CHAPTER 2

REVIEW OF LITERATURE

Research work cannot be completed without the in-depth study of the earlier researches. Prior research work not only provides guidance but also throws light on the direction in which any new research must proceed. The researcher has tried to scan the all literature available to her from various sources so as to determine the objectives and methodology of the current research work. The review of literature has been divided into two parts:

1. Studies on corporate social disclosures across various countries in the globe.
2. Studies on corporate social disclosures either conducted in India or carried out with specific focus on India.

Although the effort has been made to confine the literature review to corporate social disclosures but where ever some relevant findings concerning CSR were found, a brief reference to that has been included. A number of studies have been reviewed with intent to understand the research methodology, research findings and to find out the gaps that exist in literature in this area. It has been noticed that most of the international studies relate to measurement of extent of the social disclosures mainly on six themes i.e. environment, energy, human resources, product, community development and others. In most of the studies, the annual report was the main document scanned for measuring the extent of the CSR disclosures. Hackston and Milne (1996) deliberated upon the methodology of measurement. Many others have tried to establish association between CSR disclosures and various corporate characteristics. Some authors like Guthrie and Parker (1989) also pointed towards the trends of disclosure, the form and the location of such information. There was not a single study exploring extent of carbon disclosures. Moreover there was no study to gauze the perceptions of brokers as well as investors towards utility of these reports. The review of literature has been presented in an ascending chronological order.

2.1 PRIOR LITERATURE AT GLOBAL LEVEL

Low (1985) used descriptive statistics on annual reports of 80 listed companies in Singapore, to find that though the level of corporate disclosure did not depend upon industry but higher levels of social disclosures were found by award winning companies.

Gary and Gray (1988) concluded that corporate social responsibility is a part of value added statements (VAS) and shall promote cooperation among various stakeholders though there is some ambiguity regarding the inclusion of some parties as genuine stakeholders.

Andrew et al (1989) used descriptive statistics to confirm the earlier findings that HR is the most disclosed theme followed by product, community and lastly by environment. The study also found
that medium to large companies made more social disclosures. These disclosures were mainly declarative and no enough evidence could be gathered to confirm or refute the association between industry and corporate social reporting.

Guthrie and Parker (1989) conducted a longitudinal study covering 100 years to relate corporate social reporting with the needs of the corporations to legalize their actions. In his research the legitimacy theory has been rejected taking six thematic disclosures namely environment, energy, human resources, product, community development and others. The thematic disclosures were measured on the basis of space incidence.

Savage (1994) reported that out of 115 South African companies approximately 50 percent of companies are making social disclosures with human resource (89 percent) as the main theme. Human resource disclosures related to pay, working conditions, compensation and equal opportunities. Other social disclosures include community involvement (72 percent) and environmental disclosures (63 percent).

Gray et al (1996) attempted to explain the disclosure of social and environmental information in the annual reports of large companies by reference to observable characteristics of those companies. An extensive literature has sought to establish whether variables such as corporate size, profit and industry segments can explain corporations’ disclosure practices. The results from these studies predominantly North American and Australasian literature are largely inconclusive. This paper provided an extension of literature by considering a more disaggregated specification of social and environmental disclosure and by employing a detailed time-series data set. By so doing, the paper tested two possible explanations for the inconclusiveness of prior research: namely that any relationships between corporate characteristics and disclosure are dependent upon the type of disclosure and that any such relationships are not stable through time.

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.

Teoh (1998) attempted to find the association between Environmental disclosure and economic performance. T- Test was conducted on polluting or potentially polluting companies to find that significant association between environmental performance and economic performance.

Tsang (1998) concluded a longitudinal study in the banking, food and beverages, and hotel industries from 1986-1995 saying that of the 33 companies only 17 companies disclosed corporate social reporting information. Thematic emphasis analysis showed most disclosed theme is HR followed by community involvement, environment and others. The legitimacy theory was asserted to be the
reason for corporate social reporting. Paired difference t tests were conducted to see whether there was any difference among the three industries. The banks disclosed significantly less social information than the hotels but disclosures of the other two pairs of industries were not significantly different.

Douglas and Christopher (1999) in their study emphasized the need for environmental reporting standards to avoid confounding comparability and verification by external parties for reliability. The environmental reports issued in hard copies and on websites were mercifully diverse.

Belal (1999) reported that out of the companies selected, maximum number of companies made disclosure on employees, marginally followed by disclosure on some environmental and lastly on some ethical issues in Bangladesh.

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.

Purushotahman, et al (2000) focused on corporate social reporting in Singapore, taking five themes such as environment, human resources, energy, community involvement and products and services. The study concluded by presenting a relationship between size of the company and CSRD. The relationship was doubtful regarding industry and corporate social reporting. The economically better performing companies were found to be more inclined towards corporate social reporting. It also asserted the fact that human resources was the most disclosed theme and that award winning companies were following more corporate social reporting practices.

Jeffery and Unerman (2000) deliberated upon the documents that need to be scanned for corporate social reporting and methods used for measurement of the quantum of the corporate social reporting. They warned that the studies solely based upon the content analysis of annual reports is certainly going to present an incomplete and misleading picture of corporate social reporting for a lot of information on social and environmental projects existed in documents other than annual reports. About the technique of measurement, the study concluded that use of sentences for measuring the volume of CSD in comparison to words or proportions of pages shall ensure greater accuracy at the cost of reduction in relevance of study. The study also suggested inclusion of pictures, graphs, even blank spaces to reach at more relevant results measuring volume of CSD.

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.
Richardson et al. (2002) reported that between the 1992 and 1996 more than 1000 companies across the world reported their social and environmental performance. Such disclosures were made in a range of documents covering annual reports, press releases and advertisements. Of late, there is clearly noticeable trend towards issuing stand alone reports on socially responsible practices.

Carol (2002) conducted interviews in seven large MNC’s in the chemical and pharmaceutical sectors of the UK and Germany to identify any internal contextual factors affecting extent and nature of corporate social reporting. The country of origin, corporate size and corporate culture affect process of reporting and decision making.

Imam (2002) found in an empirical research that most of the listed companies in Bangladesh did not provide any information regarding the environment, human resources, community, and consumers in 1996-97. Although some progressive companies disclosed some selective information, it was not at all sufficient in discharging social responsibilities. All the information provided by these companies was qualitative in nature and the disclosure level was very poor. Except HR most of the reporting was qualitative in nature. Other aspects like environment, consumer, community involvement and other social aspects are totally neglected by most of the companies.

Garcia-Ayuso and Larrinaga (2003) Empirical research hypothesized that size; profitability and the potential environmental impact of the firm the main factors explaining the amount of information disclosed. The environmental implications of the activities carried out by these companies also seem to receive more attention from print media. The results also provided evidence that two factors directly associated with the amount of environmental information disclosed are the potential environmental impact of the industry and the extent of media coverage of the firms. It was found that, on an average, the company disclosed approximately 13% of the items included in the index. The results of the regression analysis identified size, profitability and risk to be significantly and positively associated with the disclosure of social responsibility information.

Harvard Business Review on Corporate Responsibility (2003) is one of the book series published by Harvard Business School Press. It is a compilation of articles on corporate social responsibility and different aspects of philanthropy, value matrix calculating the return on corporate responsibility and path of Kyosei followed by Canon. The book no doubt, is a commentary over many new issues on relevance of philanthropy and ethics and business but no article talked of need, disclosure mechanism and trends of corporate social disclosures.

Nongnooch and Sherer (2004) concluded their research with regard to corporate social reporting practices in Thai and strongly pointed out that Thai practices were not able to realize their full potential to function as enabling communication. The authors have thrown the flood gates of information open with regard to severe and hellish working conditions of workers in Thai factories and equally irresponsible behavior of the corporate in that country. A slight reduction in the number
of companies reporting their social and environmental information from 86 per cent in 1993 to 77 per cent in 1999 was found. The researcher held the opinion that the slight reduction may be attributed to the economic cycle and corporate profitability in that as companies in Thailand confronted the financial crisis in 1997.

Carol and Zutshi (2004) investigated the drivers which push the corporate world towards reporting on social actions initiated by them. They found that two key drivers that compel the companies to act in socially responsible way. These were reported to be moral justification towards all the stakeholders not simply to the shareholders and increasing realization that it was in business interest to report on social and environmental and ethical issues. It was believed that corporate social reporting shall minimize the risks of financial liabilities non compliance with the legislature and improve the corporate image with press, journalists, state authorities and consumers.

Carol (2002) conducted a case study of a company named Alpha to present a ‘reporting-performance’ portrayal gap. Through content analysis of various annual reports, it was asserted that the reports did not address the informational needs of various stakeholders on ethical, social and environmental issues. The author suggested mandatory reporting and auditing guidelines and a radical overhaul of corporate governance systems.

Cowen et al (2004) investigated the nature and frequency of corporate social responsibility disclosures, their patterns and trends, and their general relationships to corporate size and profitability. This study sought to extend the existing knowledge of the relationship between a number of corporate characteristics and specific types of social responsibility disclosures, based on an extensive sample of U.S. corporate annual reports. Corporate size and industry category have been reported to correlate with certain types of disclosures while the existence of a corporate social responsibility committee appeared to correlate with one particular type of disclosure.

Samuel (2004) found in their empirical research that increasing number of companies in UK, irrespective of their size are recognizing that corporate social reporting is beneficial for them. Consequently 80% of FTSE (Financial Times Stock Exchange) -100 companies provide information in one form or another about their environmental performance, social impact, or both. Reporting practices varied from very sophisticated and well managed systems to a brief mention in annual reports o the companies. One of the surprising findings was that the several international and local organizations hinder rather than promote the cause of social reporting by suggesting different formats for presentation of corporate social information. Research also indicated that UK companies are making reasonable efforts to disclose their social and environmental efforts.

Frost et al (2005) reported that out of conventional annual reports, discrete reports, corporate website the first one is least valuable source of information on corporate social disclosures and expected them to be replaced by newer and less traditional reports indicating sustainability. Discrete reports provide
the highest level of social disclosure but frustratingly it was dominated by environmental disclosures. The usability of discrete reports was reduced by inconsistencies and frequent gaps. Though the websites provided a wider range of disclosures but the complete reliance on these reports was not expected or suggested.

Hossain et al (2006) “Corporate Social and Environmental Disclosure in Developing Countries: Evidence from Bangladesh” examined the extent and nature of social and environmental reporting in corporate annual reports. A disclosure index was developed and utilized to measure the extent of disclosure made by companies in corporate annual reports. This study reported significant differences in levels of social and environmental disclosure, as measured by the mean values of the social and environmental disclosure index in Bangladesh. The study also reported that a very few companies in Bangladesh were making efforts to provide social and environmental information on a voluntary basis, that too mostly qualitative in nature. Companies in Bangladesh appeared to have the lowest levels of social and environmental disclosure.

Sunee et al (2006) analyzed 40 largest Thai companies to explore the extent and nature of corporate social reporting. Corporate social reporting disclosure was measured on five key themes. Number of words and trend analysis were used to know the extent of disclosure. To associate the corporate social reporting to industry size spearman’s Rank correlation was used. The study disclosed that HR theme was the most disclosed area accounting for 37 to 42 percent of total corporate social disclosure. It was followed by community which first increased and then decreased. On the third ranking was environment and products which decreased in the disclosure over a period of time. Energy was the least disclosed theme among these 40 Thai companies.

Ki-Hoon (2007) carried out a research that the most companies in South Korean electronic industry to understand importance of relations with key stakeholders. Use of universal code of conduct for external responsiveness has been disregarded. The research was carried out by using explorative design by conducting open end, in depth interviews. Qualitative data on top management commitment, social and environment performance and reporting, fines and penalties and finally eco products was collected. The cluster analysis was carried out to label clusters as laggard, limbo, champion and fire-fighter on the basis of corporate social responsiveness.

Nazli (2007) examined the influence of ownership structure on corporate social responsibility disclosure in Malaysian company annual reports (CARs). The study used a CSR disclosure checklist to measure the extent of CSR disclosure in annual reports and a multiple regression analysis to examine the association between ownership structure and the extent of CSR disclosure in annual reports. It was found that even among the larger and actively traded stocks in Malaysia, there is considerable variability in the amount of social activities disclosed in corporate annual reports. Results from multiple regression analysis showed that, consistent with expectations, companies in
which the directors hold a higher proportion of equity shares (owner-managed companies) disclosed significantly less CSR information, while companies in which the government was a substantial shareholder disclosed significantly more CSR information in their annual reports.

Barut (2007) in his thesis investigated the emergence and level of voluntary social reporting through (TBL) Triple Bottom Line reports by the top 100 companies in Australia. To ascertain the level of corporate commitment to TBL reporting, the reporting framework developed by Global Reporting Initiative (GRI Sustainability Reporting Guidelines, 2002) has used as a benchmark for the disclosures and as the model upon which to make this assessment of the content of the disclosures. It focused upon economic, environmental and the social components of the reports. The disclosures were skewed towards environment, yet social disclosures were also apparent and increased over the period assessed.

Carol et al (2008) concluded that the CSR initiatives can lead to first mover advantage when it was central to the firm’s mission, related to the firm specific benefits and most important when it was made available to external audiences. The authors used resource-based view and the asymmetries approach of first-mover advantages to prove their research findings.

Mirfazli (2008) investigated the social focus of responsibility information disclosure as found in annual reports of basic and chemical industries groups. Annual reports were analyzed by using content analysis method. The results showed that the main social disclosure from companies registered at the Indonesia Stock Exchange were labor theme (51.60 percent), followed by customer theme (19.40 percent), society theme (14.70 percent) and environmental theme (14.30 percent), respectively. It was also found that there were no significant differences in the presentation of social disclosure amount in all themes between companies in the basic and chemical industries group or in the variety industries group.

Sobhani et al (2009) stated that various stakeholders of the companies in Bangladesh are gradually becoming aware of corporate operations as, The Securities and Exchange Commission (SEC), the controlling body for the stock exchanges, has taken necessary action to establish corporate governance of the listed companies in Bangladesh. The researchers attempted to revisit the state of CSED through content analysis. Annual reports of 100 companies, listed both on the Dhaka Stock Exchange and the Chittagong Stock Exchange, have shown that the level of disclosure had improved over the last 10 years. All selected companies in Bangladesh were found to disclose at least one item of disclosure on human resource issues; while community issues (47%), consumer issues (23%) and environmental issues (19%).

Azim et al (2009) attempted an empirical investigation into the corporate social reporting practices of listed companies from Bangladesh, where corporate social reporting is a matter of voluntary disclosure. Analysis of annual reports published in 2007 revealed that only 15.45% of listed
companies made social disclosures. Analysis of a wide range of industries revealed that banking companies secure the highest rank in terms of CSRD; three fourths of all disclosures are generalized qualitative statements without any evidences, more than one half of the disclosures are located in the director's report and the mean amount of disclosures was less than half a page.

Pratten and Mashat (2009) studied corporate social disclosure in 56 of its companies in Libya so as to determine whether the western capitalist model or its own distinct characteristics resulting from influences of the Islamic and socialist environment in which it operates were being followed. The results suggested that the emphasis on CSR disclosure in Libya was different from that to be found in the west.

Said et al (2009) examined the relationship between corporate governance characteristics, namely the board size, board independence, duality, audit committee, ten largest shareholders, managerial ownership, foreign ownership and government ownership and the extent of CSRD. The content analysis was used to extract the CSRD items from annual report and companies web sites. CSRD index was constructed after combining CSR disclosure items disclosed both in annual reports and in companies' web sites. Hierarchical regression analysis was used to examine the relationship between the corporate social disclosures index and the independent variables. Full regression models indicated that only two variables were associated with the extent of disclosures, namely government ownership and audit committee. Government ownership and audit committee are positively and significantly correlated with the level of corporate social responsibility disclosure. The most significant variable that influences the level of CSR disclosure is government ownership.

Dragomir (2010) raised recent issues like whether natural environment is a stakeholder of the firm? And whether business case exists for achieving sustainability? A sample of 60 of the largest European Union industrial business groups, extracted from the FTSEuroFirst 300, and an environmental disclosure index inspired by the Global Reporting Initiative Guidelines, form the basis for the content analysis of the most recent sustainability reports published before the end of 2008. A significant association was found between contemporaneous environmental performance and disclosure. The bigger polluters tended to disclose more on their activities, but only to a moderate statistical effect. However, no association is found between environmental performance and financial performance, as well as between environmental disclosure and contemporaneous firm performance. The paper found that the relationship between sustainability commitment and financial performance may be so weak that it is barely detectable.

Khan and Khan (2010) examined the extent of human capital (HC) reporting in leading Bangladeshi firms using the HC reporting framework. They used the technique of content analysis, three years of annual reports of 32 leading manufacturing and service sector companies listed on the Dhaka Stock Exchange (DSE), selected on the basis of the market capitalization. The study revealed that the HC
reporting practices of leading Bangladeshi firms were not as low as projected in relation to the total list of items reported. The most commonly disclosed HC items were information on employee training, number of employees, career development and opportunities that firms provided, and employee recruitment policies. The HR reporting was found to have increased during 2009/2010.

Menassa (2010) attempted to identify the type and quality of social information disclosed by Lebanese commercial banks, the extent of these disclosures and their relationship with size, financial performance, and other chosen variables. Deductive in nature, this paper used content analysis of annual report social disclosures of 24 Lebanese commercial banks. Results revealed that banks attributed a greater importance to human resource and product and customers disclosures, whereas the availability and extent of environmental disclosure is still weak. In addition, a strong association is found between these disclosures and size and financial performance variables, whereas the relationship with the bank age was found to be a weak one. Finally, findings suggest no difference in social disclosure behavior between listed banks and banks with an overseas presence, and non-listed banks and those operating only in Lebanon.

Saleh et al (2010) explored CSR disclosure and its relation to institutional ownership (IO) of Malaysian public listed companies. Testing of hypotheses was conducted by applying multivariate regression techniques utilizing longitudinal data analysis of companies’ annual reports. Two well-established models, the fixed effects model and random effects model were conducted. Positive and significant relationship was found between CSRD and IO. The researchers suggested that companies should be encouraged to get involved in CSR activities as one of their strategies in attracting investment and to improve their reputation and image.

Samkin and Schneider (2010) reported that major public benefit entity in New Zealand uses formal accountability mechanisms and informal reporting to justify its existence. This piece of research was premised on the view that the accountability relationship for public benefit entities is broader and more complex than the traditional shareholder-manager relationship in the private sector. The longitudinal case study of the Department of Conservation was conducted taking the period from its establishment in 1987 to June 2006. A number of controversial items that appeared in the printed media between 1 April 1987 and 30 June 2006 were traced through the annual reports to establish whether DOC used impression management techniques in its annual reports to gain, maintain and repair its organizational legitimacy.

Khlif and Souissi (2010) investigated the association between disclosure and seven corporate characteristics which are ownership dispersion, analysts following, audit firm size, leverage, corporate size, profitability, and multi-nationality applying the meta-analysis technique developed by Hunter et al. in 1982 to a sample of 16 articles published between 1997 and 2006 for the purpose of cumulating
and integrating the findings across studies. They reported a significant association between disclosure and audit firm size.

Hussainey and Salama (2010) explored how corporate environmental reputation (CER) affected the association between current annual stock returns and current and future annual earnings. More specifically, the researchers examined the potential usefulness of CER to investors in predicting future earnings. The paper used the returns-earnings regression model introduced by Collins et al. to examine the importance of CER for investors. It uses a sample of 889 non-financial firms listed on the London Stock Exchange from 1996 to 2004. The authors found that firms with higher levels of CER scores exhibit higher levels of share price anticipation of earnings than firms with lower levels of CER scores. CER contains value-relevant information. Such information seemed to be potentially useful to investors in anticipating future earnings.

Adeolu and Afolabi (2010) showed that owing to the dearth of studies in Africa on CSR and community satisfaction with them. The study aimed to examine the case of WAPCO and its host communities. The authors found that, although the proportion of resources committed to CSR was small, CSR expenditure increased with the firm's sales. Further, the host community displayed a great knowledge of the adverse effects of the company's operation; however, reactions were found to be minimal. This has been attributed to the company's elaborate governance structure and CSR practices as well as to a high level of host community satisfaction with them.

Chomvilailuk and Butcher (2010) established that all CSR initiatives in question had a modest but significant effect on brand preference in banking industry of Thailand. The level of influence varied according to age, CSR predisposition and cultural values.

Nijhof and Jeurissen (2010) aimed to offer a clarification that corporate social responsibility (CSR) had come a long way by the prevailing business case approach, but increasingly hit a glass ceiling. The glass ceiling metaphor referred to the inherent limitations created by a business case approach towards CSR. CSR has been found to have evolved into a marketable asset of companies, in which profit-oriented managers and entrepreneurs were willing to invest. This “commodification” of CSR has helped to make it acceptable in the business world, but that comes at a considerable price from the perspective of the social responsibility of business.

Gallego-Álvarez et al (2010) analyzed whether CSR practices performed by European companies (both those CSR practices related to marketing-based strategies and those that were not) create value. That value creation has been gauged through two variables: reputation and shareholder value creation. The researchers carried out their research, with the 120 biggest European companies whose CSR practices have been analyzed by Deloitte and Kinchloff in ‘The Good Company Ranking’ was taken. It was noticed that the European firms had adopted an active stance on CSR and their organizational aspects and responsibilities related to sustainability are better-founded as compared with other
companies. The findings obtained showed that all CSR practices, especially those linked to enhancing a company's image, had a positive effect on shareholder value creation, given that investors were able to detect the level of corporate commitment to sustainable development. The authors advised managers to design their CSR strategies with an orientation to increase corporate reputation through large investments in CSR which prevent them from being imitated by direct rivals.

Guidry et al (2010) attempted to determine whether market participants see value in the corporate choice to begin publishing a standalone sustainability report. It also sought to investigate whether differences in market reactions were associated with the quality of the sustainability report. The paper found, on an average, no significant market reaction to the announcement of the release of the sustainability reports. However, in cross-sectional analyses, it was found that companies with the highest quality reports exhibited significantly more positive market reactions than companies issuing lower quality reports. Finally, the analysis examined perceived value for only one potential stakeholder group – shareholders. The evidence suggested that companies seeking value from their sustainability reporting needed to carefully consider the quality of their presentations.

Crawford and Williams (2010) aimed to investigate how country contexts pressure firms for greater reporting activity and to explore the impact of these pressures on disclosure quality. A theoretical lens was used upon the three pillars of institutions: regulative, normative, and cultural in order to assess qualitatively how strong each pillar was reflected in creating a context with regard to disclosure. Expecting that countries with higher regulative pressures, such as France, will lead to a “minimum-requirement” type of disclosure, while countries with more liberal markets, such as the USA, will present higher quality disclosure, counter-theoretical evidence was found in the results, indicating that French firms exhibit higher quality disclosure than US firms on an average. The findings, although derived from a small sample limited to the banking sector, pointed to the possibility that higher reporting quality is more closely linked to normative and cultural pressures, and that these pressures appeared to be more important in stronger regulatory contexts.

Rowbottom and Lymer (2010) investigated the users of narrative reporting information contained within online corporate annual reports and assessed the relative use of different types of narrative information. The most frequent users of the online annual report were found to be private individuals, those registered under internet service providers, employees and professional investors/creditors respectively. The results suggested that those with greater experience and expertise in preparing and using financial accounts adopted different information preferences with respect to the online annual report. Although experienced users such as professional investors, creditors and accounting firms used the annual report to download predominantly detailed financial accounting data, the widespread availability and accessibility of the online annual report provided a source of general company information for employees and a wider stakeholder audience.
Aras and Aybars (2010) stated that social responsibility was important and fundamental to the sustainable operations of corporations. Similarly financial performance has been reported undoubtedly fundamental to the continuing operating of any corporation. The paper aimed to investigate the relationship between corporate social responsibility and firm financial performance. The authors have done this by investigating the Istanbul Stock Exchange (ISE) 100 index companies and their social responsibility policy and financial indicators. The relationship between CSR and financial performance as empirically examined between 2005 and 2007 with different approaches and measurement methods. The authors showed that some causality was related to lagging between periods for financial performance and CSR. In doing this analysis the authors found a relationship between firm size and corporate social responsibility. However the authors were not able to find any significant relationship between corporate social responsibility and financial performance/profitability.

2.2 REVIEW OF LITERATURE OF STUDIES IN INDIA

Singh and Ahuja (1983) made content analysis of 40 annual reports of public sector companies 25 years back. It covered 33 items of social disclosure. The authors attempted to examine the relationship between corporate social reporting and company size, age, profitability and industrial grouping.

Cowen et al (1987) reported that 123 companies out of 202 provided some information in their Director’s report concerning some areas of social responsibility.

Porwal and Sharma (1991) carried out a study of CSD by public and private sector Indian companies. He concluded that various types of disclosures were made in environmental aspects, community development and human resource development. The study also suggested that private companies and smaller companies made lesser disclosure than public and larger companies. It also asserted that the rate of return and earning margin had no effect on disclosures.

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.

Chander (1992) concluded a study of corporate social disclosures practices of the public and private sector companies in India for the period 1981-82 to 1984-85. It was found that the quality of disclosure both item wise and company wise was significantly better in case of public sector companies as compared to private sector. A large number of items had very low disclosure score in both public and private sector during the period under study.
Vasal (1995) used space incidence method on seven parts of annual reports of Indian companies operating in Central Public sector from 1988-1991. He concluded that most disclosures are either in Director’s report or in supplementary information. Main body of accounts did not rank as dominant section even for a single information item.

Gray et al (1996) reported that the Cement Corporation of India produced a complete set of social accounts including social balance sheet and income statement for 1981 in accordance with the Abt mode.

Batra (1996) studied various model formats for corporate social reporting and emphasized urgent need for social auditing. The social reporting practices of many large Indian companies were studied to suggest amendments in Indian Companies Act, 1956 making corporate social reporting a statutory obligation. The author suggested that The Institute of Chartered Accountants of India should develop proper formats and standards for the presentation corporate social reporting in India.

Milne and Chan (1999) reported the usefulness of typical social disclosures from corporate annual reports for investment decision-making. They tried to examine if narrative social disclosures in the annual report actually impact on the behavior of how investors allocate their investment funds. The results indicated that from a sample of sophisticated users (accountants and investment analysts) social disclosures from annual reports did not elicit any more than a 15% switch in investment funds. Furthermore, the switch in funds was not always in favor of the company providing the CSR disclosures.

Hegde and Bloom (1997) observed that most of the Indian private companies did not make any formal social disclosures because of lack of mandatory requirements for the same. The case study of Steel Authority of India Limited (SAIL) was undertaken and it was reported that SAIL made extensive HR disclosure. Value added statements were also included in annual reports.

Raghu (2006) undertook a study to look at the chairman’s messages section of annual reports of the top 50 companies in India. This study used content analysis to identify the extent and nature of social reporting.

Chahoud et al (2007) pointed out that in Indian companies the corporate social responsibility is still in a confused state. The researcher also asserted that concept of corporate social responsibility in India has slowly matured from philanthropy to sustainability business strategy and from self regulation to multi stakeholder concept. Important finding of this research report was that the companies carry out corporate social activities have a business case.

Gupta (2007) concluded an explorative research paper on the trends of social responsibility of corporate sector in India. The researcher found that trends in socially responsible initiatives are encouraging as well as crucial in India.
Chaudhary and Wang (2007) found that the number of companies with disclosures on internet is noticeably low in India in top 100 Information Technology companies. Though the study did not attest the lack of CSR activities but it certainly attested lack of proactive CSR communication, simply put the companies carried out CSR activities but did not disclose them properly.

Hossain and Reaz (2007) investigated the extent of voluntary disclosures by 38 listed banking companies in India. The empirical research concluded that the size and assets were the significant factors influencing disclosure whereas age, diversification, board composition and multiple exchange listing and complexity of business are not significant variables influencing social reporting practices of Indian banking companies.

Murthy (2008) examined the corporate social disclosure practices of the top 16 software firms in India. The 2003–2004 annual reports were analyzed using content analysis and it was found that the human resources was the most frequently reported followed by community development activities and the environmental activities was the least reported. Most of the information was qualitative and was disclosed in the ‘other’ sections of the annual report. Some firms had separate sections for each category while many others disclosed their social practices in the introductory pages of the annual report. The researcher suggested that shortage of skilled labor in the software sector might have lead to social disclosure (CSD) practices in the human resources. Firms seemed to have engaged in community development activities without expecting changes to their economic performance and the CSD of community activities seemed to be shaped by the expectations of the society.

Jatana and Crowther (2008) edited book named “Corporate social responsibility – theory and practice with case studies” has shed light on myths of Corporate social responsibility, value addition, Globalization perspectives on Corporate governance, whistle blowing policies as Corporate social responsibility and other contemporary issues in Corporate social responsibility. In addition, it dealt with various case studies related to various industrial sectors insurance, private banking, SMEs, Information Technology, power generation sectors and companies like Ambuja cements, Coca-Cola. In all these articles details of current projects pursed by companies has given but the CSRD has not been measured as such.

Planken et al (2010) investigated CSR platforms and the communication surrounding those platforms in India and established that the CSR platforms are typically used, together with stakeholder attitudes to both the form and content of those platforms. The authors presented the fact that the selected Indian corporations pursued a primarily philanthropic platform with a focus on community development projects, as predicted by previous studies. It also indicated, however, that Indian consumers may not value philanthropic CSR as highly as other CSR initiatives.

2.3 SUMMARY OF THE REVIEW OF LITERATURE
The study of literature on CSR and CSRD paints an ambiguous and even contradictory picture in India as well as at global level. Though some studies can be found in India, but the work is certainly scanty relative to research work at global level. Overall, it has been concluded by most of the studies pointed out that the CSR disclosures are low, do not present social information in a consistent manner and social audit reporting in formalized accounting pattern are not being followed. Though size, profitability and industry have been found to be the determinants of CSD but the relationship seems to be moderate and inconsistent. So, a detailed investigation in CSD patterns in India and their association with various corporate characteristics is warranted. Moreover, the perceptions of various groups of stakeholders have not been investigated by earlier studies. So, it has been indentified as an interesting area for the current research.