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# CORPORATE SOCIAL REPORTING PRACTICES: A STUDY OF PROFESSIONALS OF PUNJAB AND HARYANA

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## Abstract

Corporate social reporting is the concept which companies are using to a greater extent. Companies have become more sensitized of their roles and responsibilities towards society and society at large. This paper examined the views of professionals on corporate social reporting practices of Indian companies. Primary data in the form of structured questionnaire is prepared and filled from 100 chartered accountants and academicians belong to Punjab and Haryana. Descriptive statistics is used for the study. The study highlights that larger companies disclose more social information as compared to smaller companies. Further, it is also suggested that the benefits of providing social information to the public is more than the cost of providing such information.

**Keywords:** Corporate, Professionals, Punjab, Haryana.

## 1. INTRODUCTION

Corporate social reporting may be defined as “Reporting on the social impacts of its activities; effectiveness of its social programs; discharge of its social responsibilities; stewardship of its own social resources” (Guthrie and Parker, 1989). Perks (1993) provides a definition of Corporate Social Responsibility (CSR) and disclosure when he states that it involves reporting by companies and other organizations about wider social and economic aspects of the organizations performance than profit and financial position alone. Gray et.al (1996) noted that corporate social reporting practices appear to vary across the world. The different levels of social and environmental reporting are influenced by the domicile of the company.

Though there is almost unanimity among the researchers regarding the need for disclosing corporate social responsibility information, but due to lack of standardized formats and regulatory provisions credibility of information, use of social reporting to compensate for mediocre performance

(Coope, 2004) remains a challenge. Fukukawa and Moon (2004) contended that CSR communication and action are interrelated functions rather than mutually exclusive. Singh and Tandon (2011) examined that after the introduction of Global Reporting Initiative (GRI) guidelines in the last one decade or so, many companies have started bringing out sustainability reporting in standardized form for the benefit of the stakeholders. They also concluded that many banks not yet integrated social and environmental activities of their operations and no bank has addressed human rights

## **2. REVIEW OF LITERATURE**

Hackston and Milne (1996) established that both size and industry are significantly associated with amount of corporate social disclosure, where as such an association could not be proved with profitability. In addition, the results indicated that the size-disclosure relationship is much stronger for the high-profile industry in New Zealand than for the low-profile industry companies.

Kilcullen and Koolstra (1999) focused on changing role of business ethics and CSR. They found that CSR has taken hold as a movement and though some organizations still indulge in unethical behavior but many more firms take social responsibility towards their stakeholders.

Belal (2001) pointed towards lack of adequate research in corporate social responsibility disclosures been in the context of developing countries. This study reported the results of a survey of CSR practices in Bangladesh. In addition to measuring the extent and volume of disclosures by using content analysis, it explored the socio-political and economic context in which these disclosures take place.

Agarwal (1992) in his study attempted to evaluate and compare the divergent social disclosure practices in both private as well as public sector in India. The sample size was 20 companies. The technique used was content analysis with weights for some items in the disclosure. The researcher found that most of the social information was disclosed in Director's report or in separate form or by way of notes to the accounts or schedule. He found that the most of the information was presented using non quantitative description technique.

## **3. Research Methodology**

Research Methodology is the way to systematically solve the research problem. It may be understood as science of study how research is done scientifically.

## **4. Objectives of the study**

The major objective of the study is to analyze the perceptions of professionals; namely chartered accountants and academicians on Corporate Social Reporting practices of Indian companies

**5. Research Design-** The research design used for the study is exploratory research design.

**Sampling Unit-** The research is based on the views of chartered accountants and academicians

**Sample Size-** Sample size taken for the study is 100 professionals.

**Sample Area-** A survey is based on the chartered accountants and academicians of Punjab and Haryana.

**Sampling Technique-** Simple random sampling technique is used for the study.

**Research Instrument-**A structured questionnaire containing 10 questions is used for conducting the study.

**Data Collection-**The study is based on primary data. The primary data is collected through structured questionnaire. All possible efforts are made to gather information in a rational way to remove biasness.

**Tools Used for Analysis-**To analyze the data, descriptive statistics is used as a tool for the study.

#### **Limitation of the Study**

- This study is done in a limited time span.
- The present study is based on only Punjab and Haryana, so the study may not be applicable to other areas.
- Although every effort has been made to include the points in the questionnaire, yet some of the points may be left out.
- The study obtain from the respondents may be inaccurate because of misinterpretation and misunderstanding on the part of the respondents.

### **5. DIVISION OF PROFESSIONALS**

**Table 1 (Respondents Data)**

<b>Age (years)</b>	<b>Chartered Accountants (C.A.)</b>	<b>Academicians (Acds.)</b>
20-30	12	20
31-40	17	14
41-50	18	14
Above 50	3	2
Total (100)	50	50

Table 1 describes that out of 50 chartered accountants, 12 belongs to the age group of 20-30 years, 17 belongs to 31-40 years, 18 belongs to 41-50 years and 3 chartered accountants belongs to above 50 years. There are 20 academicians of the age group of 20-30 years, 14 academicians from the age

group of 31-40 and 41-50 who filled the questionnaire and 2 academicians are from the age group of above 50 years.

## 5. PERCEPTIONS OF PROFESSIONALS

### 5.1. Larger companies disclose more social information as compared to smaller companies

**Table- 2 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Larger companies disclose more social information as compared to smaller companies	100	1.00	3.00	1.81	.61455	.378
Valid N (list wise)	100					

**Interpretation:** According to table 2, the mean score of the respondents is 1.81. From the table, it is inferred that most of the respondents agree that larger companies disclose more social information as compared to smaller companies.

### 5.2. The aim of the business is social welfare not only earning profit

**Table- 3 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
The aim of the business is social welfare not only earning profit	100	1.00	3.00	1.82	.70180	.493
Valid N (list wise)	100					

**Interpretation:** Table 3 describes the mean score of the respondents is 1.82. From the table it is inferred that most of the respondents agree that the aim of the business is social welfare not only earning profit.

**5.3. Social responsible companies enjoy many benefits in comparison to the cost incurred on the social activities**

**Table- 4 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Social responsible companies enjoy many benefits in comparison to the cost incurred on the social activities	100	1.00	4.00	2.41	1.055	1.113
Valid N (list wise)	100					

**Interpretation:** According to table 4, the mean score of the respondents is 2.41. The table shows that social responsible companies enjoy many benefits in comparison to the cost incurred on the social activities. None of the respondent is strongly disagree with the statement.

**5.4. Corporate social reporting companies survive hard times easily**

**Table- 5 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Corporate social reporting companies survive hard times easily	100	1.00	4.00	2.04	0.96316	0.928
Valid N (list wise)	100					

**Interpretation:** According to table 5, the mean score of the respondents is 2.04. The table shows that maximum of the respondents agree that corporate social reporting companies survive hard times easily. None of the respondents have ticked strongly disagree option

**5.5. Motives deriving corporate social responsibility disclosures (Rank 1 to 4)**

**Table- 6**

Statements	Rank-1	Rank-2	Rank-3	Rank-4
Enhanced goodwill with customers	13	43	34	10
Increased short term profitability	8	19	18	55
Long term sustainability	30	17	28	25
Competitive advantage	49	21	20	10

**Interpretation-** In order to analyze the motives deriving corporate social responsibility disclosures, respondents were asked to rank the statements. Competitive advantage is ranked first implying that the main aim of disclosing corporate social responsibility activities is competitive advantage whereas least rank is given to the statement increased short term profitability.

#### 5.6. Location of corporate social responsibility practices in annual reports (Rank 1 to 5)

**Table- 7**

Statements	Rank-1	Rank-2	Rank-3	Rank-4	Rank-5
Director's Report	18	32	20	16	14
Separate Report	32	19	22	18	9
Management Discussion and Analysis	25	23	25	14	13
Financial Statements	19	13	20	34	14
Chairman's statement	6	13	13	18	50

**Interpretation:** The respondents were asked to rank the location of corporate social responsibility practices in annual reports. Separate report is given preference by maximum respondents and minimum rank is given to chairman's statement.

#### 5.7. The step of government in fixing 2 per cent of net profit towards CSR on the eligible companies will prove beneficial to the society

**Table- 8 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
The step of government in fixing 2 per cent of net profit towards CSR on the eligible companies will prove beneficial to the society	100	1.00	4.00	1.68	0.97318	0.947
Valid N (list wise)	100					

**Interpretation:** According to table 8, the mean score of the respondents is 1.68. The table shows that most of the respondents are in favor of the statement that the step of government in fixing 2 per cent of net profit towards CSR on the eligible companies will prove beneficial to the society.

**5.8. Social Information Disclosure should be made in descriptive, quantitative or monetary form**

**Table-9 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Social information disclosure should be made in descriptive, quantitative or monetary form	100	1.00	3.00	1.9	0.56282	0.317
Valid N (list wise)	100					

**Interpretation:** According to table 6.1 the mean score of the respondents is 1.9. From the table, it is inferred that most of the respondents agree that social information disclosure should be made in quantitative form.

**5.9. Social policies should be disclosed to the public**

**Table- 10 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Social policies should be disclosed to the public	100	1.00	4.00	2.3800	1.08040	1.167
Valid N (list wise)	100					

**Interpretation:** According to table 10, the mean score of the respondents is 2.38. The table shows that most of the respondents agree that the Social policies should be disclosed to the public. None of the respondents strongly disagree with the statement.

#### 5.10. Social audit should be carried in the organization

**Table- 11 (Descriptive Statistics)**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Social audit should be carried in the organization	100	1.00	4.00	2.14	0.94302	0.889
Valid N (list wise)	100					

**Interpretation:** According to table 11 the mean score of the respondents is 2.14. The table shows that maximum of the respondents agree that social audit should be carried in the organization

### 6. FINDINGS OF THE STUDY

- Large companies disclose more social information as compared to smaller companies.
- The aim of the business is not only to earn profit but also welfare of the society.
- Benefits of disclosing social information is greater than the cost of providing such information.
- Most of the respondents agree that the step of making CSR mandatory for eligible companies will be beneficial to the society.
- Most of the respondents agree that social disclosure should be made in quantitative form.
- Social policies should be disclosed to the society and audit must be carried out in the organization



## 7. RECOMMENDATIONS AND CONCLUSION

Corporate social reporting is catching the attention of academicians, researchers, and policy makers along with corporate. The concept is being embraced with wide recognition all across the globe, especially in developing and underdeveloped countries. The following are the suggestions based on findings:

- The companies should disclose their social policies and practices to the society.
- Government should keep a close watch on the social practices of companies.
- Companies should disclose the information descriptively, quantitatively and monetarily.
- The public must pressurize the companies to adopt fair CSR policies.
- A proper place should be fixed in the annual reports disclosing social practices adopted by companies.

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