CORPORATE SOCIAL REPORTING PRACTICES IN INDIA

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ABSTRACT

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This paper aims to examine the extent of corporate social reporting practices in the annual reports of companies in India and to ascertain the differences if any, between public sector and private sector companies and to investigate what were the determinants of corporate social reporting . The study intends to answer the research questions which include: a) what variables could represent a Conceptual Model of Corporate Social Reporting consists of dependent variables and Independent variables? b) What are the factors of Corporate Social Reporting (COSOR) and how valid and reliable are these factors? c) What is the degree of COSOR by factors in public and private sector companies? d) What are the determinants of COSOR? What is the level of their influence on COSOR?

A sample of 120 listed companies of National Stock Exchange of India was chosen and they were stratified in to public and private sector companies. A Corporate social reporting Index was constructed for data collection through content analysis from the annual reports.

The results of the study revealed that social accounting information were disclosed in company's annual reports, chairman's speech, directors' reports, notes to accounts, schedule to accounts and auditor's report. The degree of corporate social reporting varies between public sector and private sector companies. The public sector companies have disclosed more corporate social reporting information than the private sector companies. The study found that higher the level of capital employed, earnings before depreciation and taxes, total assets and total sales higher was the level of corporate social reporting. However, the degree of influence of determinants on corporate social reporting was different among public and private sector companies.

Most of the companies have disclosed corporate social information on voluntary basis. To improve the understandably, uniformity, and comparability of corporate social information, this study suggests making it mandatory. A standard format for disclosure of corporate social information shall be prescribed by the Ministry of Corporate Affairs by amending the Indian Companies Act. The concept of social accounting is relatively new in India. This study suggests to include it in the commerce curriculum and also in the curriculum of CA/CWA/CS.

Corporate Social Reporting is such a vast area of research that no single study can cover different dimensions related to it. Though some studies including the present study have been conducted on Corporate Social Reporting Practices in India, but still there is much potential of research in this area. Future research in this area will hopefully bring more brightening result measuring and analysing social costs and benefits data by manager as well as by other concerned. Since the subject is in the primary stage, an in-depth research is needed to be done in different sectors such as banking information technology, manufacturing etc. The results are specifically applicable to sample companies and generalisations can be made with caution. The results of the study are based on the data collected from published annual reports of sample companies using content analysis method. Corporate social reporting in company websites, brochures etc are not covered. Social cost and benefit analysis is not covered in this study.

Key words: Corporate social reporting practices, Social reporting, Corporate social disclosure, Social accounting disclosure, Corporate social reporting in annual reports, Determinants of corporate social reporting.

CORPORATE SOCIAL REPORTING PRACTICES IN INDIA

1. Introduction

The ‘Corporation’ is an important actor in modern democracies; one whose apparent lack of accountability to ‘stakeholders’ affected by corporate activities has sparked intense controversy (Canadian Democracy and Accountability Commission, 2001). Union Carbide’s catastrophic gas leak at Bhopal in India was a significant corporate failure to its stakeholders. This controversy regards the degree to which corporations should be held accountable for the social effects of their operations. Sachar Committee (1978) in its report argued that “the company must behave and function as a responsible member of the society just like any other individual…….This implies that the claims of various interest groups will have to be balanced not on the narrow ground of what is best for the shareholders alone, but from the point of view of what is best for the community at large. The company must accept its obligation to be socially responsible and to work for the larger benefits of the community”. This suggests that companies should assess and report corporate social performance. Corporate social reporting is a gesture to demonstrate organisation’s commitment towards sustainability. It is a tool through which organisation extends dialogue with its stakeholders (Das, 2003). It involves measurement and reporting of internal and external information concerning the impact of an activity on society. It is reporting on some domain business activities that have social impact, and is aimed at measuring adverse and beneficial effects of such activities both on the firm and those affected by the firm (Ghosh, 2003). Corporate social reporting has become a hallmark for organisations operating on global basis. As the companies, have been increasing, involved in international trade and investment, corporate social reporting has gained momentum as a tool of dialogue with stakeholders.

2. Need for the Study

Indian companies have faced strong international competition over the past few decades, especially after the opening of the Indian economy in the early 1990s as international competitors tried to establish their footholds in India. These international firms are disclosing non-financial information including corporate social responsibility information leading to an enhanced expectation from Indian companies to act responsibly towards the society at large and be accountable to the society beyond the traditional role of providing financial account to the stakeholders. Hence, to improve corporate image concerning socially responsible behaviour, an increasing number of Indian companies have been reporting their environmental and social performance in their annual reports, websites etc. There is need to study the current corporate social reporting practices of Indian companies to suggest a suitable framework of corporate social reporting.

3. Research Questions

This study intends to answer the following research questions:

Q1. What variables could represent a Conceptual Model of Corporate Social Reporting consists of dependent variables and independent variables?

Q2: What are the factors of Corporate Social Reporting (COSOR) and how valid and reliable are these factors?

Q3: What is the degree of COSOR by factors in public and private sector companies?

Q4. What are the determinants of COSOR? What is the level of their influence on COSOR?

5. Objectives of the Study

The main objectives of the study are to:

- develop a conceptual model of corporate social reporting.
- construct a corporate social reporting index and test its reliability and validity.
- study the determinants' and degree of corporate social reporting by ownership of companies.
- examine causal relationship between determinants and corporate social reporting.

6. . Hypotheses of the Study

- H_1: There exists significant difference in environment protection reporting, energy conservation reporting, community development reporting, employees' welfare reporting, product quality and safety reporting**,** and stakeholders' protection reporting between public sector and private sector companies.

- $H_{2:}$ There exists significant difference in corporate social reporting (COSOR) between public sector and private sector companies
- $H_{3:}$ Corporate social reporting (COSOR) is positively and significantly affected by the determinants such as capital employed, earnings before depreciation and tax, total assets and total sales of the public and private sector.

7. Review of Literature

The concept of social accounting originated in different forms by Adam Smith (1776) and Karl Marx (1884), but it developed into full-fledged concept in the 1960s and 1970s (Ghosh, 2003).There are, however, isolated examples that suggest that corporate social reporting has a history of development stretching back over many decades (Guthrie and Parker, 1989) Lewis, et al. (1984) revealed the existence of a body concerning corporate reporting to employees dating back to at least 1919. Honger (1982) studied the annual reports of the US Steel for 1901-1980, and found.

In a comparative study on 150 companies in the US, UK and Australia, Guthrie and Parker (1990) found that 85% of US, 98% of UK, and 56% of Australian companies made some social disclosures in their annual reports. This study indicated that more than 40% of these companies reported human resource issues, 31% reported community involvement, 13% reported environmental activities, and 7% reported energy and product related issues. It also revealed the average number of pages that organizations in these countries allotted in their reports for social disclosures. Companies in the US used 1.26 pages while 0.89 and .70 pages were used in the UK and Australia respectively. Due to geographical, economic, environmental, political, regulatory, social and cultural differences it would not be appropriate to generalize the results of studies of developed nations to newly developed countries. This is because the stage of economic development is likely to be an important factor affecting CSR practices. In the context of emerging economies, a few studies have focused on companies in countries such as Malaysia, Thailand and China (specifically, Hong Kong). A study of 100 public companies in Malaysia showed that 66% of companies did some kind of social reporting (Kin, 1990). Of these, 64 companies reported human resource issues and 22 companies disclosed community involvement issues.

Ratanajongkol et al. (2006) examined corporate social reporting in Thailand. They analyzed the extent and nature of corporate social reporting of 40 Thai companies over a 3-year period. Overall, they found that the level of corporate social reporting is increasing, with Thai companies reporting more on human resources. A similar study in Hong Kong revealed that 6% of companies disclosed social activities with an emphasis on staff development and community relations (Lynn, 1992). The number of pages dedicated to such disclosures ranged from 0.25 to 3 pages. Ng (2000) found that 9% of the 200 HK listed companies reported environmental information in published accounts. However, no company disclosed financial data concerning environmental performance. Disclosures appeared in the director's report or chairperson's statement. Such disclosures were general statements indicating company support for environmental protection and describing projects to reduce pollution and save energy and resources. As expectations for disclosure of information on environmental and social performance have grown, so have demands that companies provide information in a standardized way that allow readers to compare company performance. A number of broadly recognized standards are particularly relevant to CSR, including the *GRI Sustainability Reporting Guidelines*,

Epstein and Eloas (1975) carried out a study of corporations to examine the reporting of their social responsibilities in the annual reports. The study concluded that the areas of corporate social accounting which appeared more frequently in the annual reports of the selected corporations were: environmental quality, equal employment opportunities, product safety, educational aid, charitable donations, employee benefits, and various community support programmes.

Ingram (1978) carried out an investigation of the information contents of firms' voluntary social responsibility disclosure in the annual reports of companies. He concluded that the information content of the social responsibility disclosure varied across firms, once industry classification, the sign of the excess earnings of the firm and the fiscal year in which the disclosures were made, were taken into account.

Trotman (1979) analysed the annual reports of largest listed Australian companies, ranked according to their market capitalization to study the social responsibility disclosure in five areas, viz., environment, energy, human resources, product and community involvement. The study revealed that the Australian companies were disclosing social information and were presenting the social accounts also in their annual reports.

Gildea (1994) surveyed consumers and found that they are concerned about factors such as price, quality and service. They are also concerned about company's business practices, how it treats its employees, whether it invests in the community, if it cares for the environment, and whether it has a record for stability. Those factors among others add up to an emphasis on being socially responsible, hence the need for social performance data.

Adams et al. (1998) reported on corporate social reporting in Western Europe. The study identifies factors that influence all types of social disclosures by using content analysis by examining 150 annual reports from six countries; Netherlands, Sweden, Switzerland, France, Germany and the United Kingdom. Significant factors influencing corporate social reporting patterns were found to be company size, industrial grouping and country of domicile. The largest companies were more likely to disclose all types of corporate social information. Industry membership was instrumental where companies reported environmental and some employee information, but not in respect of ethical disclosures. Size and industry membership was important in all six countries, but there were significant variations between countries. The study suggested that the differences may be much more complex requiring further research.

Hossain & Reaz, (2007) examined determinants of voluntary disclosure in annual reports for Indian banking companies. Social disclosure represented one category of voluntary disclosure categories. The empirical results, based on a sample of 38 banking companies, show that corporate size and assets in-place are significantly associated with disclosure, while corporate age, multiple exchange listing, business complexity, and board composition (percentage of non-executive directors) are not associate with disclosure. Mitchell & Hill, (2009) suggested that implementation of internal environmental policy facilitate increased corporate social and environmental reporting in South African companies. Karim, et al, (2006) revealed a negative association between both foreign concentration and earnings volatility and environmental disclosure in the footnotes of annual reports and 10-K report.

Lau (1994) in a study done in Malaysia found that higher profit companies have higher incidences of disclosure in their annual report as compare to lower-profit companies. Small or less profitable firms may lack necessary resources for collecting and disseminating information due to cost constraints (Buzby, 1979). Firth (1979) notes that large firms have the capacity to collect and disseminate information needed for their internal control. Cowen (1987) argues that that because larger firms undertake more activities, they make greater impacts on the society and have more shareholders whom they have to inform of the firm's programmes.

Ho & Taylor (2007) stated that theoretical and empirical evidence on the relationship between corporate profitability and disclosure is mixed. On the one hand, it argued that managers of more profitable companies are more likely to disclose, due to a signalling and/or adverse selection-incentive. On the other hand, managers are likely to have incentives to disclose unfavourable information, to reduce the likelihood of legal liability (HO & Taylor, 2007: 130-131).

Hossain (2000) and Hossain and Mitra (2004) found assets-in-place systematically influence the level of disclosure. Butler et al. (2002) argued that firms with a higher percentage of tangible assets have lower agency costs because it is more difficult for managers to misappropriate well-defined assets in place than to extract value from uncertain growth opportunities. Therefore, since these firms have lower agency costs, they can reduce their reliance on disclosures. An increase in the firm's fixed assets results in lower in agency costs, and consequently lower disclosure (Myers, 1977).

Naser, et al, (2006) examined factors influencing COSOR in developing country. The variables that examined are corporate growth, market capitalisation, profitability, leverage, and ownership variables (governmental ownership, institutional ownership, and major shareholders). The results based on a sample of 21 Qatari companies show positive association between extent of COSOR and corporate size, leverage, and corporate growth.

Ownership variables are not associated with COSOR. Brammer & Pavelin, (2006) examined the influence of corporate ownership and board composition (with some other variables) on environmental disclosure. They distinguish between the decision to make a voluntary environmental disclosure and decisions concerning the quality of such disclosure.

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Ahmed & Courtis, (1999) indicated that accounting literature has been interested in the association between corporate characteristics and corporate annual report disclosure since 1961. So, studies that related to COSOR particularly interested in examining the impact of corporate characteristics on it.

Hossain, et al, (2006) examine the relationship between social and environmental disclosure and several corporate attributes in a developing country, Bangladesh. The variables used to explain COSOR; profitability. The results indicated that the variables which were found to be positively significant in determining disclosure levels are industry and the net profit margin.

Ghazali, (2007) indicated that no studies have been done on the association between corporate ownership structure and COSOR, so his study examined the influence of ownership structure on COSOR. The factors that examined are: ownership concentration; director ownership; government ownership; company size; profitability, and industry. The empirical findings, based on sample of 86 Malaysian companies, indicated that two ownership variables, director ownership and government ownership, are significantly influence of COSOR in annual report, while, third ownership variable, ownership concentration, is not statistically significant in explaining the level of COSOR. Profitability is not a significant factor in explaining COSOR, while industry was also significant factor influencing COSOR.

Singh and Ahuja (1983) conducted a research study on social responsibility disclosure by public sector companies in India. The objective of study was to ascertain the extent of disclosure and examine the influence of four organizational correlates (size, profitability, age and nature of industry). The study concluded that there was a significant variation between companies with regard to social disclosure. The age of the company does not have a significant influence on the disclosure of social responsibility items or the net sales, but the size of company, in terms of total assets, does have a positive influence on social disclosures. The rate of return did not affect social disclosure but earnings margin had a significant impact on the disclosure of social programmes. Disclosure also was highly related to the nature of the industry.

Porwal and Sharma (1991) carried out a study on social responsibility disclosure by public as well as private sector companies in India. According to this study, larger companies in both public and private sector disclosed more information than the smaller ones as measured by size of the assets. The extent of disclosure was also related with the size of companies in terms of net sales both for public and private sector companies. On the other hand rate of return and earnings margin had no effect on the extent of disclosure of social responsibility according to their study.

Vasal, V.K. (1995) conducted a research study on social responsibility disclosures based on a sample of central public sector undertakings in India between 1988 to 1991.The study concluded that majority of the disclosures regarding social responsibility were made either in Director’s Report or Schedule to Accounts or Notes to Accounts. Profit and Loss Account and Balance Sheet did not contain a single information item on social accounting.

8. Research Methodology

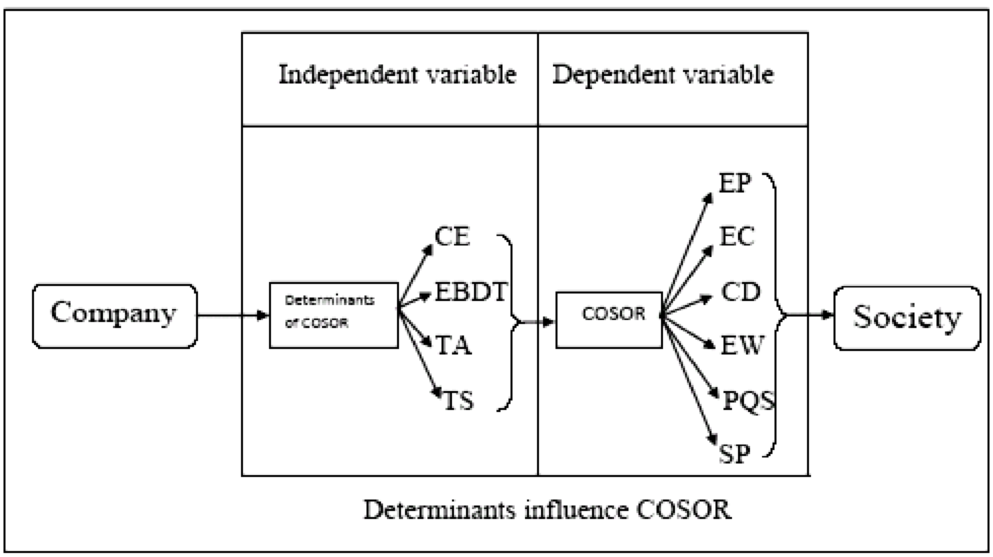
8.1 Population and Sample

Population consists of companies listed in Bombay Stock Exchange and National Stock Exchange in India. A sample of 120 companies was drawn from this population using judgement sampling method. They were stratified by ownership into public sector and private sector companies.

8.2 A Conceptual Model of Corporate Social Reporting

A conceptual model of corporate social reporting was developed by review of literature and content analysis of annual reports of the companies as given in Figure 1. The model consists of four independent variables a) capital employed (CE); b) earnings before depreciation and tax (EBDT); c) total assets (TA); d) total sales (TS); and six dependent variables a) environment protection (EP); b) energy conservation(EC); c) Community development (CD); d) employees' welfare (EW); e) product quality and safety (PQS); f) stakeholders' protection (SP).

Figure 1. A Conceptual Model of Corporate Social Reporting



8.3 Construction of the Corporate Social Reporting Index

A corporate social reporting index was constructed for six dependent variables as shown in Figure 1. These six factors consist of 40 measurement items.

Table 1. Operational Measures for Corporate Social Reporting Index

Factors	Operational Measures
1.ENVIRONMENT PROTECTION (EP)	Pollution control, Compliance with environment regulations, Conservation of natural resources, Use of recycled materials, Economy in use of resources, Efficiency in use of resources, Environmental awareness programmes, Environment protection awards, Environment friendly initiatives, Wildlife conservation.
2.ENERGY CONSERVATION (EC)	Energy management policies, Energy conservation awareness programmes, Use of alternative energy sources, Conservation of energy, Promotion of energy efficient products.
3-COMMUNITY DEVELOPMENT (CD)	Donations in cash for community development, Contributions in kind for community development, Scholarships to meritorious students, Support to Economically weaker sections of the society, Contribution to community health and hygiene, Funding to research and educational activities, Conducting community awareness programmes, Involvement in government sponsored community programmes.
4-EMPLOYEES' WELFARE (EW)	Employee health and safety, Employee training and Development, Employee remuneration, Employee stock option schemes, Employee promotion, Employment security, Employee counselling, Social security schemes to employees
5-PRODUCT QUALITY AND SAFETY (PQS)	Product quality, Product safety, Product research and Development.
6-STAKEHOLDERS' PROTECTION (SP)	Customer satisfaction, Redressal of Customer complaints, Ethical business practices, Employment of minorities, women and specially advantaged groups, Supplier relations, Investors protection.

8.4 Reliability and validity

The internal consistency method (Nunally, 1978) was chosen to assess the reliability of the research instrument used in this study. The internal consistency of a set of measurement items refers to the degree to which items in the set are homogeneous. Internal consistency can be estimated using a reliability coefficient such as Cronbach's alpha (Cronbach, 1951). Cronbach's alpha is computed for a scale based on a given set of items. Using the reliability program (Hull and Nie, 1981) an internal consistency analysis was performed separately of the items of each of the six categories of the corporate social repoting. Table-2 presents the reliability co-efficient associated with the six factors of corporate social reporting. The reliability co-efficient ranged from .71 to 83 for the dimensions scores. Typically, reliability coefficient of 0.7 or more are considered adequate (Cronbach,1951; Nunnally, 1978). Accordingly the scale used here was judged to be reliable.

Table 2. Results of Reliability Analysis

Factors	No. of items	Mean	SD	Cronbach's Alpha
Environment Protection (EP)	10	.69	.24	.77
Energy Conservation (EC)	5	.67	.30	.76
Community Development (CD)	8	.72	.26	.80
Employees Welfare (EW)	8	.62	.21	.71
Product Quality & Safety (PQS)	3	.82	.30	.83
Stake holders Protection (SP)	6	.71	.29	.80

To investigate the predictive validity of the instrument, Pearson co-efficient of correlation was used to analyse correlation among the six factors and the overall reporting. Table 3 shows that all dimensions were significantly correlated with overall reporting at the 0.001 significance level.

Table 3. Correlation co-efficient between variables

Factors	EP	EC	CD	EW	PQS	SP	OVERALL
EP	1.000						
EC	.615*	1.000					
CD	.601*	.522*	1.000				
EW	.545*	.439*	.322*	1.000			
PQS	.588*	.438*	.525*	.450*	1.000		
SP	.473*	.494*	.536*	.376*	.582*	1.000	
OVERALL	.854*	.756*	.791*	.690*	.739*	.736*	. 1.000

*Correlation is significant at the 0.001 level (2-tailed)

8.5 Item to scale correlations

Nunnaly (1978) developed a method to evaluate the assignment of items to scales. The method considers the correlation of each item with each scale. Specifically, the item-score to scale-score correlations are used to determine if an item belongs to the scale as assigned, belongs to some other scale, or if it should be eliminated if an item does not correlate highly with any of the scales, it is eliminated.

Table 4 shows the correlation matrix for six scales (labeled as scale ….). For example in first factor item 1 has correlations of 0.61, 0.41, 0.47, 0.40, 0.43, and 0.44 with the six scales. Since scale 1 is the average of 1 to 10, high correlation between scale 1 and item 1 is expected. In addition, since item 1 showed relatively smaller correlations with other scales, it was concluded that it has been assigned appropriately to scale 1. All other items were similarly examined.

Table 4. Item to Scale Correlation Matrix for Factors of Corporate Social Reporting Index

Factors	Item Number	Scale					
		1	2	3	4	5	6
Scale :1 **ENVIRONMENT PROTECTION (EP)**	1	**.61**	.41	.47	.40	.43	.44
	2	**.60**	.34	.28	.35	.31	.17
	3	**.55**	.25	.38	.24	.38	.27
	4	**.51**	.41	.20	.22	.33	.30
	5	**.47**	.27	.17	.12	.21	.13
	6	**.48**	.31	.39	.34	.24	.21
	7	**.59**	.41	.45	.37	.45	.28
	8	**.56**	.36	.33	.31	.33	.30
	9	**.44**	.24	.26.	.25	.18	.14
	10	**.55**	.31	.34	.34	.30	.29
Scale :2 **ENERGY CONSERVATION (EC)**	1	.41	**.66**	.45	.37	.31	.45
	2	.46	**.66**	.29	.31	.34	.43
	3	.39	**.68**	.28	.23	.25	.28
	4	.23	**.52**	.15	.18	.12	.09
	5	.45	**.65**	.45	.30	.35	.29
Scale:3 **COMMUNITY DEVELOPMENT (CD)**	1	.43	.39	**.66**	.25	.49	.51
	2	.32	.22	**.48**	.19	.23	.30
	3	.38	.39	**.73**	.09	.38	.43
	4	.43	.41	**.56**	.30	.38	.43
	5	.33	.34	**.48**	.19	.16	.12
	6	.35	.31	**.65**	.19	.32	.35
	7	.22	.07	**.48**	.08	.19	.07
	8	.39	.33	**.66**	.25	.31	.28
Scale:4 **EMPLOYEES' WELFARE (EW)**	1	.28	.21	.16	**.58**	.21	.24
	2	.38	.26	.28	**.53**	.31	.18
	3	.42	.37	.34	**.60**	.43	.41
	4	.05	-.02	-.06	**.30**	.04	-.12
	5	.41	.28	.27	**.60**	.17	.12
	6	.22	.21	.34	**.48**	.28	.21
	7	.17	.26	.01	**.52**	.22	.24
	8	.31	.27	.19	**.56**	.40	.36
Scale:5 **PRODUCT QUALITY AND SAFETY (PQS)**	1	.37	.22	.30	.39	**.76**	.41
	2	.55	.43	.48	.47	**.81**	.46
	3	.44	.37	.43	.25	**.74**	.48
Scale:6 **STAKEHOLDERS' PROTECTION (SP)**	1	.30	.39	.37	.16	.43	**.70**
	2	.35	.32	.35	.30	.38	**.64**
	3	.37	.32	.50	.24	.43	**.72**
	4	.45	.42	.50	.49	.49	**.60**
	5	.24	.26	.10	.18	.30	**.61**
	6	.14	.23	.28	.11	.24	**.47**

As seen in Table 4, all items having high correlations with the scales to which they were originally assigned relative to all other scales. Accordingly, it was concluded that all items had been appropriately assigned to scales. Since the detailed item analysis results were satisfactory, the items reported in Table 4 are the final scales of items.

8.6 Data Collection and Analysis

Corporate Social Reporting Index was used for data collection through content analysis from corporate annual reports, chairman's speech, directors' reports, notes to accounts, and schedule to accounts and auditor's report for year 2009-2010.

Uni-variate and Bi-variate statistical techniques were used for data analysis and testing of hypotheses with the help of Statistical Package for Social Sciences (SPSS). Uni-variate analysis consisted of descriptive statistics such as mean, standard deviation and percentages. Bi-variate anlaysis such as analysis of variance (ANOVA) and simple regression analysis was used to test of hypotheses.

8.7 Simple Regression Model

This study has identified Corporate Social Reporting (COSOR) as dependent variable and capital employed, earning before depreciation and tax, total assets and total sales as dependent variables for simple regression analysis.

$Y = \beta_0 + \beta_1 X_1 + e$

Y is Dependent Variable – Corporate Social Reporting (COSOR) of the companies.

$\mathbf{X_1}$ is Independent Variable capital employed, EBDT, total assets and total sales by the companies.

9. Results of the Study

Corporate Social Reporting in the annual reports of the public and private sector companies is presented in Table No.5.

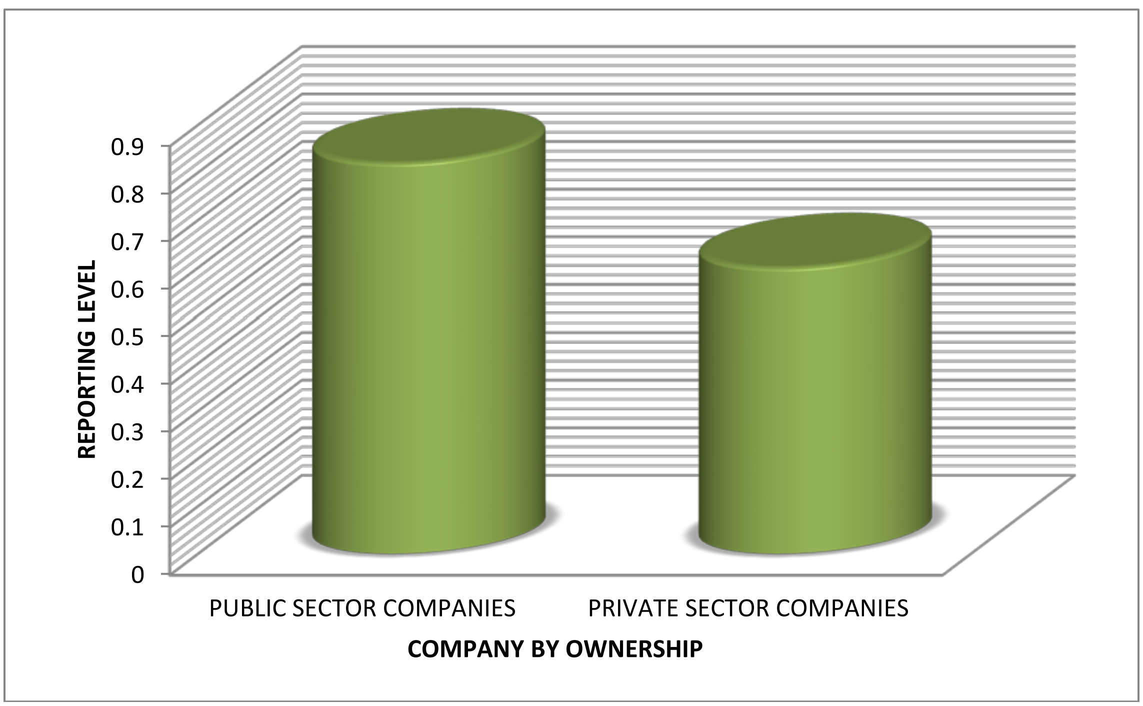
Table- 5. Corporate Social Reporting by ownership of companies

Sl. No.	Items	Public Sector Companies (60 cos.)		Private Sector Companies (60 cos.)		All Companies (120 cos.)	
		Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**
1. Environment Protection Reporting		**.81**	**.14**	**.58**	**.27**	**.69**	**.24**
1.1	Pollution control	1.00	.00	.70	.46	.85	.36
1.2	Compliance with Environment regulations	.85	.36	.60	.49	.74	.44
1.3	Conservation of natural resources	.83	.38	.58	.49	.71	.46
1.4	Using recycled materials	.70	.46	.50	.50	.58	.50
1.5	Economy in use of resources	.75	.44	.67	.49	.72	.45
1.6	Efficiency in use of resources	.78	.42	.60	.49	.66	.48
1.7	Environmental awareness programmes	.97	.18	.58	.50	.77	.42
1.8	Environment protection award	.57	.50	.33	.48	.44	.50
1.9	Environment friendly initiatives	.95	.22	.70	.47	.82	.39
1.10	Wildlife conservation	.73	.45	.48	.50	.59	.49
2. Energy Conservation Reporting		**.83**	**.21**	**.61**	**.33**	**.68**	**.30**
2.1	Energy management policy	.70	.46	.55	.50	.57	.50
2.2	Energy conservation awareness programmes	.92	.28	.58	.50	.71	.46
2.3	Use of alternative energy sources	.82	.39	.58	50.	.67	.47
2.4	Conservation of energy	.93	.25	.75	.44	.80	.40
2.5	Promotion of energy efficient products	.77	.43	.60	.49	.63	.49
3.Community Development Reporting		**.78**	**.22**	**.67**	**.30**	**.72**	**.26**
3.1	Donation in cash for community development	.70	.46	.63	.49	.68	.47

3.2	Contributions in kind for community development	.87	.34	.77	.43	.82	.39
3.3	Scholarships to meritorious students	.62	.49	.53	.50	.58	.50
3.4	Support to economically weaker sections of the society	.92	.28	.63	.49	.77	.42
3.5	Contribution to community health and hygiene	.87	.34	.73	.45	.79	.41
3.6	Funding to research and educational activities	.72	.45	.65	.48	.66	.48
3.7	Conducting community awareness programmes	.80	.40	.80	.40	.80	.40
3.8	Involvement in government sponsored community programmes	.72	.45	.63	.49	.65	.48
4. Employees Welfare Reporting		**.74**	**.12**	**.57**	**.23**	**.62**	**.21**
4.1	Employee health and safety	.93	.25	.77	.43	.81	.40
4.2	Employee training and development	.90	.30	.67	.48	.74	.44
4.3	Employee remuneration	.88	.32	.65	.48	.70	.46
4.4	Employee stock option schemes	.58	.50	.43	.50	.53	.50
4.5	Employee promotion	.83	.38	.65	.48	.67	.47
4.6	Employment security	.77	.43	.63	.49	.62	.49
4.7	Employee counseling	.97	.18	.73	.45	.78	.42
4.8	Social security schemes to Employees	.85	.36	.67	.48	.73	.44
5. Product Quality & Safety Reporting		**.92**	**.19**	**.73**	**.35**	**.82**	**.30**
5.1	Product quality	.90	.30	.75	.44	.83	.38
5.2	Product safety	.97	.18	.68	.47	.83	.38

5.3	Product research and development	.88	.32	.75	.44	.82	.39
6.	**Stakeholders' Protection Reporting**	**.78**	**.24**	**.65**	**.32**	**.71**	**.29**
6.1	Customer satisfaction	.85	.36	.75	.44	.79	.41
6.2	Redress of customer complaints	.85	.36	.65	.48	.73	.44
6.3	Ethical business practices	.80	.40	.65	.48	.73	.45
6.4	Employment of minorities, women and specially advantaged groups	.95	.22	.63	.49	.78	.42
6.5	Supplier relations	.55	.50	.48	.50	.53	.50
6.6	Investors protection	.68	.47	.73	.45	.68	.48
	Overall Score	**.82**	**.12**	**.60**	**.21**	**.71**	**.20**

Figure 2. Corporate Social Reporting by Ownership of Companies



Corporate social reporting in the annual reports of the public and private sector companies is presented in Table 5 and Figure 2. The average disclosure scores environmental protection reporting of public sector companies varies from 0.57 to 1.00, while that of private sector companies varies from 0.33 to 0.70 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.00 to 0.50 with spread of 0.50, while that of private sector companies varies from 0.46 to 0.50 with spread of 0.04. The mean scores are reliable as the standard deviation of these scores is minimum, though more variation is observed in public sector companies.

The average disclosure scores energy conversation reporting in the annual reports of public sector companies varies from 0.70 to 93, while that of private sector companies varies from 0.55 to 0.75 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.25 to 0.46 with spread of 0.21, while that of private sector companies varies from 0.44 to 0.50 with spread of 0.06. More variation is observed in public sector companies.

The average disclosure scores of community development reporting in public sector companies varies from 0.62 to 0.92, while that of private sector companies varies from 0.53 to 0.80 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.28 to 0.49 with spread of 0.21, while that of private sector companies varies from 0.40 to 0.50 with spread of 0.10. More variation is observed in public sector companies.

The average disclosure scores employees' welfare reporting of public sector companies varies from 0.58 to 0.97, while that of private sector companies varies from 0.43 to 0.77 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.18 to 0.50 with spread of 0.32, while that of private sector companies varies from 0.43 to 0.50 with spread of 0.07. More variation is observed in public sector companies than in private sector companies.

The average disclosure scores of product quality and safety reporting in the public sector companies varies from 0.88 to 0.97, while that of private sector companies varies from 0.68 to 0.75 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.18 to 0.30 with spread of 0.12, while that of private sector companies varies from 0.44 to 0.47 with spread of 0.03. More variation is observed in public sector companies.

The average disclosure scores of stakeholders' protection reporting in the public sector companies varies from 0.55 to 0.95, while that of private sector companies varies from 0.48 to 0.75 in the scale of 0 to 1. The standard deviation of the mean scores of public sector companies varies from 0.22 to 0.50 with spread of 0.28, while that of private sector companies varies from 0.44 to 0.50 with spread of 0.06. More variation is observed in public sector companies.

9.1 . Results of ANOVA

One way ANOVA was used to test whether there is a significant difference in corporate social reporting level between public and private sector companies. The following hypothesis was formulated for testing.

H_0: There exist no significant difference in corporate social reporting between public sector and private sector companies.

H_1: There exists significant difference in corporate social reporting between public sector and private sector companies.

Table 6 Results of ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Environment Protection Reporting	Between Groups	1.900	1	1.900	45.284	.000*
	Within Groups	4.951	118	.042		
	Total	6.851	119			
Energy Conservation Reporting	Between Groups	2.821	1	2.821	43.959	.000*
	Within Groups	7.573	118	.064		
	Total	10.395	119			
Community Development Reporting	Between Groups	.408	1	.408	6.127	.015**
	Within Groups	7.865	118	.067		
	Total	8.273	119			
Employees Welfare Reporting	Between Groups	1.844	1	1.844	68.669	.000*
	Within Groups	3.168	118	.027		
	Total	5.012	119			
Product Quality & Safety Reporting	Between Groups	1.070	1	1.070	13.495	.000*
	Within Groups	9.359	118	.079		

	Total	10.430	119			
Stakeholders' Protection Reporting	Between Groups	0.650	1	.650	8.305	.005**
	Within Groups	9.238	118	.078		
	Total	9.889	119			
Corporate social reporting overall score	Between Groups	1.425	1	1.425	48.607	0.000*
	Within Groups	3.458	118	0.029		
	Total	4.883	119			

Notes: **Significant; *Highly significant

The results of ANOVA are given in Table 6. The ANOVA results rejects the null hypothesis and accepts the research hypothesis as the p-value associated with the mean corporate social reporting disclosure level between the public and private sector companies is <0.001. Detailed ANOVA results show that the mean environment protection, energy conservation, employees' welfare, product quality and safety disclosure level between the public and private sector companies is <0.001 and community development and stakeholders' protection disclosure level between public and private sector companies is < 0.005. The study found that public sector companies have disclosed more information than the private sector companies.

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9.2 . DETERMINANTS OF CORPORATE SOCIAL REPORTING

This section presents the results of an empirical study of determinants of corporate social reporting in Indian companies. They include capital employed, earnings before depreciation and tax, total assets and total sales. The results are given in Table 7.

Table 7 Determinants of public and private sector companies (Amount in crores)

Sl.No.	Items	Public Sector Companies		Private Sector Companies		All Companies	
		Mean	**SD**	**Mean**	**SD**	**Mean**	**SD**
1.	**Capital employed**	**26,515**	**5,555**	**31,974**	**93,184**	**35,317**	**1,13,595**
2.	**EBDT**	**5,030**	**16,850**	**9,873**	**44,243**	**7,452**	**33,425**
3.	**Total assets**	**70,043**	**2,21,103**	**53,135**	**2,81,381**	**61,589**	**2,52,121**
4.	**Total sales**	**44,223**	**1,71,937**	**59,225**	**2,67,485**	**51,724**	**2,24,025**

The following hypothesis was formulated for testing.

$H_{0:}$ The level of corporate social reporting (COSOR) is significantly unaffected by the capital employed, earnings before interest and tax, total assets and total sales by the companies.

H_1:The level of corporate social reporting (COSOR) is significantly affected by the capital employed, earnings before interest and tax, total assets and total sales by the companies.

Table 8 - Results of Regression Analysis

Determinants	Public sector companies			Private sector companies			All companies		
	Beta	**t-Value**	**p-Value**	**Beta**	**t-Value**	**p-Value**	**Beta**	**t-Value**	**p-Value**
Capital employed	.295	2.35	0.022**	.484	4.22	0.000*	.321	3.68	0.000*
EBDT	.400	3.321	0.002*	.360	2.942	0.005*	.266	2.992	0.003*
Total assets	.350	2.841	0.006*	.292	2.323	0.024**	.275	3.113	0.002*
Total sales	.337	2.723	0.009*	.343	2.782	0.007*	.268	3.028	0.003*

Notes: *Significant at 0.001 level; **Significant at 0.005 level

The results of simple regression analysis are presented in Table 8. The simple regression results accepts the alternative hypothesis and rejects the null hypothesis as the p-value associated with the regression coefficient values is < 0.001 and < 0.05. The results show that corporate social reporting is positively influenced by the level of capital employed, earnings before interest and tax, total assets and total sales of companies.

10. Conclusion

Corporate social reporting is a gesture to demonstrate organisation's commitment towards sustainability. It is a tool through which organisation extends dialogue with its stakeholders. It involves measurement and reporting of internal and external information concerning the impact of an activity on society. As the companies, have been increasing, involved in international trade and investment, corporate social reporting has gained momentum as a tool of dialogue with stakeholders. This study attempted to answer the research questions raised in the beginning of this paper.

The main conclusions emerged from the study is that there is a significant difference in corporate social disclosure level between public and private sector companies. The study found that public sector companies have disclosed more corporate social reporting information than the private sector companies. The study found that level of corporate social reporting was positively and significantly influenced by the level of capital employed by companies. However, the degree of influence of level of capital employed on corporate social reporting was low in private sector companies. The study found that corporate social reporting was positively but insignificantly influenced by the level of capital employed by the large size, medium size and small size companies. The level of corporate social reporting was positively and significantly influenced by the level of EBDT of companies. The study found that higher the level of EBDT, higher was the level of corporate social reporting. However, the degree of influence of EBDT on corporate social reporting was high in case of public sector companies than private sector companies.

The level of corporate social reporting was positively and significantly influenced by the level of total assets of companies. The study found that higher the level of total assets, higher was the level of corporate social reporting. However, the degree of influence of total assets on corporate social reporting was high in case of public sector companies than private sector companies.

Most of the companies have disclosed corporate social information on voluntary basis. To improve the understandably, uniformity, and comparability of corporate social information, this study suggests making it mandatory. A standard format for disclosure of corporate social information shall be prescribed by the Ministry of Corporate Affairs by amending the Indian Companies Act. The concept of social accounting is relatively new in India. This study suggests to include it in the commerce curriculum and also in the curriculum of CA/CWA/CS.

Academic research in the area of social accounting and corporate social reporting shall be encouraged by the industries and funding agencies alike UGC, ICSSR to strengthen the research in this area. The government should give incentives like differential tax treatment, subsidies, rebates, guarantees, depreciation allowances, etc., so that corporations can take more social programmes. The companies should define their social goals, make plans for achieving these goals, execute these plans properly measure their social performance and get their social performance audited by the independent persons. Corporate social reporting of companies requires more attention of their top management. Corporate Social Reporting is such a vast area of research that no single study can cover different dimensions related to it. Though some studies including the present study have been conducted on Corporate Social Reporting Practices in India, but still there is much potential of research in this area. Future research in this area will hopefully bring more brightening result measuring and analysing social costs and benefits data by the manager as well as by other concerned. Since the subject is in the primary stage, an in-depth research is needed to be done in different sectors such as banking, information technology, manufacturing etc. The results of the study are based on corporate social reporting in a sample of One Hundred and Twenty companies drawn from the population of companies listed in Bombay Stock Exchange and National Stock Exchange in India. The results are specifically applicable to sample companies and generalisations can be made with caution. The results of the study are based on the data collected from published annual reports of sample companies using content analysis method. Corporate social reporting in company websites, brochures etc are not covered. Social cost and benefit analysis is not covered in this study.

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