
Social Responsibility Disclosure: an Analysis of Current reporting Scenario in India

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INTRODUCTION:

Financial Accounting has always been a major tool to assess the performance of the firms and to measure the monetary outcomes at the end of the financial year. Gradually the concept of Management Accounting emerged as an important tool to aid the stakeholders in taking important policy decisions. Sustainability Reporting is a contemporary approach to integrate management accounting, corporate reporting and strategic management. It can be stated as the whole lot of communication process to both the internal and external stakeholders. Rightly stated by Gray et al. (1987:89), Corporate Social Reporting is the process of communicating environmental and social effects of organizations.

The whole lot of public disclosure is to communicate the organization's economic, environmental and social performance. The concept of 'Triple Bottom Line' as coined by John Elkington has given a boost to the present disclosure practices giving a consideration for people, planet and profit. As a new development in the area of non-financial reporting, Sustainability Reporting is taking high strides as an aid to remedy for the environmental and social impact caused globally on a widescale.

BRIEF REVIEW OF LITERATURE:

A lot of studies have been conducted in this field to determine the disclosure practices of different nations and to analyze its effect on the value of the firm and return on the shareholders' wealth.

Some of them are briefly stated below:

Hossain & Reaz (2007), Singh & Ahuja, (1983), Porwal & Sharma (1991) have explored various determinants of CSR and the inter-industry variations.

Monika Kansal, Mahesh Joshi, Gurdip Singh Batra (2014) had stated that there exists a correlation of corporate social disclosures and reputation of the company (awards, recognition etc) with the size of the companies and category of industries that has always been a significant factor that influencing the social disclosures made by the companies of Indian establishment.

Jorge A. Arevalo and Deepa Aravind (2011) in a study found that the stakeholder approach is more favoured by Indian firms and that the moral intention, followed by the profit motive, are the most important drivers for Indian firms to undertake CSR activities.

R.K. Mittal, Neena Sinha and Archana Singh (2008) has reported that there is meagre evidence that companies following an ethical code of conduct would generate significantly enhanced economic value added (EVA) and market added value (MVA) than those without codes.

Ruchi Tewari (2011) has stated that both Indian companies and the MNCs target as well as lay down priority to similar stakeholder group for their CSR communication but the area of focus for each of the particular stakeholder differs.

OBJECTIVE OF THE STUDY:

The study is conducted to attain the following objectives:

To determine the sustainability reporting practices of the Indian organizations from different industrial sectors.

To analyze the impact of reporting practices on various dimensions of Asia-Pacific countries.

RESEARCH METHODOLOGY:

For the attainment of the above-defined objective, data has been collected from various secondary sources viz. SDD-GRI Database, Global Reporting Initiative Guidelines, Business Responsibility Reporting reports, Articles, Journals and other online sources. Tables and Bar Diagrams have been used for analysis of the same. In total of 38 sectors of the country has been chosen from the database and their reporting trend has been determined. Thus it is a descriptive study to determine the impact of reporting sustainability practices on the economy as a whole.

GLOBAL MEASURES IN REPORTING SUSTAINABILITY PRACTICES:

An initiative taken at a global level to standardize non-financial reporting (NFR) to be accepted and adopted internationally is Global Reporting Initiative (GRI). It is a multi-stakeholder, long durational -----

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global process with an aim to disseminate and to bring about an improvement in Sustainability Reporting Guidelines to be applied world-wide. With its headquarters in Amsterdam (Netherland), GRI is considered to be an independent and permanent organization. The Board of Directors has fiduciary, financial, regulatory and strategic responsibilities for GRI. With an aim to assist reporters in preparing sustainability reports that contain important information about the critical sustainability related issues, GRI has launched G4 Sustainability Guidelines in the year 2013.

GRI has formulated two different types of Standard Disclosures:

1. GENERAL STANDARD DISCLOSURES which is applicable for all the companies preparing sustainability reports:

- Organizational Profile
- Governance
- Stakeholder Engagement
- Identified Material Aspects and Boundaries
- Ethics and Integrity
- Report Profile
- Strategy and Analysis

2. SPECIFIC STANDARD DISCLOSURES which focuses on three different aspects viz. Economic, Environmental and Social.

Disclosure relating to each identified material aspect that can be stated as:

- Indicator
- Disclosures on Management Approach

REPORTING PRACTICES IN THE INDIAN CONTEXT:

The Ministry of Corporate Affairs (MCA) has launched Corporate Social Responsibility Voluntary Guidelines in 2009 to address the six core elements concerning best governance and environmental practices. In a further move, SEBI in its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated that the annual report of a listed entity shall include BRR that would describe the initiatives taken by them from an environmental, social and governance perspective in the format prescribed by the regulatory authority [Regulation 34(2)(f)]. It is basically a disclosure on a regular basis of the adoption of responsible business practices as there is an element of public interest involved in the same.

The following is the list of different Indian Industry sectors found in the SDD-GRI database as of 1st March, 2018 and their reporting trends with reference to our country:

Industry	Total No. of Organizations	Reports found
Water Utilities	1	1
Waste Management	0	0
Universities	0	0
Toys	0	0
Tourism/Leisure	5	8
Tobacco	1	1
Textiles and Apparels	15	23
Telecommunications	7	23
Technology Hardware	3	9
Retailers	0	0
Real Estate	2	13
Railroad	0	0
Public Agency	0	0
Others	44	69
Non Profit/Services	1	0
Mining	13	39
Metal Products	19	67
Media	5	6

Logistics	8	13
Household and Personal Products	4	7
Healthcare Services	6	8
Healthcare Products	23	44
Forest and Paper Products	0	0
Food and Beverage Products	12	23
Financial Services	69	108
Equipment	10	16
Energy Utilities	16	47
Energy	23	74
Consumer Durables	9	18
Construction Materials	13	54
Construction	17	29
Conglomerates	23	89
Computers	4	15
Commercial Services	7	21
Chemicals	27	75
Aviation	4	8
Automotive	29	84
Agriculture	6	12

Source: Self-compiled from SDD-GRI Database

The report shows that the Financial Service Sector has the highest disclosure of 108 reports from 69 organizations. This is generally to protect and safeguard the interest of investors. Other areas like Automobiles, Conglomerates and Chemicals has shown a reasonable number of disclosure in their reports with 84, 89 and 75 reports respectively. Still, India is at a very nascent stage with about no company being registered or having reported in the database from Waste Management, Universities, Toys, Railroad, Retailers, Public Agency, Forest and Paper Products sectors. This shows that many of the important sectors have been ignored and the nation still has a long way to go in this regard.

IMPACT OF REPORTING PRACTICES IN THE ASIA-PACIFIC REGION:

Companies listed as members in the UN Global Compact have reported to have a positive impact on the Global Goals. The table below lists the impact in different areas of well-being of the Asia- Pacific region. Gender Inequality has seen a major reduction along with an improvement in decent work-life and growth of the economy. Highest rise has been witnessed in well-being and good health as well all infrastructural growth. Detailed list is given below:

Clean Water and Sanitation	64%
Decent Work and Economic Growth	87%
Industry, Innovation and Infrastructure	80%
Reduced Inequalities	74%
Sustainable Cities and Communities	51%
Peace, Justice and Strong Institutions	57%
Partnerships for the Goals	70%
Life on Land	52%
Life Below Water	41%
Responsible Consumption and Production	78%
Climate Action	64%

UN GLOBAL COMPACT: AN ANALYSIS OF CORPORATE PROGRESS IN ASIA PACIFIC OVERVIEW

Source: Retrieved and compiled from UN Global Compact Database

In India, the Global Compact Network India works towards streamlining the ten universally acceptable principles around the globe in relation to business activities, to extend the support system toward achieving broader goals and to set the tune for the development agenda post 2015 within the Indian context.

CONCLUSION:

Reporting of Sustainability Practices is a process that is directed towards goal setting, performance measurement and sustainable global economy which combines profitability with environmental protection. It has become a key channel in communicating the organization's environmental, social, economic and governance practices that reflects the positive and negative impacts on its surroundings. Thus, green reporting enhances profitability; value of the firm and at the same time is concerned with betterment of the society. Integrated reporting that subsists both financial and non-financial reporting are evolving as a trend in corporate reporting to provide a concise communication regarding the overall practices of the organization; thus catering the overall needs and aspirations of all the stakeholders.

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