



A Study of CSR Disclosure by Selected Indian Companies of Cement Industry during Pre and Post Companies Act, 2013

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Abstract: After implementation of companies act, 2013 it has become mandatory for all companies to comply with the law and to spend minimum 2% of average profit of last three years for corporate social responsibility. Government has also classified all the areas in different eleven categories. This study shows the difference between areas covered before and after companies act, 2013.

I. INTRODUCTION

વિશાળે જગ વિસ્તરે નથી એક જ માનવી
પશુ છે પંખી છે , વનોની છે વનસ્પતિ

Due to backwardness and poverty of the country and limitations of the government in mobilizing resources to alleviate these problems, business & other organizations assume overriding importance in helping for its all-round development. Problems afflicting society provide opportunity to business organizations in using their resources & managerial abilities in solving them. Business owes its responsibility towards society. Firstly, as a result of the impact of its own operations & secondly, for being a unit of society in which it operates.

The former relates to what the organization does to the society by way of specific operations whereas the later deals with what society demands from it. Hence, regardless of reasons, business organizations are required to discharge social responsibilities even though they may not be directly responsible for social problems. Business is required to be socially responsible from other consideration as well, namely, that being a potential employer in society it acquires tremendous social power which in turn makes it obligatory to discharge social responsibilities. If social responsibilities are not effectively discharged, it is just possible that social power may be lost in the process. Furthermore, being the leading member of society, business organizations are expected to play a leading role in solving some of the major problems. Business organizations owe social responsibilities to society in the same way as individuals hold. Like an individual, organization is to be viewed as a member of the society & hence he is expected to behave as a responsible citizen.

As per the survey of 2011, the major problems of india are population, poverty, sanitation, education, unemployment, women empowerment, environmental issues like air pollution, water pollution, soil erosion etc.

There is statutory provision for corporate social responsibility as per companies act, 2013. Before these legal provisions, most corporates were used to perform their social responsibilities in the common areas like health care, education and environment sustainability. But this was not regulated by any agency. It was totally voluntary. But now it is mandatory.

The core concept of this study is to identify the gap between disclosure by Indian corporate before and after commencement of companies act, 2013. Before commencement of this work, corporate social responsibility was not mandatory and now it is mandatory. Therefore, this work is divided into two parts i.e. pre legal provisions and post legal provisions.

There were no predetermined areas of corporate social responsibility and now there is. Hence all possible Indian problems are fixed to examine this relationship or gap. This is discussed in detail in the chapter of data and data analysis.

II. LITERATURE REVIEW

William J. Bowen mentioned the concept of Corporate Social Responsibility for the first time in 1953 in the publication 'Social Responsibilities of the Businessman'. However, the term Corporate Social Responsibility became popular in the 1990s, when the German Betapharm, a generic pharmaceutical company decided to implement CSR. The generic market is characterized with an interchange of products. In 1997 an abrupt stop in sales growth led the company to realise that generic drugs market companies could not differentiate on price or quality. This was the prelude for the company to adopt Corporate Social Responsibility as an expression of the company's values and as a part of its corporate strategies. By using strategic and social commitment for families with chronically ill children, Betapharm took a strategic advantage.



Corporate Social Responsibility was mainly promoted by a number of multinational or large companies; it has now become important to small national companies. The following relevant studies are covered as a part of literature review.

Moon (2004), in his paper entitled “Government as a driver of Corporate Social Responsibility: A U.K comparative Perspective” examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employees’ relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making through making policies and regulations. The study also embarked other countries’ situation that how their government entered into businesses for driving CSR.

Vaaland, Heide (2008), in their paper entitled “Managing corporate social responsibility: lessons from the oil industry” used case study methodology. The paper purpose was to handle the CSR critical incidents and utilize this experience in enforcing the CSR activities. The study concluded that CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.

RichaGautam and Anju Shah (2009) in their paper entitled “Corporate Social Responsibility Practices In India” published in *Global Business And Management Research: An International Journal* has done an analysis of 500 companies out of which 229 companies didn’t reported on Corporate social responsibility activities and it stated that Corporate Social Responsibility is presented as a comprehensive business strategy, arising mainly from performance consideration and stakeholders pressure.

MahabirNarwal, Rajinder Singh (2013) in their paper entitled “Corporate Social Responsibility Practices in India: A Comparative Study Of MNC’s And Indian Companies” explore different areas of Corporate social Responsibility covered by the companies in India and to have a comparative analysis of such practices of Indian companies and MNCs working in India. The sample for the present study consisted of 38 companies including 18 Indian companies and 20 MNCs of different countries working in India across various industries. The data, thus, generated was analyzed with the help of ANOVA and Factor Analysis. The study found that there is a little difference in corporate social Responsibility practices of Indian companies and MNCs and that is in terms of importance/focused areas of corporate social Responsibility. Companies are adopting Corporate Social Responsibility practices of Environmental Marketing, Sustainable Development, Local Community Support, and Transparency and Accountability. MNCs are adopting almost the same corporate social Responsibility practices as adopted by their counterparts Indian companies, thus, MNCs are adhering to the prevailing business practices in host countries.

Jain (2014), in her paper entitled “The Mandatory CSR in India: A Boon or Bane” found that the mandated 2% CSR investment in the new Indian Companies Bill is a novel solution to India’s social problems. It may not be perfect but it is a product out of necessity for economic justice in India. Corporations in India have failed to take responsibility for the real cost of their functioning. Many often pollute the environment and run away from human hazards that they invent. 2% CSR policy envisions a system in which each industry would contribute in a manner apt with their expertise. Chemical and oil companies might take environmental and safety initiatives and technology companies might take tech education initiatives. Thus, in a nutshell, this new policy may turn out to be a boon for both the corporate and the society, propelling India towards the path of equitable and sustainable growth.

In this literature review, different aspects of different time periods are studied by the different researchers. This work is concerned with Indian problems and CSR practices in India. The purpose of this work is to identify the synchronisation of CSR with Indian problems. If there is no synchronisation in some areas, it can be suggested to the government to include them in legal provisions so that the economic burden of government can be reduced and effects of CSR of corporate can be diverted in right direction.

III. REASEARCH METHODOLOGY

3.1) OBJECTIVES OF STUDY

The objectives of analyzing corporate social responsibility performance are

- 1) To examine corporate social responsibility activities performed by selected Indian companies.
- 2) To examine company wise performance score of social responsibility.
- 3) To investigate the gap between social responsibility of Indian companies and Indian problems.

3.2) HYPOTHESIS

To examine the result of objectives the following hypothesis are developed.

- a) All corporate social responsibility activities are performed by Indian companies.
- b) The performance score of all selected Indian companies is identical.
- c) There is significant gap between social responsibility of Indian companies and Indian problems.



3.3) TYPE OF DATA:

In this study, secondary data is used. Total 30 companies are selected and data is obtained from their annual report.

3.4) PERIOD OF STUDY:

Time period for this study was 5 years that is from 2011-12 to 2015-16. The entire study is based on historical data.

3.5) SCOPE OF STUDY

The various 11 areas of social responsibility as per companies act, 2013 are traced out for selected 5 Indian companies from their annual reports of financial years 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. Again, it is divided into two categories.

- 1) Pre companies act, 2013.
- 2) Post companies act, 2013

3.6) SAMPLE SIZE

Total 30 Indian companies are selected randomly from different six industries for the purpose of the study.

List of Selected Indian Corporates from cement industry

- 1) Aditya birla nuvo
- 2) Century textiles
- 3) Madras cements ltd
- 4) Ultratech cement
- 5) Shree cements ltd.

Name of areas covered as per schedule VII of companies act,2013.

- 1) eradicating extreme hunger and poverty
- 2) promotion of education
- 3) promoting gender equality and empowering women
- 4) ensuring environmental sustainability
- 5) protection of national art, heritage and culture
- 6) measures for benefit to armed forces veterans, war widows and their dependents
- 7) training to support sports
- 8) contribution to PM fund or any other fund
- 9) contribution to technology incubators located within academic institution
- 10) rural development projects
- 11) Slum area projects

3.7) Computation of disclosure score

The performance score of social responsibility is calculated as under and accordingly ranks are given to the companies over 5 years.

$$\text{PSSR of companies} = \frac{\text{total areas covered of SR}}{\text{total selected areas of SR}} \times 100$$

3.8) TABULATION OF DATA

On the basis of table no. 4.1 and 4.2, we can divide the data in following four parts.

- | | |
|------------|-----------|
| > 75% | = GROUP A |
| 51% TO 75% | = GROUP B |
| 25% TO 50% | = GROUP C |
| < 25% | = GROUP D |



3.9) LIMITATIONS OF THE STUDY:

Limitations of the study are as under.

- 1) The data have been collected for only 5 years that is 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16.
- 2) Only 5 companies from automobile industry are selected.
- 3) An attempt is made to find out the gap between Indian corporate social responsibility and Indian problems.

IV. DATA AND DATA ANALYSIS

Table 4.1 AREA WISE SOCIAL RESPONSIBILITY OF INDIAN CORPORATES

| NAME OF COMPANY | eradicating hunger, poverty and malnutrition | promoting education | gender equality and empowering women | environment sustainability | protection of national art, heritage and culture | measures for benefit of armed forces veterans, war widows and their dependants | training to promote rural sports | contribution to fund | contribution to technology incubators located within academic institution | rural development projects | slum area projects | TOTAL |
|--------------------------|--|---------------------|--------------------------------------|----------------------------|--|--|----------------------------------|----------------------|---|----------------------------|--------------------|-------|
| adityabirlanuvo | | | | | | | | | | | | |
| 2011-12 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2012-13 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2013-14 | Y | Y | Y | Y | N | N | N | Y | N | Y | N | 6 |
| 2014-15 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2015-16 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| TOTAL | 5 | 5 | 5 | 5 | 0 | 0 | 0 | 1 | 0 | 5 | 0 | |
| Century Textiles | | | | | | | | | | | | |
| 2011-12 | Y | Y | N | Y | N | N | N | N | N | N | N | 3 |
| 2012-13 | Y | Y | N | Y | N | N | N | N | N | N | N | 3 |
| 2013-14 | Y | Y | N | Y | N | N | N | N | N | N | N | 3 |
| 2014-15 | N | N | N | N | N | N | N | N | N | N | N | 0 |
| 2015-16 | N | N | N | N | N | N | N | N | N | N | N | 0 |
| TOTAL | 3 | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Madras cement | | | | | | | | | | | | |
| 2011-12 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2012-13 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2013-14 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2014-15 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | 9 |
| 2015-16 | Y | Y | Y | Y | Y | Y | Y | Y | N | Y | N | 9 |
| TOTAL | 5 | 5 | 5 | 5 | 5 | 2 | 5 | 5 | 0 | 5 | 0 | |
| shree cements | | | | | | | | | | | | |
| 2011-12 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2012-13 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2013-14 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2014-15 | Y | Y | Y | Y | Y | N | Y | N | N | Y | N | 7 |
| 2015-16 | Y | Y | Y | Y | Y | N | Y | N | N | Y | N | 7 |
| TOTAL | 5 | 5 | 5 | 5 | 5 | 0 | 5 | 3 | 0 | 5 | 0 | |
| ultratech cements | | | | | | | | | | | | |
| 2011-12 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2012-13 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2013-14 | Y | Y | Y | Y | N | N | N | N | N | Y | N | 5 |
| 2014-15 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| 2015-16 | Y | Y | Y | Y | Y | N | Y | Y | N | Y | N | 8 |
| TOTAL | 5 | 5 | 5 | 5 | 2 | 0 | 2 | 2 | 0 | 5 | 0 | |

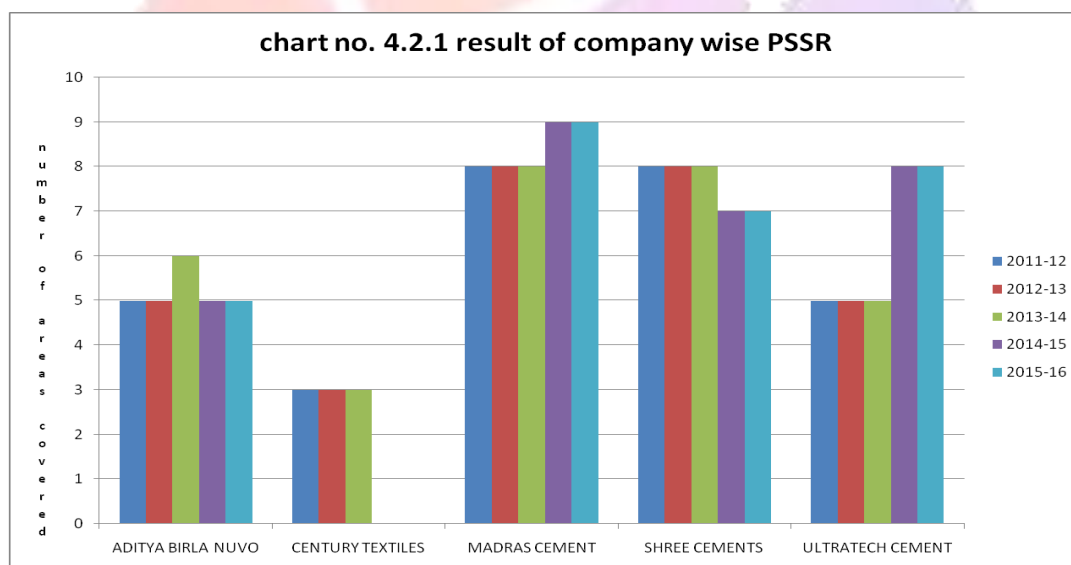


Table no 4.2 Company Wise Performance Score of Social Responsibility

| NAME OF COMPANY | PRE COMPANIES ACT,2013 | | | | | | | | | post companies act,2013 | | | | | |
|-------------------|------------------------|---------|-------|---------------|---------|-------|---------------|---------|-------|-------------------------|---------|-------|---------------|---------|-------|
| | 2011-12 | | | 2012-13 | | | 2013-14 | | | 2014-15 | | | 2015-16 | | |
| | areas covered | PSSR | group | areas covered | PSSR | group | areas covered | PSSR | group | areas covered | PSSR | group | areas covered | PSSR | group |
| Aditya Birla Nuvo | 5 | 45.45 % | C | 5 | 45.45 % | C | 6 | 54.54 % | B | 5 | 45.45 % | C | 5 | 45.45 % | C |
| Century Textiles | 3 | 27.27 % | C | 3 | 27.27 % | C | 3 | 27.27 % | C | 0 | 0.00% | D | 0 | 0.00% | D |
| Madras Cements | 8 | 72.72 % | B | 8 | 72.72 % | B | 8 | 72.72 % | B | 9 | 81.81 % | A | 9 | 81.81 % | A |
| Shree Cements | 8 | 72.72 % | B | 8 | 72.72 % | B | 8 | 72.72 % | B | 7 | 63.63 % | B | 7 | 63.63 % | B |
| Ultratech Cements | 5 | 45.45 % | C | 5 | 45.45 % | C | 5 | 45.45 % | C | 8 | 72.72 % | B | 8 | 72.72 % | B |

Table no. 4.2.1 result of Company Wise Performance Score of Social Responsibility

| Group A | Group B | Group C | Group D |
|----------------|-------------------|-------------------|------------------|
| 2011-12 | | | |
| | Madras cements | Aditya Birla Nuvo | |
| | Shree cements | Century Textiles | |
| | | Ultratech Cements | |
| 2012-13 | | | |
| | Madras cements | Aditya Birla Nuvo | |
| | Shree cements | Century Textiles | |
| | | Ultratech Cements | |
| 2013-14 | | | |
| | Madras cements | Century Textiles | |
| | Shree cements | Ultratech Cements | |
| | Aditya Birla Nuvo | | |
| 2014-15 | | | |
| Madras cements | Shree cements | Aditya Birla Nuvo | Century Textiles |
| | Ultratech Cements | | |
| 2015-16 | | | |
| Madras cements | Shree cements | Aditya Birla Nuvo | Century Textiles |
| | Ultratech Cements | | |





Company wise performance score of social responsibility

Pre companies act, 2013

In year 2011-12 and 2012-13, Madras cements and shree cements were the companies which covered 8 areas out of total 11 areas with PSSR 72.72% and they fall under the category of group B. Aditya Birla Nuvo and Ultratech cements performed their social responsibility towards 5 areas resulting into PSSR 45.45%. They fall under the category of group C. century textile covered 3 areas with PSSR 27.27% and it falls under the category of group C.

In year 2013-14, Aditya Birla Nuvo switched to group B from group C by covering 6 areas with PSSR 54.54%. Madras cements and Shree cements were the companies which covered 8 areas out of total 11 areas with PSSR 72.72% and they fall under the category of group B. Ultratech cements performed its social responsibility towards 5 areas resulting into PSSR 45.45%. it falls under the category of group C. century textile covered 3 areas with PSSR 27.27% and it falls under the category of group C.

Post companies act, 2013

In year 2014-15 and 2015-16, Madras cements moved from group B to group A by covering 9 areas resulting into PSSR 81.81%. ultratech (1.45%) cement performed social responsibility towards 8 areas and it falls under the category of group B with PSSR 72.72%. Whereas Shree cements (1.97%) covered 7 areas out of 11 areas with PSSR 63.63%. It also falls under the category of group B. adityabirlanuvo (2.01%) focused on 5 areas and therefore it falls under the category of group C with PSSR 45.45%. Century textile (0%) did not contribute to any area.

V. FINDINGS

- ✓ Aditya Birla Nuvo shows consistent distribution towards social responsibility during pre and post companies act, 2013.
- ✓ Century textiles has covered common areas of health, education and environment during pre companies act, 2013 but after implementation of companies act, 2013, it has not contributed to any area due to loss.
- ✓ Madras cements has contributed to maximum areas compared to other companies during pre and post companies act, 2013.
- ✓ Shree cements has reported 72.72% Performance Score by covering 8 areas during pre companies act, 2013. Whereas after implementation of companies act, 2013 its performance score has reduced to 63.63 %. The Performance score of this company is fairly good.
- ✓ Ultratech cements has reported 45.45% performance score during pre companies act, 2013 whereas during post companies act, its performance score has increased to 72.72%.

VI. CONCLUSION:

Total three objectives are framed for this study. The first objective of this study is “to examine corporate social responsibility activities performed by selected Indian companies”. To examine this objective pre and post companies act, 2013 time period is considered. To check the result of first objective, the following hypothesis is developed.

“All corporate social responsibility activities are performed by Indian companies”.

It is found that all companies have performed their social responsibility towards the common areas. But few companies have covered all possible areas.

The second objective of this study is “to examine company wise performance score of social responsibility”. For this purpose, the hypothesis is following hypothesis is developed.

“The performance score of all selected Indian companies is identical”.

Performance score of social responsibility is calculated for each company. It seems that the performance score of only few companies is identical.

The third objective is “to investigate the gap between social responsibilities of Indian companies”. It is the gap between corporate social responsibility areas predetermined by government and areas covered by selected Indian corporate. For this objective, the following hypothesis is developed.

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