CSR*

Board Independence: Fama and Jensen²² observed that outside directors are seen as expert in decision controls. It is believed that the presence of independent directors on the board leads to greater disclosures including social information as they are to consider the stakeholders’ perspective. Further, both stakeholder and legitimacy theory also predict that proportion of independent directors would be associated positively with the decision to disclose CSR and the extent of CSR disclosure. Study of Abdur²¹ also found a positive association between the two whereas, Haniffa and Cooke⁷ found a negative association of board independence (BI) with CSR. BI is measured by dividing number of independent directors by total number of directors on board. The fifth hypothesis of the study is as follows:

H_{05} : *There is no significant impact of Board Size on CSR*

Specification of Model: Multiple Regression Analysis is applied to examine the impact of selected explanatory variables on the CSR. Further, the model adopted is as follows:

$$CSRSD = \alpha_0 + \alpha_1 \text{Size} + \alpha_2 \text{Lev} + \alpha_3 \text{Prof} + \alpha_4 \text{BS} + \alpha_5 \text{BI} + u_t$$

R^2 , Adjusted R^2 , F-test and p-values are used for the purpose of analysis.

4. DATA ANALYSIS AND INTERPRETATION

The results of analysis of annual reports are discussed as follows:

4.1 ISO Certification: ISO 14001 is the International Standard for Environment Management Systems and ISO 18001 is the International Standard for Occupation Health and Safety within the organizations. An attempt was made to find out if the market leaders have any such certifications. The results of the analysis is presented in Table – 3, the analysis of which reveals the following:

Table – 3: Number of companies with ISO 14001 and 18001 Certifications

Particulars	2009	2010	2011	2012	2013
Environment Management Certification ISO 14001	7 (58%)	7 (58%)	8 (66.67%)	10 (83.33%)	11 (91.67%)
Occupational Health & Safety Certification ISO 18001	9 (75%)	7 (58%)	8 (66.67%)	11 (91.67%)	11 (91.67%)

4.2 Analysis of nature of CSR Disclosure made by Market Leaders

The analysis was done by obtaining scores for each of the market leaders and computing arithmetic mean after aggregating these scores yearly for each company as well as for all the companies for a variable for all the years. The ranking of market leaders was also carried out based on their five-year average CSRDS. The computations are presented in Table – 4, 5 and 6 respectively.

4.2.1 Analysis of CSR Disclosure practices of Market Leaders:

The analysis of Table – 4 is interpreted group wise as follows:

General CSR

- ❖ Only 41.67% of the market leaders had a CSR policy in 2009 which has increased to 58.33% which is a positive sign. However, still a good number of market leaders have not reported about their CSR Policy or incorporated the CSR principles in their vision, mission statement.
- ❖ 11 market leaders (MLs) in 2009, 2012 and 2013 and all MLs in 2010 and 2011 were observed to be committed to the cause of CSR. Further, the presence of CSR Department or CSR Committee

- ❖ It is found that for the years 2009 and 2010 only 58% of the market leaders had ISO certification for Environment Management Systems which has increased to 91.67%, *i.e.*, 11 companies in 2013. This trend reflects the growing sensitivity amongst the market leaders towards environmental issues and taking measures to reduce their footprints over environment and to move towards environmental sustainability.
- ❖ It is also found that the 91.67% of the market leaders, *i.e.*, 11 of 12 have Occupational Health & Safety Certification which indicates their commitment towards safety of the employees and reflects their caring attitude towards the important assets of the organization which may also be to curb losses to man hours due to accidents.

was reported only by 33.33% of market leaders, *i.e.*, only 4 MLs which indicates that the CSR activities of the market leaders are not organized. It is interesting to note that more than 50% of the market leaders have been appreciated for their efforts in CSR through awards and recognitions.

Energy Conservation

- ❖ It is interesting to note that all the market leaders are reporting on energy conservation in all the years. Also, 11 MLs have reported on utilization of alternative sources of energy in all the years. The reason for the both of them was identified to be mandatory reporting requirements as per Companies Act, 2013.
- ❖ It is interesting to note that all the market leaders are improving their business processes to ensure energy savings. Also, almost 50% of the MLs have been identified for their effort in being energy efficient firms by Awards and Recognitions.
- ❖ The market leaders are also conducting energy conservation awareness programmes which indicates their commitment to the cause.

Environment Management

- ❖ All the market leaders are disclosing on the Waste Management by 2013 indicating measures taken by them to minimize waste and thereby pollution. By 2013, 83.33% of the Market Leaders have Effluent Water Treatment Plants to treat the waste water and recycle it for use. The reason for the non-reporting of others is that water resource is not used in their processes so extensively as the others. Almost all the market leaders are taking care to control pollution in the conduct of their business operations. Almost all the market leaders are disclosing about their carbon footprints in their annual report by 2013. All the market leaders are actively involved in conserving their natural resources which includes water, paper, air, land, biodiversity, forests and development of wasteland into

green belt which again indicates their corporate citizenship. However, Air emissions disclosure is made by only 1 company and is found to be the least disclosed variable.

- ❖ More than 50% of the MLs have been recognized for their commitment towards environmental management and sustainability through awards. Also, almost all of the MLs conduct environmental activities like Tree Plantations, celebration of World Environment Day, Green Day, *etc.* They also conduct environmental awareness programmers and all of them have reported on their environmental friendly initiatives. MLs also carry out Environmental Research and Development to assess the ways in which they can achieve the goal of environment conservation and sustainability.

Table - 4: Analysis of CSR Reporting by Market Leaders over a period of time

S. N.	Name of Broad Category and its Variables	2009	2010	2011	2012	2013
A	General CSR					
1	Whether CSR (Environment, Sustainability, Social Resp. etc.) included in Mission Statement, Vision or any CSR Policy	41.67%	50%	50%	58.33%	58.33%
2	Whether committed to the cause of CSR	91.67%	100%	100%	91.67%	91.67%
3	CSR Department or CSR Committee	25%	33.33%	33.33%	33.33%	33.33%
4	CSR Awards	58.33%	58.33%	66.67%	58.33%	66.67%
	Mean Percentage of Market Leaders reporting on CSR	54.17 %	60.42 %	62.50 %	60.42 %	62.50 %
B	Energy Conservation					
1	Energy Conservation Disclosure	100%	100%	100%	100%	100%
2	Energy conservation awareness programmes	58.33%	75%	75%	50%	58.33%
3	Use of alternative energy sources	91.67%	91.67%	100%	91.67%	91.67%
4	Promotion of energy efficient processes	91.67%	100%	100%	100%	100%
5	Energy Audit	50%	33.33%	41.67%	25%	41.67%
6	Energy Awards	41.67%	50%	50%	50%	58.33%
	Mean Percentage of Energy Disclosures made	72%	75%	77.78 %	69.44 %	75%
C	Environment Management					
1	Waste Management Disclosure (Recycling waste etc)	75%	91.67%	91.67%	100%	100%
2	Installation of Effluent Water Treatment Plants	66.67%	75%	75%	83.33%	83.33%
3	Pollution Control in the Conduct of the Business Operations	83.33%	91.67%	100%	91.67%	91.67%
4	Air Emissions Disclosure	75%	75%	75%	83.33%	91.67%
5	Conservation of natural resources (Water, Paper etc.)	91.67%	100%	100%	100%	100%
6	Environmental Management Systems (ISO 14001)	58.33%	58.33%	66.67%	91.67%	91.67%
7	Environment and or Natural Resource Conservation Awards	58.33%	66.67%	58.33%	66.67%	83.33%
8	Environmental activities, awareness and education programmes	75%	75%	100%	91.67%	91.67%
9	Environment friendly initiatives	83.33%	100%	100%	100%	100%
10	Environmental Research and Development	75%	91.67%	75%	91.67%	91.67%
	Mean Percentage of Environment Management Disclosure	74.17 %	82.50 %	84.17 %	90%	92.5%

S. N.	Name of Broad Category and its Variables	2009	2010	2011	2012	2013
D	Employees					
1	Employee Health & Safety Policy (OHSAS 18001)	75%	58.33%	83.33%	91.67%	91.67%
2	Employee Training and Development	83.33%	91.67%	83.33%	91.67%	91.67%
3	Employee Stock Option Schemes	91.67%	91.67%	91.67%	91.67%	91.67%
4	Awards programmes for employees or scholarships for children of employees	16.67%	8.33%	0	0	8.33%
5	Employment of minorities/ disabled / women/ socially & economically disadvantaged	16.67%	16.67%	25%	33.33%	41.67%
6	Industrial Relations	75%	91.67%	83.33%	75%	75%
7	Employee Benefits	100%	100%	100%	100%	100%
8	Employee Welfare	91.67%	100%	100%	100%	100%
9	Employee Assistance	41.67%	50%	50%	50%	75%
10	HR Awards for practices in HRM	41.67%	58.33%	75%	58.33%	58.33%
	Yearly Mean of Percentage Employees Related Disclosure	63.33%	66.67%	69.17%	69.17%	73.33%
E	Product Variables					
1	Research & Development	100%	100%	100%	100%	100%
2	Quality (ISO 9001)/ Quality Integration	50%	58.33%	33.33%	50%	50%
3	Safety	16.67%	41.67%	41.67%	50%	41.67%
4	Product innovation, new technology, improved performance	91.67%	100%	83.33%	75%	83.33%
5	Awards for product innovation, quality, safety etc.	66.67%	91.67%	50%	50%	83.33%
	Yearly Mean of Percentage Product variable disclosure	65%	78.33%	61.67%	65%	71.67%
F	Community Development					
1	Promoting Self Reliance, Livelihoods	66.67%	83.33%	91.67%	83.33%	83.33%
2	Promoting Education & Funding to research and educational activities	83.33%	83.33%	83.33%	83.33%	91.67%
3	Promoting Community Health & Hygiene	83.33%	91.67%	91.67%	91.67%	100%
4	Promoting Rural Development	91.67%	91.67%	100%	91.67%	91.67%
5	Promoting Women Empowerment	75%	91.67%	83.33%	83.33%	75%
6	Support to economically weaker sections of the society	91.67%	83.33%	91.67%	91.67%	83.33%
7	Conducting community awareness programmes	75%	75%	100%	91.67%	75%
8	Development in government sponsored community programmes	66.67%	66.67%	83.33%	58.33%	58.33%
9	Tribal Development	33.33%	33.33%	33.33%	41.67%	25%
10	Trust formation for various CSR activities	41.67%	41.67%	41.67%	33.33%	50%
11	Social Development	58.33%	66.67%	75%	75%	75%
12	Infrastructure Development	25%	25%	41.67%	33.33%	33.33%
13	Promoting Spiritual Development/ Heritage conservation	8.33%	16.67%	33.33%	25%	25%
14	Promoting Child Welfare	58.33%	58.33%	66.67%	75%	83.33%
15	Promoting Arts/ craft / sports for the community development	25%	41.67%	58.33%	50%	33.33%
16	Other Social Activities not covered under any of the above heads.	91.67%	91.67%	83.33%	83.33%	83.33%
	Yearly mean of Percentage Community care disclosure	60.94%	65.11%	72.40%	68.23%	66.67%

Employees Variable

- ❖ By 2013, 11 MLs are disclosing on their training and development programmes for the benefit and growth of employees. All the market leaders except 1 have made disclosures with respect to Employee Stock Options. However, of these companies, Tata Steel and Cipla Ltd

have not issued any stock options to their employees. Further, Bajaj Auto Ltd had not issued any stock options in 2009 whereas Reliance Industries Ltd had not issued any stock options in 2010.

- ❖ Very less proportion of companies are disclosing on the programmes for employees

or any benefits passed to the families of employees. Similarly, not many market leaders have disclosed about their equal opportunity policy. All the market leaders are reporting on Employee Benefits and Welfare as it is required statutorily mandatory.

- ❖ Also market leaders are getting recognized for their human resource practices in the form of awards and accolades.

Product Variable

- ❖ All the market leaders are reporting on the Product Research and Development activities and this is so because of the mandatory requirement u/s 217 (i) (e) of the Companies Act, 1956.
- ❖ At least 50% of the market leaders have ISO Certification for quality in processes and products
- ❖ Also majority of the firms are reporting on the product innovation, new technology and improved performance of their products which directly relates to the customers of their customers.

- ❖ Market leaders have also received awards for their product innovation, quality and safety.

Community Development

- ❖ Market leaders are actively involved in activities related to community development like promoting self-reliance and livelihoods, education, community health and hygiene, rural development, social development, tribal development, infrastructure development, Promoting child welfare, conducting community awareness programmes *etc.* Also, an interesting finding was that some of the market leaders are also involved in conservation of heritage, culture, and promotion of spiritual development.

Ranking of Market Leaders: The mean CSRDS was computed for all the MLs on all of the 51 variables for all the years and ranking of the same was done which is presented in Table – 5.

Table – 5: Ranking of the Market Leaders based on their Mean CSRDS:

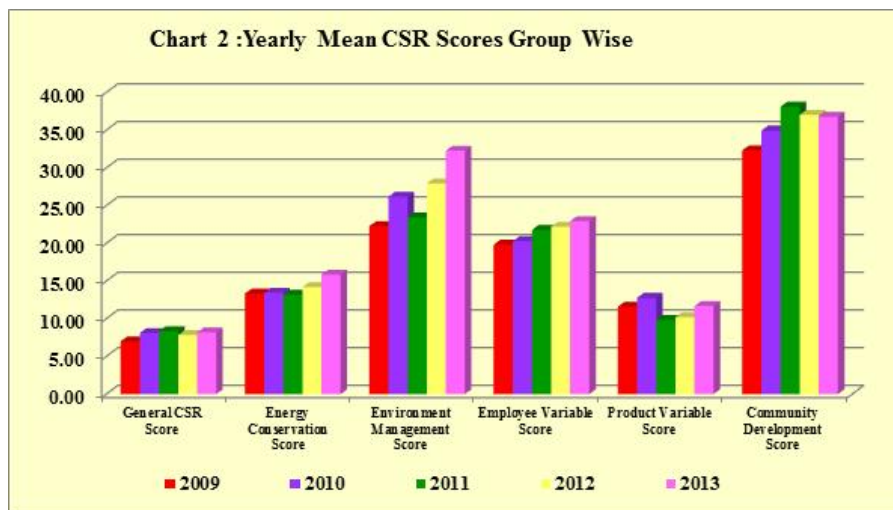
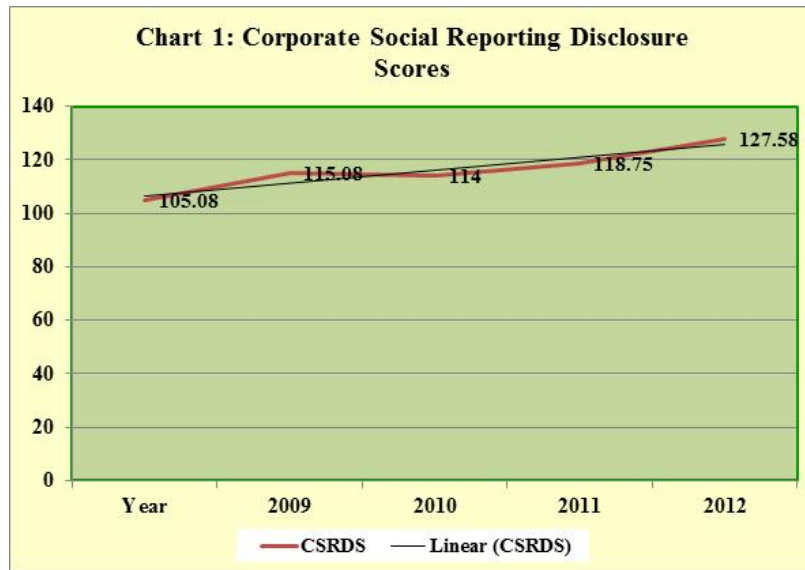
Name of Company	Avg. CSRDS	Rank
Jindal Steel and Power Limited	152.4	1
Hindalco Limited	146	2
Reliance Industries Limited	140	3
ITC Limited	132.6	4
Tata Steel	132.4	5
Dr. Reddy's Laboratories	128.2	6
Tata Motors	112.2	7
Bajaj Auto Limited	103.6	8
Hindustan Unilever Limited	98.6	9
L&T Limited	95.2	10
Hero Motocorp Limited	94.2	11
Cipla Limited	57.8	12

From the above, it is observed that Jindal Steel and Power Limited had made highest CSRDS with a score of 152.4 followed by Hindalco Limited, Reliance Industries Limited, ITC Limited, Tata Steel and so on. Cipla Limited is ranked last and has the lowest score of 57.8 which is only 37.90% of the score of Jindal Steel and Power Limited.

4.2.2 Analysis of nature of CSR Reporting of Market Leaders:

The computations presented in Table – 6 are analyzed in this section. Further the analysis of Chart – 1 and 2 is also given here.

- ❖ From the perusal of Chart – 1, it can be observed that there is significant linear trend in the Mean CSR disclosure scores of the Market leaders over the study period indicating increased sensitivity and commitment or increased disclosure of such activities in their annual reports. The mean score has increased from 105.08 in 2009 to 127.58 in 2013.



- ❖ From perusal of Chart – 2, it is observed that there is a consistent rise in Environment Management Score (EMS), Employee Variable Score and Energy Conservation Score. However, Product Variable Score have shown fluctuations. The highest scores are for the category of community development followed by Environment Management.
- ❖ The increase in EMS indicates the increased focus of market leaders on the environmental concerns. There however, has been decline in community development score in the last two years.

- ❖ From the perusal of Table – 7, it is noted that Health and Hygiene is the most focused activity of community development with 92% of the market leaders focusing their efforts on the same.
- ❖ Next in order of importance are supporting economically weaker sections of society, rural development, other social activities which includes Blood donation camps, donations in cash to charitable institutions, Training the teachers, principals, hospital administrators or conducting workshops *etc.* The same is followed by Education, Creating Livelihoods and Women Empowerment.

4.3 Thrust of CSR activities with special reference to Community Development:

An analysis was done on the most focussed activity under community development by identifying 15 different activities. The result of analysis is presented in Table – 7.

Table – 7: Thrust of CSR activities with special reference to Community Development

S.N.	Focus areas for CSR activities: Community Development	%
1	Health and Hygeine	92%
2	Supporting Economically Weaker Sections of Society	88%
3	Rural Development	87%
4	Other Social Activities	87%
5	Education includes Primary, Secondary, Bridge Course, Vocational training <i>etc.</i>	85%
6	Creating livelihoods - Self Reliance	83%
7	Women Empowerment	78%
8	Support to NGOs and Govt sponsored programmes	73%
9	Social Development	70%
10	Children	65%
11	Promotion of Art / Crafts / Sports / Culture	52%
12	Activities through trusts	45%
13	Tribal Development	35%
14	Infrastructure Development	27%
15	Conservation of Heritage and Spiritual Dev	22%

4.5 Impact of Board Size, Board Independence, Leverage, Profitability and Firm Size on CSR Performance:

The outcome of multiple regression analysis is presented in Table – 8.

From the perusal of Table – 8, it can be noted that none of the explanatory variables have any significant impact on the CSR Performance; hence all the five research hypotheses are accepted. Thus it can be concluded that *Firm Size* of MLs *has no significant impact* on the CSR Performance and is not consistent with the results of Trotman and Bradley⁵, Cowen *et al*⁶, Hossain *et al*⁶, Haniffa and Cooke⁷ and Ghazali⁸. It is

concluded that *Leverage* also *has no significant impact* on CSR Performance of Market Leaders and is consistent with the empirical results of Reverte¹⁵. *Profitability* also has *no significant impact* on CSR Performance of Market Leaders and is consistent with the empirical results of Cowen *et al*⁶, Hackston and Milne¹⁸ and Echave and Bhati¹⁹. *Board Size* also has *no significant impact on CSR Performance* of MLs and the results are inconsistent with Aktaruddin *et al*²⁰. *Board Independence* also *does not significantly affect CSR Performance* of MLs and the results are inconsistent with Abdur²¹, Haniffa and Cooke⁷.

Table – 8: Results of Multiple Linear Regression on CSR Performance

Explanatory Variable	R ²	Adj. R ²	Intercept	Slope	p-value	F-Statistic
Size	0.191	-0.484	-196.219	6.191	0.657	0.282 (0.906)
Lev				57.20	0.665	
Prof				-49.89	0.643	
BS				2.795	0.529	
BI				171.28	0.560	

5. CONCLUSIONS

- ❖ It is found that the majority of the market leaders have ISO certification for Environment Management implying their growing sensitivity towards environmental issues. Also a caring attitude of Market leaders as employers is observed as all except one have have Occupational Health & Safety Certification. It is found that majority of the market leaders have received recognition in some form or other for their CSR activities comprising of

Environmental Sustainability, Energy Efficiency, Best HR practices, Quality products *etc.*

- ❖ It is interesting to note that all the market leaders are reporting on energy conservation in all the years. Also, 11 MLs have reported on utilization of alternative sources of energy in all the years. The reason for the both of them was identified to be mandatory reporting requirements.
- ❖ It is concluded that the market leaders are taking steps towards minimizing waste through recycling and finding innovative and

alternative ways to eliminate waste thereby minimizing pollution.

- ❖ Almost all the market leaders are disclosing about their carbon footprints in their annual report by 2013. All the market leaders are actively involved in conserving their natural resources which includes water, paper, air, land, biodiversity, forests and development of wasteland into green belt which again indicates their corporate citizenship. Very less proportion of MLs are disclosing on the programmes for employees or any benefits passed to the families of employees. Similarly, not many market leaders have disclosed about their equal opportunity policy. All the market leaders are reporting on Employee Benefits and Welfare and the reason for the same is statutorily mandated. It is observed that Jindal Steel and Power Limited had highest CSRD with a score of 152.4 followed by Hindalco Limited, Reliance Industries Limited, ITC Limited and Tata Steel.
- ❖ Health and Hygiene was found to be the most focused activity of community development with 92% of the market leaders focusing their efforts on the same. It is observed that from amongst all the groups, the reporting of market leaders is consistently on rise on environmental variables.
- ❖ The results of multiple regression analysis indicated that, in case of market leaders, none of their financial characteristics or governance characteristics had a significant role in deciding the CSR Performance. The reason for the same can possibly be that CSR is woven in the organizational culture of the market leaders which is also found in the course of descriptive analysis and thus it does not depend whether on firm size, profitability or leverage. Market leaders are committed to the cause of CSR and towards all their stakeholders and are discharging their roles as a social enterprise apart from being a business person independent of any factor.

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