Chapter VII

Summary of Findings

SUMMARY OF FINDINGS

7.1 Introduction

Corporate Social Reporting (CSR) is ultimately concerned with learning about the effect an organization has on society, about determining what corporate social responsibilities the organization has within society, and allows the organization to be accountable for these responsibilities. Adam (1998) claims that U.K financial executives perceive the most important role of annual reports in social reporting as improving the image and reputation of the company. In addition to annual reports, advertisements on social performance are used to disclose short and uniform social information to a wide audience to create a favourable image.

The quantity and quality of CSR may vary from one company to another. Place of disclosure of social information is not uniform across companies. Only a few Indian companies go for exclusive sustainable report. Therefore, it becomes imperative to know, what is the level of item-wise corporate social reporting by the selected companies? Does industry type, ownership, size, nationality and age of companies create differences in the level of reporting? Do the companies differ as far as the place of reporting is concerned? How many words the companies have used for reporting their social activities, in the annual reports? What is the position of the companies in corporate social reporting?

The areas of CSR on which a company may choose to focus will vary with the size of the business, the type of activity it conducts, the sector in which it operates, ownership, size and even its geographical location, i.e., nationality. Given this situation, it is necessary to know, what are the variables that influence the companies to report social activities in India? What are the variables that are associated with corporate social reporting? What are the determinants of corporate social reporting? Do the companies differ among themselves in Corporate Social Reporting?

Investors are among the prominent stakeholders. They, being the real owners of a company, expect management of their company to put their share of funds to the best use. Apart from this, they do also expect the companies in which they have invested, to stay committed to the society. Therefore, it becomes imperative to examine what do the investors think about corporate social reporting? What are the variables that influence the level of perception of investors? In order to find solutions to the questions raised above, the present study has been undertaken with the objectives, i. To examine the level of corporate social reporting, ii. To find out the determinants of corporate social reporting, iii. To ascertain the investor perception on corporate social reporting

7.2 Methodology

The study has made use of both primary and secondary data. Secondary data have been collected from the annual reports of the sample companies. The top 100 companies listed in BSE-200 have been selected for the study based on market capitalization. The annual reports of these companies form the basis for conducting content analysis. As far as annual report-based data are concerned, a five year period from 2007-08 to 2011-12 is considered. Primary data relating to investor perception on corporate social reporting have been obtained by administering a structured questionnaire. Convenience sampling procedure has been followed to identify 300 investors from whom their views on CSR have been obtained. Primary data have been collected during the period January – December 2012.

7.3 Findings

The major findings of the study are summarized under three headings. These findings are as follows,

7.3.1 Corporate Social Reporting Practice

Companies in India do carry out several activities targeted towards the society, in order to fulfil their societal obligations. Annual report is the popular medium through which the companies reflect about their contributions to the welfare of the stakeholders. In reporting these results, companies differ among themselves. In order to examine the level of corporate social reporting, analysis of the annual reports has been done and the findings are consolidated under this section.

I. Item-wise Reporting

Twenty one items under four major sections such as Environment, Community involvement, Product and Employee details have been analysed. The item-wise reporting shows that the most widely reported item is ‘Community Activities’ during all the years

‘Leave Facility’ (under Employee details) assumes less importance in their annual reports. It may be noted that TarV Vontisjarvi (2006) also came out with a similar finding. Kirsty Raubenheimer (2008) states that while employee-focused corporate social responsibility reporting is growing, environmental protection and community initiative reporting still dominate the large majority of businesses’ corporate social responsibility reports.

A. Item-wise Reporting – Small, Medium and Large Companies

The companies have been classified on the basis of net sales in order to find out the level of reporting into small, medium and large companies. Section-wise reporting is as below:

a. Environment: Compared to medium-sized companies, large and small companies have reported more on environment.

b. Community Involvement: Medium-sized companies are so enthusiastic in reporting community activities, compared to large and small companies

c. Products: Medium-sized companies have reported more product details than small and large companies

d. Employee Details: Majority of the items in employee details have been reported by medium-sized companies. The result is supported by the findings of Appah Ebimobowei (2011).

B. Item-wise Reporting – Ownership

The results of the level of reporting by Government and Non-Government companies are as follows:

a .Environment: Majority of the environment-related items have been reported by non-government companies as compared to government companies.

b. Community Involvement: Non-government companies have shown interest in contributing to community development programmes by topping up the monetary contribution made by its employees towards community development programmes.

c. Products: Government companies have reported majority of the items relating to product.

d. Employee Details: Non-government companies have given importance to employee training and education facilities.

C. Item-wise Reporting – Type of Industry

The type of industry consists of manufacturing and non-manufacturing. The results of these industries are as follows:

a.Environment: Industries which are heavy-polluting in nature, disclose more than the others. The result is supported by the findings of Appah Ebimobowei (2011)

b. Community Involvement: Manufacturing companies have shown importance in spending more on community related activities, as their level of reporting is more compared to non-manufacturing companies.

c. Products: Majority of the items relating to product have been reported by manufacturing companies whereas non-manufacturing companies have reported less.

d. Employee Details: Manufacturing companies have given importance to 'employee health and safety'. Non- manufacturing companies have shown interest in 'employee training'.

D. Item-wise Reporting – Nationality

The following paragraphs explain the results of level of reporting by Indian and multinational companies.

a. Environment: Indian companies have reported more about environmental information as compared to multinational companies.

b. Community Involvement: Indian companies have shown interest on community involvement, as their reporting on this aspect is relatively high.

c. Products: Indian companies and multinational companies have shown interest in disclosing information on safety of products.

d. Employee Details: Majority of the Indian companies have reported 'employee training'. Most of the multinational companies have concentrated on 'employee health and safety'.

E. Item-wise Reporting – Age of Companies.

In order to examine the level of reporting based on the age of companies, the companies are classified into young, middle-aged and old-aged companies. The results are as follows:

a.Environment: Young and old-aged companies have shown interest on the item 'environment action support'. The item 'conservation of natural resources' has been reported by most of the middle-aged companies.

b. Community Involvement: Young and middle-aged companies have shown interest in community activities whereas old-aged companies have given importance to the item 'support to community activity of employee'.

c. Products: The item 'safety' has been reported by all the three type of companies.

d. Employee Details: Old-aged companies have reported most of the employee details.

II. Location of Corporate Social Reporting

Almost all the sample companies have used Director's report as the place for locating social reporting. Nafez Abu-Baker (2000) also came out with similar findings. Appah Ebimobowei (2011) discovers that Directors' report is the most popular location where social accounting information is disclosed by companies in Nigeria. The result is also consistent with Mamman (2004) also has found out that Directors' report is the most preferred location of social accounting information.

III. Extent of Reporting

Content analysis has been used to examine the extent of CSR (Guthrie and Mathews, 1985; Eric W.K. Tsang, 1998; Alex Douglas et al. 2004; Parker, 2005), which shows that the companies have reported more about community involvement. It may be noted that Sunee Ratanajongkol et al. (2006) also came out with a similar finding.

i. Small Companies: Small companies have reported more about community involvement activities.

ii. Medium-sized Companies: Medium-sized companies have used more words to report community involvement activities.

iii. Large Companies: Corporate Social Reporting in different sections in terms of words has improved over the years in large companies.

iv. Government Companies: Government companies have reported more on employee details. The result is supported by the findings of Vijaya Murthy and Indra Abeysekera (2006).

v. Non-Government Companies: Non-government companies have used more words to describe their community involvement activities.

vi. Indian Companies: Indian companies have used more words about product details in 2007-08. In 2008-09, they reported more about employee details. From 2008-09, they have given importance to community involvement.

vii. Multinational Companies: Multinational companies have reported more about community involvement activities. Corroborative evidence exists in the work of Trotman (1979).

viii. Manufacturing Companies: In manufacturing companies, community involvement activities have been reported more from 2007-08 to 2010-11. In the year 2011-12, they have reported more on environmental details.

ix. Non-manufacturing Companies: Non-manufacturing companies have used more words for reporting product from 2007-08 to 2008-09. During 2009-10 and 2010-11, they have reported more on employee details and in 2011-12, they have given importance to community involvement. It may be noted that Sunee Ratanajongkol (2006) and Vijaya Murthy and Indra Abeysekera (2006) also came out with a similar findings.

x. Young companies

Words used by newly-started companies in the reporting on the section community involvement activities are found to be more.

xi. Middle Aged Companies: Middle-aged companies also have used more words in reporting on community involvement programmes.

xii. Old-aged Companies

The number of words used by old-aged companies for reporting product details is high in the years from 2007-08 to 2009-10. In 2010-11 and 2011-12, they have reported more on community involvement.

7.3.2 Determinants of Corporate Social Reporting

The findings of the variables that influence the level of corporate social reporting are summarized below:

A. All Companies

i. Variables associated with CSR

Eleven variables have been analysed in order to find out the nature and extent of relationship of these variables with CSR. Of the variables considered for correlation only six variables, namely, firm size, age, nationality, industry type, ownership and leverage alone are significantly associated with CSR.

ii. Determinants of CSR

In order to find out the variables that determine the level of corporate social reporting, the selected eleven variables have been regressed on CSR Index. The variables namely, firm size, nationality, industry, ownership, liquidity and leverage are found to significantly influence CSR. Cooke.(1989) states that larger firms are likely to be entities of economic significance so that there may be greater demands on them to provide information for customers, suppliers and analysts and governments as well as the general public.

iii. Variables prominently associated with CSR

Six variables namely, ownership, nationality, industry, leverage, dividend, firm size are prominently associated with CSR.

B. Small Companies

i.Variables associated with CSR

Correlation analysis reveals that variables like age, nationality, industry type, ownership, reserve and gross fixed asset are significantly associated with CSR.

ii. Determinants of CSR

The result of regression analysis shows that of the ten variables taken for consideration, six variables namely, age, nationality, ownership, profit, reserve and gross fixed assets are found to be significant. Hossain et al. (2004) found a negative association between ownership structure and level of voluntary disclosure by Malaysian listed firms.

iii. Variables prominently associated with CSR

Ownership, gross fixed assets, reserve, age, profit and nationality are found to be most prominently associated with CSR.

C. Medium-sized Companies

i.Variables associated with CSR

Of the ten variables, only four variables namely, industry type, profit, dividend and gross fixed assets are significantly associated with CSR.

ii. Determinants of CSR

Regression analysis has revealed that ownership, profit, dividend, and gross fixed assets significantly influence CSR.

iii. Variables prominently associated with CSR

Gross fixed assets, profit and ownership are the variables that are prominently associated with CSR.

D. Large Companies

i.Variables associated with CSR

Of the ten variables considered for correlation, only two variables, namely age and ownership alone are significantly associated with CSR.

ii. Determinants of CSR

Six variables, such as age, nationality, industry type, ownership, leverage, and reserve are found significantly determine the level of CSR.

iii. Variables prominently associated with CSR

Six variables namely, ownership, leverage, age, reserve, nationality and dividend prominently influence CSR.

E. Indian Companies

i.Variables associated with CSR

Only six variables, namely, firm size, age, industry type, ownership, leverage and reserve are significantly associated with CSR.

ii. Determinants of CSR

Five variables, namely, firm size, age, industry type, ownership, and leverage are found to be significant. Purushothaman et al. (2000) also predict a negative relationship between leverage and CSR disclosure in that companies with high leverage may have closer relationship with their creditors and use other means to disclose social responsibility information. The present study reports a negative influence of leverage upon CSR.

iii. Variables prominently associated with CSR

Variables like ownership, industry, firm size and profit are prominently associated with CSR.

F. Multinational Companies

i.Variables associated with CSR

Correlation analysis shows that the variable 'ownership' is positively associated with corporate social reporting.

ii. Determinants of CSR

Gross fixed assets is found to determine the level of CSR. Hossain and Mitra (2004) found assets-in-place to systematically influence the level of voluntary disclosure of US multinational companies. This result is supported by the findings of Chow and Wong-Boren (1987) and Hossain et al. (1994).

iii. Variables prominently associated with CSR

Ownership is prominently associated with CSR.

G. Government Companies

i.Variables associated with CSR

Nine variables namely firm size, age, nationality, industry type, liquidity, leverage, profit, reserve and gross fixed assets are found to be significantly associated with CSR.

ii. Determinants of CSR

Of the ten variables regressed on CSR index, the variables, namely firm size, nationality, industry type, reserve and gross fixed assets are found to influence the corporate social reporting.

iii. Variables prominently associated with CSR

Leverage, gross fixed assets, reserve, nationality, industry type, firm size and liquidity are the prominent variables associated with CSR. According to Belkaoui and Karpik (1989) firms with a high leverage must adhere to strict debt covenants. Corroborative evidence exists in the work of Cormier and Magnan (1999) and Dhaliwal et al, (1982).

H. Non-Government Companies

i. Variables associated with CSR

Only three variables, such as, age, nationality and industry type alone are significantly associated with CSR.

ii. Determinants of CSR

Three variables namely age, nationality and industry type are found to significantly determine the level of CSR.

iii. Variables prominently associated with CSR

Three variables, which are prominently associated with CSR, are nationality, age, and leverage.

I. Manufacturing Companies

i. Variables associated with CSR

Out of ten variables, only two variables, namely ownership and dividend are significantly associated with CSR.

ii. Determinants of CSR

Age, nationality, ownership and leverage influence the CSR in manufacturing companies.

iii. Variables prominently associated with CSR

Ownership, nationality, leverage, and age prominently influence CSR.

J. Non-manufacturing Companies.

i. Variables associated with CSR

Three variables namely firm size, nationality and ownership are significantly associated with CSR.

ii. Determinants of CSR

Firm size, nationality and reserve are found to significantly influence CSR.

iii. Variables prominently associated with CSR

i) Firm Size, ii) Nationality, iii) Ownership, and iv) Reserve amounts to 30.7 per cent.

K. Young Companies

i. Variables associated with CSR

It could be inferred that of the ten variables taken for analysis, only three variables, namely, nationality, leverage and gross fixed assets are significantly associated with CSR in young companies.

ii. Determinants of CSR

The results of regression analysis show that of the ten variables, six variables, namely, firm size, industry type, leverage, profit, reserve and gross fixed assets are found to be significant determinants of CSR.

iii. Variables prominently associated with CSR

Six variables are prominently associated with CSR which are gross fixed assets, industry type, leverage, reserve, and nationality.

L. Middle-aged Companies

i.Variables associated with CSR

Five variables, namely, firm size, nationality, industry type, ownership and leverage are associated with CSR.

ii. Determinants of CSR

Firm size, nationality, industry type and ownership are influencing CSR in middle-aged companies.

iii. Variables prominently associated with CSR

Five variables namely, ownership, nationality, industry type, firm size and dividend are found to be prominently associated with CSR.

M. Old-aged Companies

i.Variables associated with CSR

Of the five variables, namely, firm size, ownership, liquidity, leverage and profit are significantly associated with CSR in old-aged companies. Hoitash et al. (2009) and Hussainey and Ai-Najjar (2011) found a negative association between profitability and corporate social reporting. Schleicher et al. (2007) observes that the publication of forward-looking information in annual report narrative sections is considered a key source of information for unprofitable firms, but not for profitable firms.

ii. Determinants of CSR

Two variables, namely, ownership and leverage influence corporate social reporting in old-aged companies.

iii. Variables prominently associated with CSR

Liquidity, profitability and industry type are the three variables prominently associated with CSR.

7.3.3 Investor Perception on Corporate Social Reporting

Attempt has been made to ascertain the investor perception on CSR. Following paragraphs consolidate the findings of the analysis carried out.

A. Socio-economic Profile of Investors

Three hundred investors have been included in the study. Most of the investors hail from urban area with age ranging up to 30. Majority of the investors are males with degree qualification and employed in private organisations. Monthly income of the investors mostly ranges between Rs. 10,001 and Rs. 20,000.

B. Investment Behaviour

i. Investors have been in the market for a long time and the number of investors increased at a rapid pace during the 1980s. It is found that the percentage of investors is high in the first case in which the period of investment is less than 3 years.

ii. The motive of investment is to earn short term income. The primary motive of the investment is to earn current income.

iii. Majority of the investors have said that they do not consider the social commitment of the company while making investment.

iv. The number of investors is high who have invested in less than three companies.

v. Annual reports consists of various reports, such as chairman's statement, Director's report, Auditor's report, Corporate Governance, Corporate Social Responsibility Report and Financial statement. It is found that the investors attach high importance to the financial statements and least importance to Auditor's report.

vi. Most of the investors do not attach importance to corporate social responsibility before buying products or services.

vii. Majority of the investors agreed that NGOs should insist the companies to report on social activities.

viii. One of the important ways to write an efficient report is adoption of International reporting standards. Most of the investors agreed that the companies should follow international reporting standards.

C. Investor Opinion on Corporate Social Reporting

Investors usually differ in their opinion on corporate social reporting. The study reveals that a majority of the investors amounting to 122(40.67%) neither agree nor disagree to the statement 'social reporting is unfavourable to a company' and 114(38.00%) neutral that 'social reporting gives information to the competitors'. Out of 300 investors, 137(45.67%) are neutral to the statement that it involves additional cost and time. Majority of the investors neither agree nor disagree to the statements such as 'social reporting improves management's credibility to shareholders', 'it influences share price and returns' and 'it results in diversification from its primary objectives'. Majority of the investors amounting to 106(35.33%) agree that it consumes more pages in Annual Reports; 117(39.00%) agree that it reduces risk and enhances reputation. Out of 300 investors, 112(37.33%) have expressed different opinions like 'agree' and 'neutral' on the statement 'it improves investor relations'. Majority of the investors agree that social reporting builds brand image. Most of the investors agree that CSR increases license to operate (e.g. construction of school, hospitals, etc) and enhance learning and innovation.

Out of 300 investors, 157 (52.33%) investors have stayed neutral to the statement 'social reporting is not critical enough since conflicts and problems are insufficiently discussed'; 131(43.67%) neither agree nor disagree that 'it contains only positive items/events'. Majority of the investors agree that social reporting should be made in a separate section in the annual report; it should be audited by an auditor and it should reveal social policy of a company.

Most of the investors neither agree nor disagree to the statements, such as, 'social reports do not perfectly match with Annual reports', 'individual employee can recognize himself/herself in the social report', 'social report is not very interesting as it is mainly retrospective'; 'social report is an important addition to the information already provided by other means' and 'social report influences investor's investment decisions'.

D. Variables associated with Investor Perception on CSR

i. Area of Residence

Area of residence does not influence investor perception on CSR.

ii. Age

Age is found to significantly influence the level of perception on CSR.

iii. Gender

Female investors, compared to their counterpart, are with high level of perception. However, gender does not significantly influence level of perception.

iv. Educational Qualification

A significant association exists between educational qualification and level of perception on CSR. Diploma-holders have low perception on CSR while the perception of post graduates is high.

v. Occupation

Though agriculturists have high level of perception on CSR, still it lacks statistical significance.

vi. Monthly Income

Monthly income of investors is significantly associated with the perception on CSR. The average perception score is high with those whose monthly income ranges between Rs. 20001 and Rs. 30000.

vii. Investment Experience

Investment experience influences level of perception. Those with less than three years of investment experience are with high level of perception and those with relatively more years of experience are with low level of perception.

viii. Motive of Investment

Investors, with current income and capital gains as their motive of investment have high level of perception on CSR though the relationship between motive of investment and level of perception lacks statistical evidence.

ix. Checking a Company’s Social Commitment before Investment

Investors, with a concern for their society, prefer to part their funds in companies that do really care for the people. It is common to expect investors to check if the companies in which they want to invest, really committed in carrying out various society centric activities. Such investors have high level of perception on CSR, though there is no statistical proof for such a relationship.

x. Number of Companies

Wider the portfolio, lesser is the level of perception on CSR. This so since, it is found that investors who have invested in more than six companies have low level of perception on CSR. This relationship is statistically significant.

xi. Importance to CSR before Buying Products

Assigning importance to social responsibility of an organization before buying its products seems to have a significant association with CSR since investors of this temperament are found to have high level of perception on CSR.

xii. NGOs Role in Reporting Social Activities and Perception

Investors who expect NGOs to insist companies to report on corporate social responsibility have high level of perception on CSR.

xiii. Opinion on International Standards

Investors who feel that Indian companies should follow International Standards have high level of perception on CSR. This is supported by statistical evidence.

xiv. Level of importance attached to CSR and Perception

Investors who feel that CSR is must have high level of perception on CSR. This is so, since there exists a significant association between importance assigned to CSR and perception on CSR.

xv. Variables associated with Investor Perception on CSR

Of the twenty six variables considered for correlation, only four variables namely, Education-HSC, Motive of investment -Capital gain, Motive of investment-Both current and capital gain and importance attached to CSR are significantly associated with perception.

xvi. Determinants of Investor Perception on CSR

The results of the regression analysis shows that of the twenty six variables taken for consideration, the variables namely Education-(HSC), Education-(Diploma), Occupation-(Retired), and Motive of investment-(Both current income and capital gain), Role of NGOs, and importance attached to items of CSR are found to be significant.

xvii. Variables prominently associated with CSR

Importance attached to CSR, Motive of investment-(Both current income and capital gain) and occupation – (retired) are the three most prominent variables influencing level of CSR.

7.4 Suggestions

The success of social reporting in terms of efficiency, ability and effectiveness need sincere efforts by all the concerned - the accountants, accounting bodies, social scientists and the ultimate users of annual reports. In order to overcome the hurdles coming in the way of corporate social reporting, following suggestions - based on the findings of the study and the opinions of the investors - are put forth.

A. Suggestions to Companies

1. Large and small companies are to report more on community involvement, product and employee details as the findings reveal that their concentration on these areas is less.
2. Government companies have to enlarge their reporting on environmental activities, community involvement and employee welfare activities.
3. Non-manufacturing companies have to improve their reporting on corporate social responsibility activities.
4. The companies must define their social goals, make plans for achieving these goals, execute these plans properly, and get their social performance audited by independent persons. Social reporting should also reveal social policy of the company.
5. Social accounting information should be quantified as far as possible to make such information more reliable for taking investment decisions.
6. Companies should volunteer to report on their social contribution to the society.
7. The reporting of the information should be in the balance sheet format consisting of assets and liabilities of each social activity taken up by the company. A social balance sheet can be made mandatory part of the financial statements.
8. The needs and preferences of stakeholders should be considered when preparing social reports.
9. Companies may report social responsibility activities using International Standards like Global Reporting Initiatives (GRI), SA 8000, ISO 14001 and the like.
10. Social report may contain the achievements of an individual employee.
11. The medium through which social reports are presented needs reconsideration. Social reporting may be made in regional language.

12. 'Social Performance Audit' may be conducted - also suggested by Vasal, (1995) - , periodically to ensure that the companies commit themselves for doing society-centric programmes, on a continuous basis.

B. Suggestions to Investors

1. Investors should insist on corporate social reporting in Annual General Meetings
2. Investors have to check if the companies in which they want to invest are really committed to society.
3. Investors should improve the habit of seeking information relating to corporate social responsibilities of the company even before buying products..
4. Investors who have invested in more number of companies can compare the performance of the companies and they can also insist the companies to report on corporate social responsibility activities.

C. Suggestions to Regulatory Bodies

1. The Professional institutes like the Institute of Chartered Accountants of India, The Institute of Cost Accountants of India (ICAI), The Institute of Company Secretaries of India and academicians should work together for developing social reporting techniques. These professional institutes should initiate efforts to formulate standards for accounting and reporting.
2. It is desirable that the Office of the Comptroller and Auditor General prepares a panel of persons having expertise in various areas covered in the realm of social reporting.
3. Corporate social reporting in India is in its nascent stage and hence to enable companies to properly come out with periodical reports, necessary guidelines are to be developed. Generally accepted norms may have to be developed to ensure uniformity in the reporting.
4. There are no standard norms available for reporting social performance of a corporate enterprise. Experts have suggested different models for this purpose. But none of them has found general acceptance so far. There is, therefore, a need to develop a comprehensive model of social reporting which in turn will help in bringing uniformity in reporting.

5. Social indicators like Social Connections, Civic Engagement and Governance should be developed at national, regional and local levels. The development of these will help the firms to discharge their social obligation.
6. Securities and Exchange Board of India (SEBI) may take steps to constitute a committee for setting standards for corporate social reporting. Further, it may engage in activities to create awareness about corporate social reporting among stakeholders.

D. Suggestions to Government

1. Suitable legislations may be enacted to compel the Indian corporate sector to ensure disclosure of their activities to the society. The government should put in place appropriate legislation to make the companies to go for adequate reporting of their activities aimed towards the society.
2. The government may give incentives like differential tax treatment, subsidies, rebates, guarantees and depreciation allowances, so that companies can take up social programmes which may be suitably reflected by the them through social reporting.
3. Presentation of uniform value-added statement should be made compulsory through enactments of rules and regulations by the government. Such statement should contain how much value has been created by an enterprise through utilization of its capacity, capital, manpower and other resources and how it is allocated among the different stakeholders.

If these suggestions are implemented, corporate sector can effectively implement corporate social reporting system in their organizations and users of this information will really be benefitted.

7.5 Conclusion

Corporate social reporting is still in its infancy in India. Traditionally, the reporting levels of Indian companies have been poor compared to their western counterparts. One reason for slow pace of adoption of responsibility reporting has been the lack of demand from Indian investors regarding reporting of non-financial performance. Many Indian investors have been primarily focused on financial returns and have not laid so much emphasis on non-financial risk factors such as environmental, social and governance performance. However, the awareness regarding social issues has increased over the last few years and so has investor interest in social reporting.

Industry standards are needed as different industries have differing effects on the society. Government has a role to play in ensuring that information supplied is relevant, credible and allows ready comparison within and across sectors both nationally and internationally. Government intervention must address not only the quality of reporting, but also the quantity of the content. Currently, only a small percentage of companies issue reports on the social aspects of their operations. Accountability is required not only of the major corporate actors but also of the many small to medium-sized firms whose operations affect society and the environment. The present study is only a scratch of the vast potential that exists for researchers in the field of corporate social reporting.

Future researchers may look at alternative disclosure media other than annual reports such as printed media (eg. Newspapers and bulletins) electronic media (e.g. television and radio) and Internet (e.g. company website). Geographical and industry-wise comparison may also be made. The study may be extended through increase in sample size. Case study type of research may also be undertaken to find out why and how the companies are making social reporting in India. Further research may be undertaken to examine other variables that might affect corporate social reporting. The differences in corporate social reporting between Indian companies and foreign companies that follow Global Reporting Initiative (GRI) may be explored. Corporate social reporting exclusively of government-owned companies may be studied. The present study includes the perception of investors only. It is also be important to examine the perception of other stakeholders regarding corporate social reporting. The researcher would feel highly rewarded if the present piece of research serves as an eye-opener for many of the budding research scholars to try their hands in the field of corporate social reporting.

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