

***CORPORATE SUSTAINABILITY INITIATIVES REPORTING WITH
REFERENCE TO CORPORATE SOCIAL RESPONSIBILITY:
A STUDY OF SELECTED COMPANIES***

By Neetu Kapoor

Abstract

The paper analyses the sustainability initiatives in the area of corporate social responsibility by top 100 companies related to sustainability. The paper reveals the significant difference in reporting across various sectors and different variables of corporate social responsibility. Most initiatives in the area of CSR focused on four areas—education, healthcare, community livelihood, and infrastructure development. It has been observed that less than 20% of the companies disclose information on sustainability issues. The paper also shows that sectoral differences in reporting were also high. The research revealed that certain sector outperformed in sustainability initiatives reporting and some were totally negligent about their initiatives on sustainability reporting. Disclosures on CSR finances and donations were also nearly non-existent.

Keywords

Corporate Sustainability Initiatives, CSR, Reporting, Indian Companies.

Introduction

The deterioration of ecological and social environment has made companies to look beyond the financial performance to drive business in the long run. Business leaders have realized the significance of integrating the social and environmental issues within the business strategy. An emerging trend is the inclusion of corporate social responsibility in the Companies Act, 2013 specifying the percentage of amount spent on CSR. In a world changing scenario it has become vital for the company to account for the way they contribute to the betterment of environment and community as a whole. Climate change, community health, education and development; and business sustainability are some of the pressing issues of our time.

A sustainability report gives information about organizational economic, environmental, social and governance performance. It is a method to internalize and improve an organization's commitment to sustainable development in a way that can be demonstrated to both internal and external stakeholders. The basic framework and guideline for preparing sustainability report is given by Global Reporting Initiative (GRI). The GRI Guidelines enable all organizations worldwide to assess their sustainability performance and disclose the results in a similar way to financial reporting. Sustainability reporting is gaining momentum worldwide to disclose their sustainability plans and performance to their stakeholders. The reporting scenario in India is still in nascent stage with very few companies disclosing their sustainability performance. Few sectors have outperformed in their sustainability reporting whereas few have less report or not at all. The present paper highlights the contribution of various sector and few selected companies to corporate social responsibility as a step towards sustainable development. The paper analyses the sustainability initiatives of India's most valuable companies as disclosed on their Websites, including the annual reports sustainability reports, policies and various codes.

Objectives of the study

1. To study the sector wise contribution to sustainability reporting.
2. To investigate what type of information relating corporate social responsibility were disclosed by the companies.
3. To map the type of information to the industry type and sector type relating to CSR.

Methodology

The study is based on secondary data collected from the websites and annual reports published by the companies. The information is collected from the books, journals and newspaper etc. The data is analyzed using simple statistical tools such as percentage and bar graphs are used to present the information for better presentation. Sample size of 50 top companies is taken as rated by Business Today in 2010 which is based on convenient sampling. These companies were classified into 15 different sectors.

Data Collection and Analysis

For the present study, data was collected from the website of the companies and their recent reports published. Similarly for the sectors websites were used to collect information on sustainability initiatives.

Table1: Sector-wise Classification of Companies

Sector	Company	Sector	Company	Sector	Company
Automobiles & Parts	Bajaj Auto	FMCG	ITC	Oil & Gas	Cairn India
	Hero Honda Motors		Nestle India		Essar Oil
	Mahindra & Mahindra		Hindustan		Reliance Industries
	Unilever		Castrol India		
	Maruti Suzuki		Dabur India		
Banking & Finances	Axis Bank	Industrial Equipment	Crompton	Cement & Cement Products	ACC
	HDFC Baank		Greaves		Ambuja Cements
	ICICI Bank		Siemens		Ultratech Cement
	Reliance Capital		Thermax		
	Bajaj Holdings & Investment				

Infrastructure	Jaiprakash Associates Larsen & Tubro Jaypee Infratech	& IT Consulting Software	HCL Technologies Infosys Tata Consultancy Services	Pharma-ceuticals	Cadila Healthcare Cipla Divis Laboratories Piramal Healthcare
Reality	DB Realty DLF Housing Development & Infrastructure	Chemicals	Tata Chemicals Jain Irrigation Systems	Electric Utilities	Reliance Power Tata Power Torrent Power
Metals	Hindalco Industries Jindal Steel & Power Tata Steel	Telecom & TV	Zee Entertainment Enterprises Bharti Airtel Tata Communications	Others	Pantaloon Retail Titan Industries Asian Paints

The initiatives were divided into 10 variables as stated below. The data was then analyzed overall as well as sector – wise. The charts and trends arising from this data analysis led to interesting insights, which has been stated in the findings.

The variables used in analyzing the Corporate Social Responsibilities initiatives by the company are:

1. CSR Finances
2. Donations & Sponsorship
3. Disaster Relief
4. Education

5. Healthcare
6. Infrastructure Development
7. Cultural Conversation
8. Community Livelihood
9. Environment Conservation
10. Other CSR Initiatives

Overall Findings

An analysis of the reported Corporate Sustainability Initiatives (CSIs) for selected 50 companies revealed that more than 90% of the companies have internalize it and developed codes of conduct as well as internal policies. It is observed that major initiative related to CSR has been taken by most of the companies. The CSR initiative related to community livelihood, healthcare, education and others were taken.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) initiatives are the programs implemented by the company for the betterment of the society at large or for protection of environment and conservation or in any way that the common public is benefitted. These initiatives are philanthropic in nature- they are conducted voluntarily and free of cost for the benefit of the society. As per Companies Act, 2013 every company has to spent 2% of their profit on CSR initiatives. These initiatives could include donations of money, goods, time, and/or effort to support a beneficial cause, with a defined objective and with no financial or material reward to the donor. Any effort taken by the company without any selfish motive to promote quality product for the improvement of quality of human life also amount to CSR initiative. The various CSIs that fall under CSR can be explained as:

CSI	Description
CSR Finances	It means budget allocation to operate CSIs
Donations & Sponsorship	Initiatives that include charity or cash donation to address the social issues or well being of the focused portion of the society It may be in the form of donation to NGO's, building of schools, hospitals old age homes, and sponsoring programs.
Disaster Relief	Initiatives taken by companies to support disaster hit areas. Donation of funds, infrastructure, development, relief works, volunteering.
Education	Initiatives taken to promote education among the local communities or society at large: Building schools, offering scholarships, sponsoring schools, promotion of primary, secondary, and higher education.
Healthcare	Initiatives to offer health related services Awareness campaign about diseases, maternal health and child mortality, set up clinics for treatments and training programs, blood donation camps, eye check-up camps and build hospitals.
Infrastructure Development	Activities to improve local infrastructure by constructing roads, sanitation and sewerage and other initiatives.
Cultural Conservation	Conservation of cultural traditions and heritage and promotion of arts
Community Livelihood	Initiatives to improve quality of life in communities through professional trainings, activities for children and elderly people and differently-abled people, promoting sports, rural development, empowerment of women
Environment Conservation	Contributing to programs and activities contributing to environment protection and conservation by conducting awareness drive and undertaking projects for afforestation, landscaping, water harvesting etc.
Other CSR Initiatives	Activities not covered above but conducted as CSR initiative.

CSR Finances

Across all the sectors, there was little transparency when it came to disclosing the amount of money spent on CSR. Part of this may have to do with the fact that very few companies keep a detailed and auditable record of these finances but however due to amendments in Companies Act now the companies will be required to disclose the finances in their annual report. Companies undertake large non-financial support as CSR initiative which is difficult to quantify.

Donations and Sponsorship

These philanthropic initiatives taken up by companies range from donation of cash or material donations to sponsoring programmes. This CSR also lack transparency.

Figure 1: Sector-wise Percentage of Companies Reporting on CSR Finances

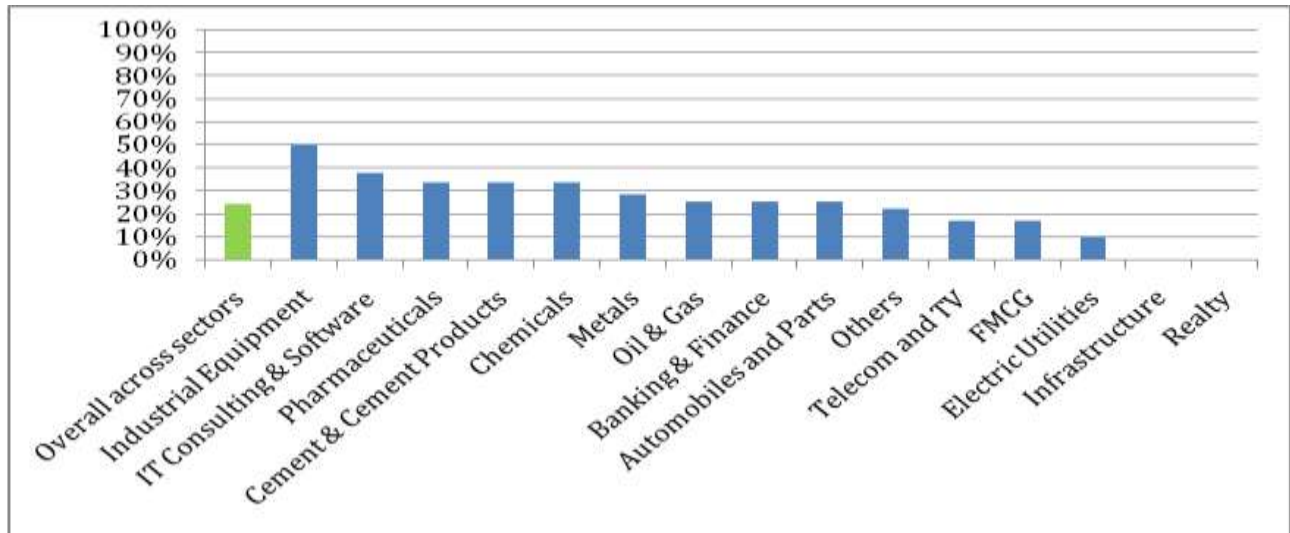
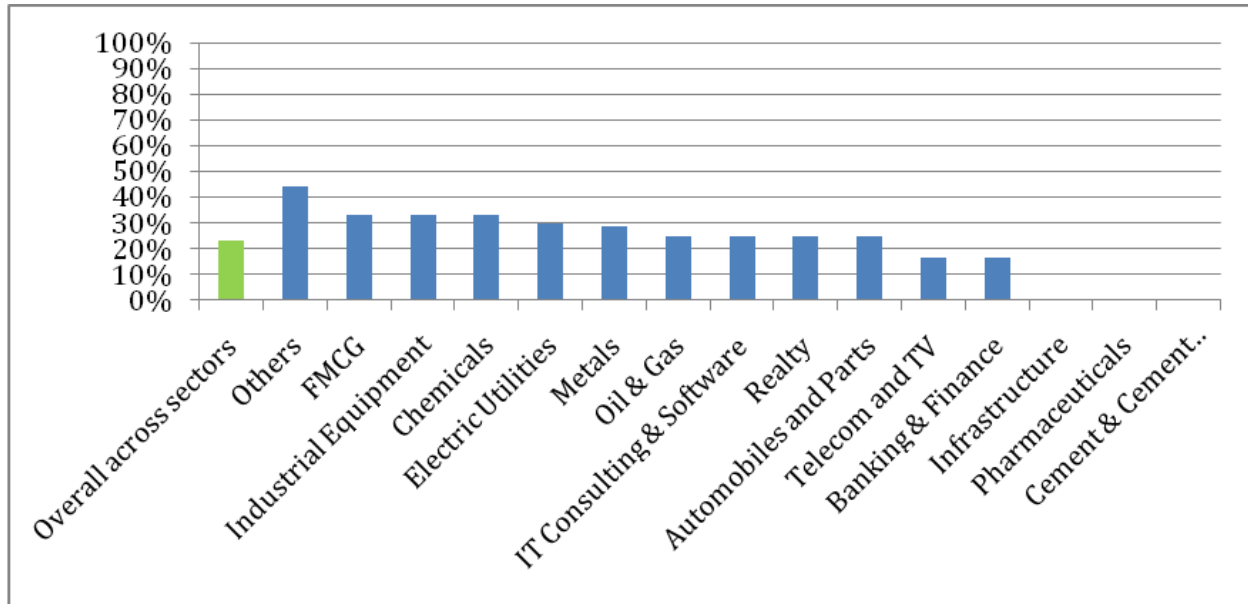


Figure 2: Sector-wise Percentage of Companies Reporting on Donations and Sponsorships

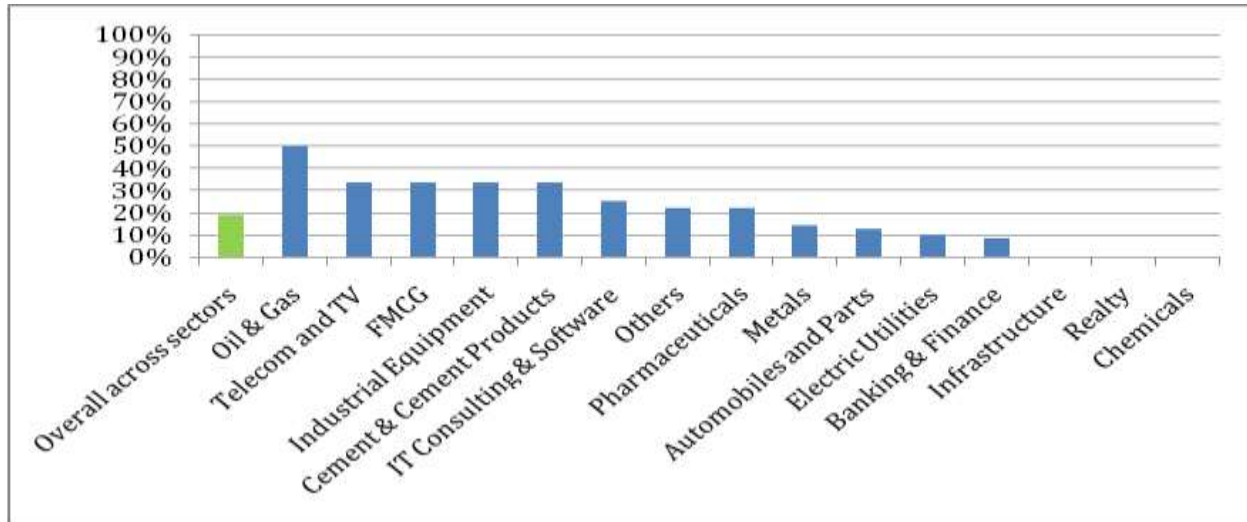


Disaster Relief

Disaster relief includes donations to organizations and public in the form of food, water, medicines, and clothes for helping communities that are hit by disasters. It also includes restoring the infrastructure of places affected by disasters..

Overall, the extent of reporting was low for this variable (Figure 3), but that could be because other CSR areas such as healthcare or education were greater priorities for many of the companies.

Figure 3: Sector-wise Percentage of Companies Reporting on Disaster Relief



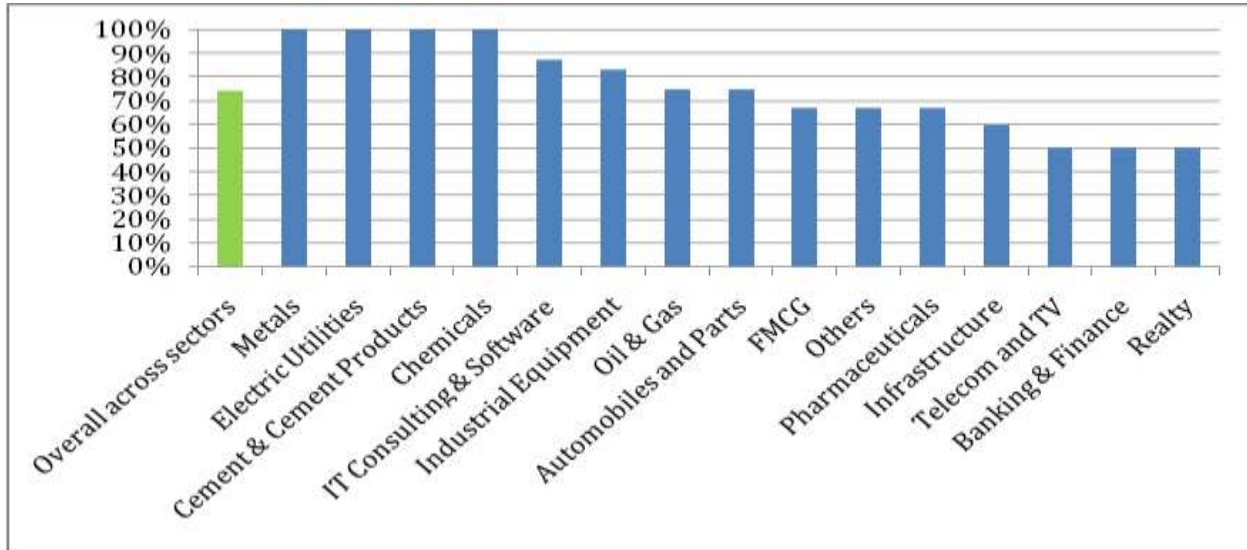
Education

This section includes steps adopted by the companies to promote education among the local communities or society at large. These initiatives could include:

- Building Schools
- Scholarships
- Sponsoring or Running Schools
- Work Done for Secondary Education Work Done for Higher/Technical Education

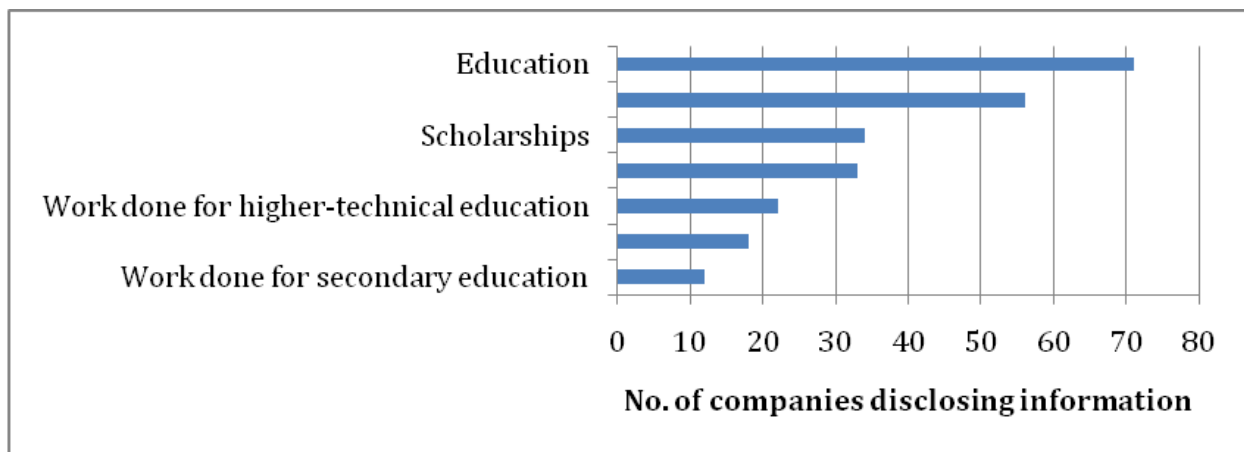
Given India's large young population and weak education system, a key focus area for CSR at about 75% of the companies was education (Figures 4 and 5). The focus here is on both improving access to education through scholarships as well as improving the quality of education by sponsoring or running schools.

Figure 4: Sector-wise Percentage of Companies Reporting Education Initiatives



While most sectors were involved in CSR, the sectors that had an impact on the community and therefore needed a social licence to operate (such as metals and chemicals) had a very strong focus on education. While the IT sector may not have a direct impact on the community, their focus on education was driven by two things—ensuring a steady stream of talent by investing in education and providing their employees an opportunity to volunteer through CSR initiatives.

Figure 5: Number of Companies Disclosing Information Related to Education Initiatives



Healthcare

This section includes the steps initiated by the companies to offer healthcare services to people and to spread awareness on healthcare issues such as maternal health, childcare, HIV/AIDS, malaria, diarrhoea, cholera, as well as for setting up mobile clinics or camps for free check-ups and treatments for various diseases, and conducting training programmes on prevention and cure.

A total of 70% companies reported healthcare initiatives. These initiatives includes Blood Donation Camps, Building Hospitals, Eye Check-Up Camps, Healthcare Training Programmes, Combat HIV-AIDS, Malaria and Other Diseases (Millennium Development Goal)

Healthcare was a focus area for almost all the sectors. More than 70% of the companies disclosed information on healthcare initiatives (Figures 6 and 7).

Figure 6: Number of Companies Disclosing Information Related to Healthcare Initiatives

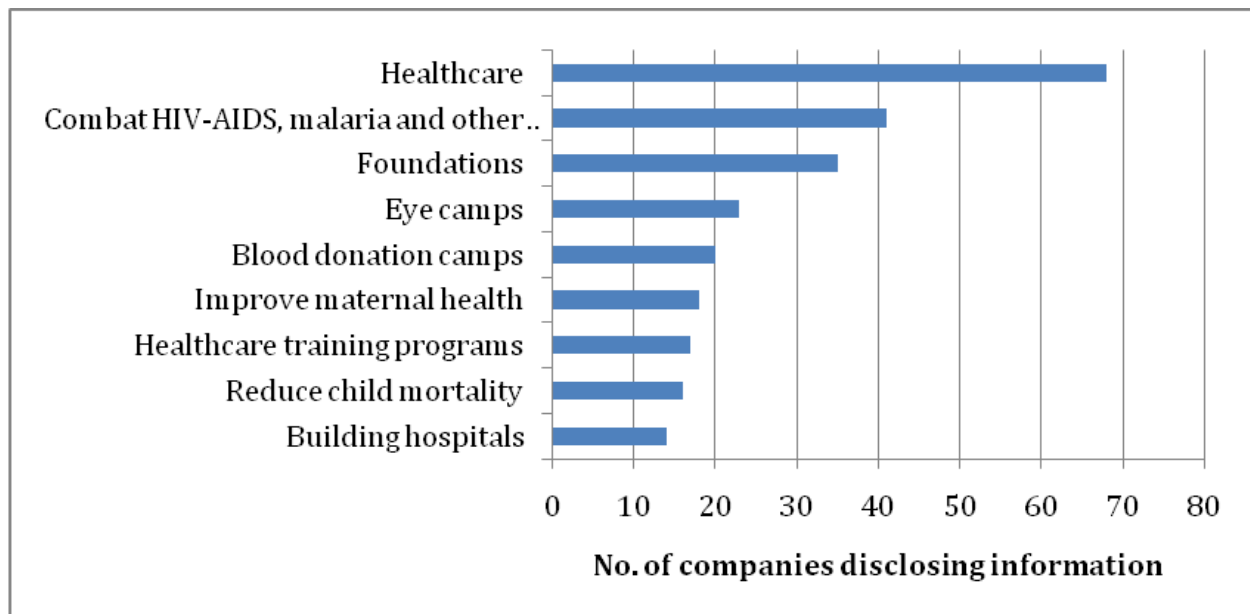
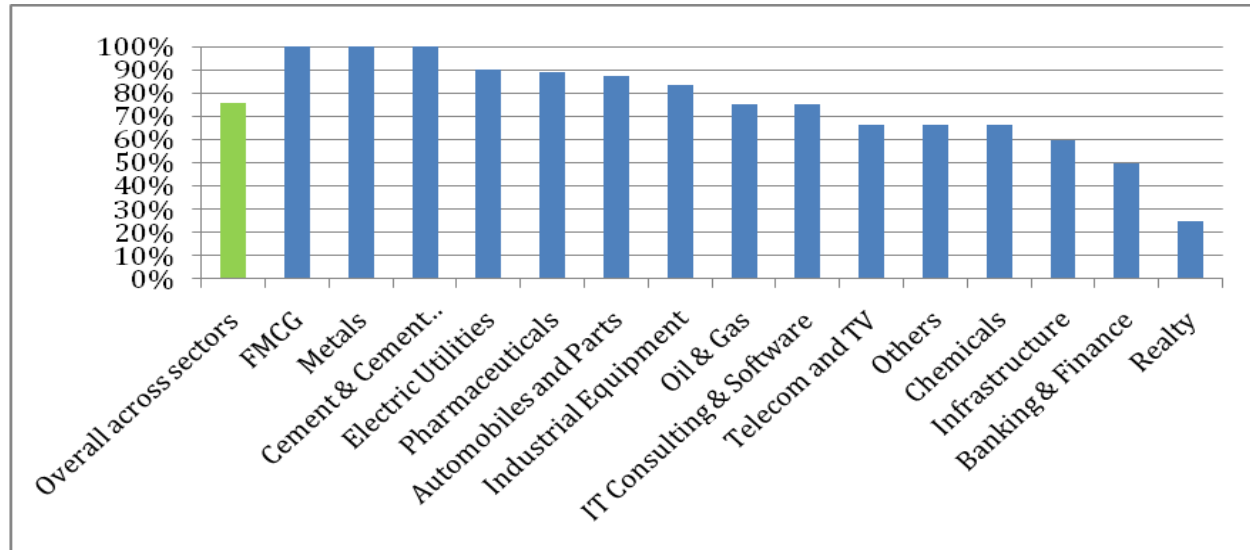


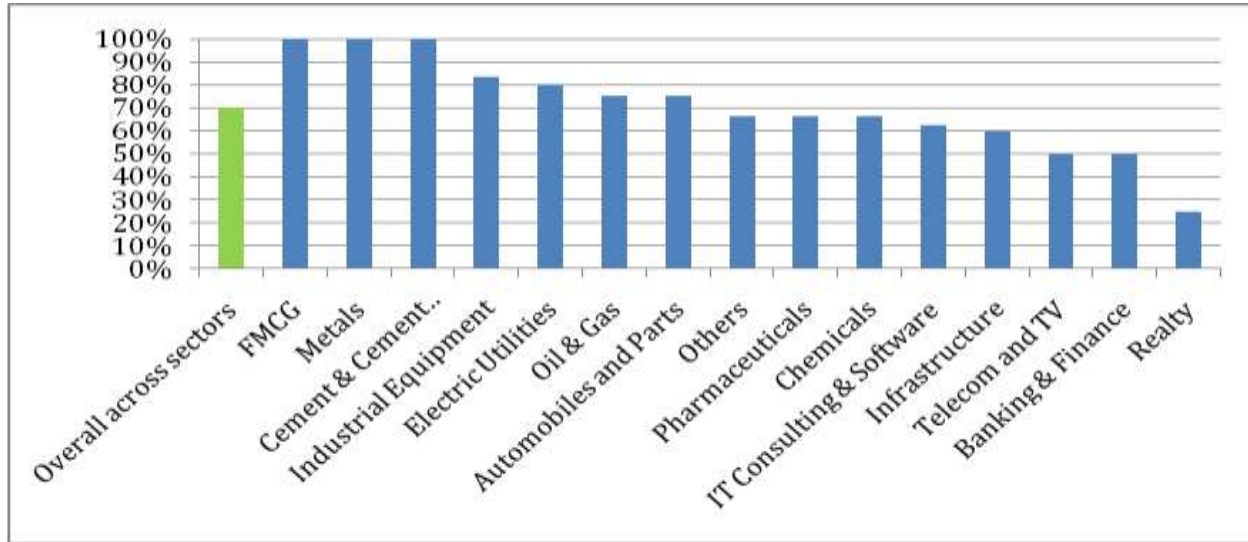
Figure 7: Sector-wise Percentage of Companies Reporting Healthcare Initiatives



Infrastructure Development

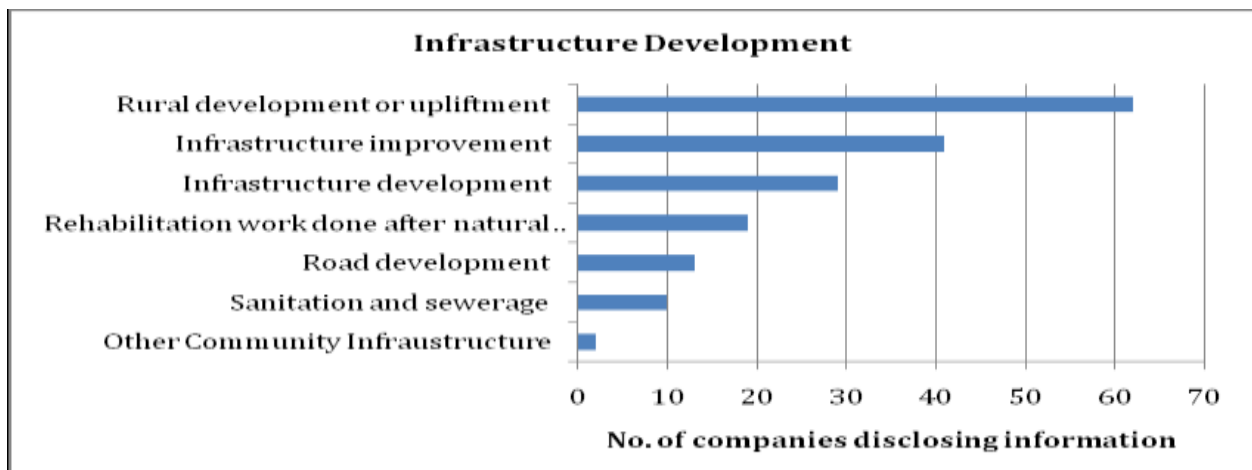
Infrastructure development includes the development of infrastructure, sewerage, roads, and so on. Along with healthcare and education, infrastructure development formed a crucial part of the CSR strategy of many of the companies. Just under 70% of the companies included infrastructure development in their CSR initiatives (Figures 8 and 9). This is unsurprising given the pressing need to improve India's infrastructure.

Figure 8: Sector-wise Percentage of Companies Reporting Infrastructure Development Initiatives



Interestingly, the FMCG sector was a leader in this area. This makes sense given that rural development and upliftment are the major focus areas of infrastructure development. For FMCG companies that seek to expand into rural markets, focusing on rural development is a great example of aligning business and CSR strategies.

Figure 9: Number of Companies Disclosing Information Related to Infrastructure Development Initiatives

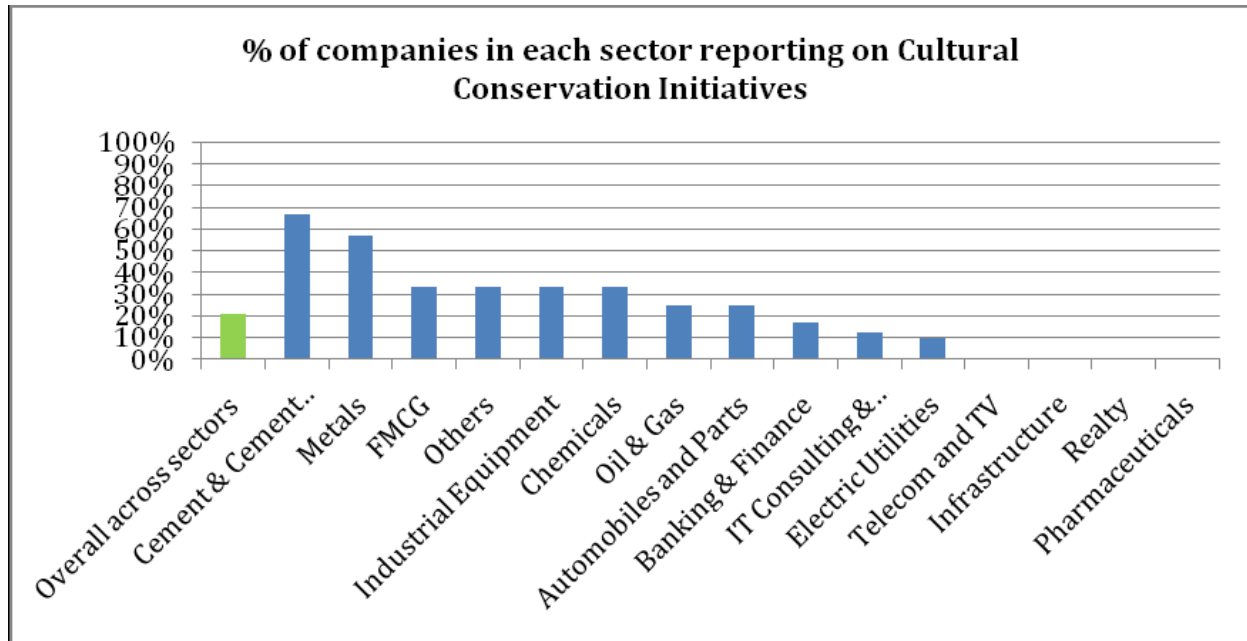


Companies have various means to conserve the heritage and cultural traditions of the communities in which they operate or to expose communities to various forms of arts through

exhibitions and events. The measures adopted to promote local art and culture such as handicrafts, pottery, dance forms, music forms, and textiles, and to support them by providing the infrastructure or helping them to sell their crafts so that they can make a living all fall under this section.

It is evident from the data in Figure 10 that this was not a core CSR area for most of the companies.

Figure 10: Sector-wise Percentage of Companies Reporting Cultural Conservation Initiatives



Community Livelihood

Companies can invest in society and the neighboring communities through the provision of training programmes to increase the livelihood of disabled people, children, and the elderly. Building skills and improving the quality of life can be done through trainings, through the empowerment of women, disabled, children, and the elderly, and by organizing relaxing and fun events and encouraging sports.

Community livelihood was found to be the most popular CSR focus area with nearly 80% of the companies disclosing some information about these initiatives. Most sectors, especially those with community impacts, focussed on this area. Livelihood training is focused on imparting training. Therefore, it is not surprising that the IT sector was a leader in this area, given its focus on education as a CSR focus area (Figures 11 and 12).

Figure 11: Sector-wise Percentage of Companies Reporting Community Livelihood Programmes

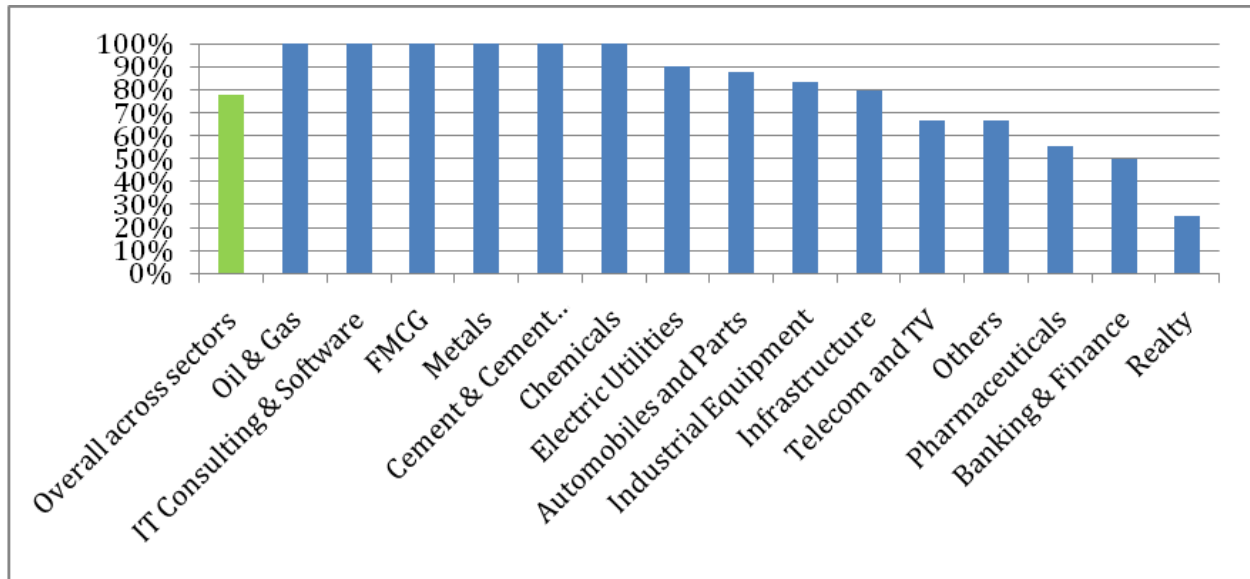
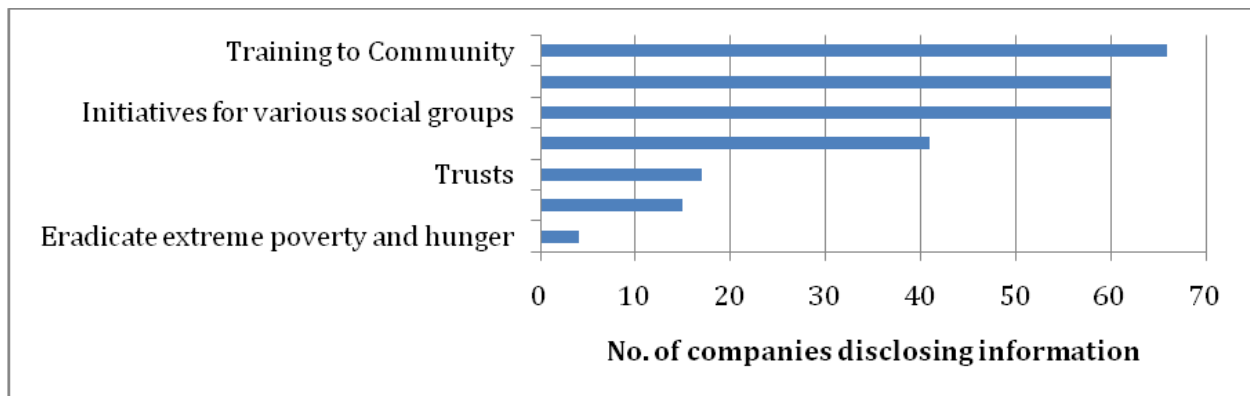


Figure 12: Number of Companies Disclosing Information Related to Community Livelihood



Environment Conservation

Conserving and protecting the natural surroundings of the local community, water conservation, forestry initiatives, and spreading awareness about various environment protection initiatives were taken up by the companies as part of their CSR activities. These initiatives were not part of greening their core business operations but were of a philanthropic nature—these were deployed to create awareness among the employees and the other stakeholders, and to improve the quality of life of the neighbouring communities and society at large. To that end, companies can work with the local governments, communities, and other stakeholders on initiatives such as planting trees, cleaning up the surroundings, watershed management for the villages, and organising awareness camps in partnership with NGOs.

Awareness Programmes: Programmes organised or promoted by the company to spread awareness among the communities about their plants or the society at large on various issues such as environment protection, healthcare practices, conservation of water, energy, natural resources, and the importance of education and other social issues related to dowry, the girl child, etc.

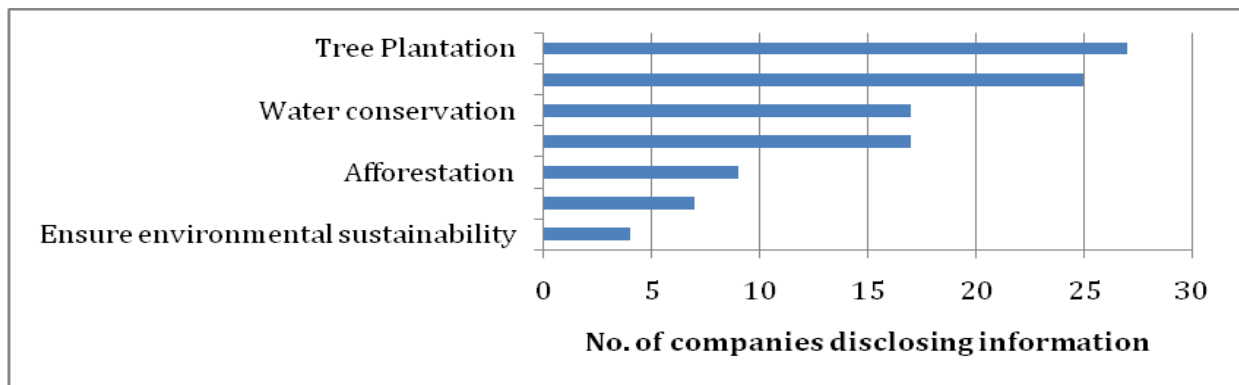
Nature Conservation: Steps taken by the company to protect the natural biodiversity of places could include conserving natural habitats such as mangroves, forests, deserts, and wildlife. The measures for implementing these could be getting involved in the conservation process or supporting/funding organisations that work towards it.

Water Conservation: Measures taken by the company to conserve water by promoting water harvesting practices in the community or by supporting the community to build water tanks or water harvesting units.

Forestry: Planting saplings within a company's campus, external large-scale tree plantation, social forestry, and landscaping could be conducted by companies to recover natural environments and improve the quality of life in communities.

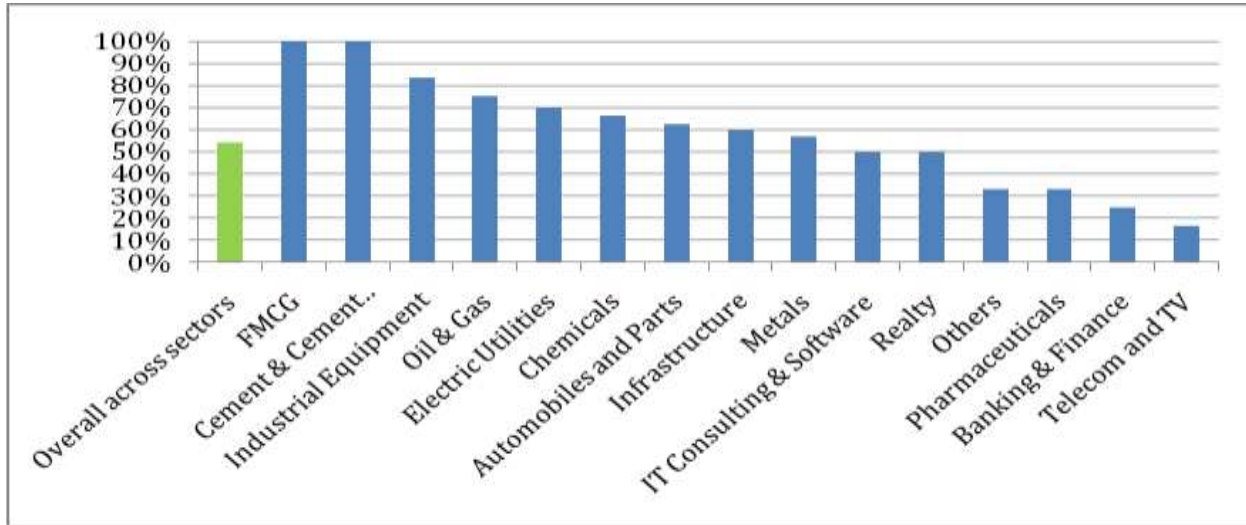
Tree plantation and nature conservation were the most popular environment-related CSR initiatives that the companies pursued. About 50% of the companies studied had such environment-related initiatives (Figure13).

Figure 13: Number of Companies Disclosing Information Related to Environment Conservation Initiatives



FMCG companies led the other sectors in this focus area (Figure 14). This could be attributed to tree plantation and similar activities being easy to implement as a customer-facing initiative that also drives brand recognition.

Figure 14: Sector-wise Percentage of Companies Reporting Environment Conservation Initiatives



Other CSR Initiatives

Volunteering was one of the most popular initiatives under this area. Companies encouraged volunteering because it drives greater employee engagement and satisfaction. Figures 49 and 50 present the data related to the other CSR initiatives of the companies studied.

Figure 15: Sector-wise Percentage of Companies Reporting Other CSR Initiatives

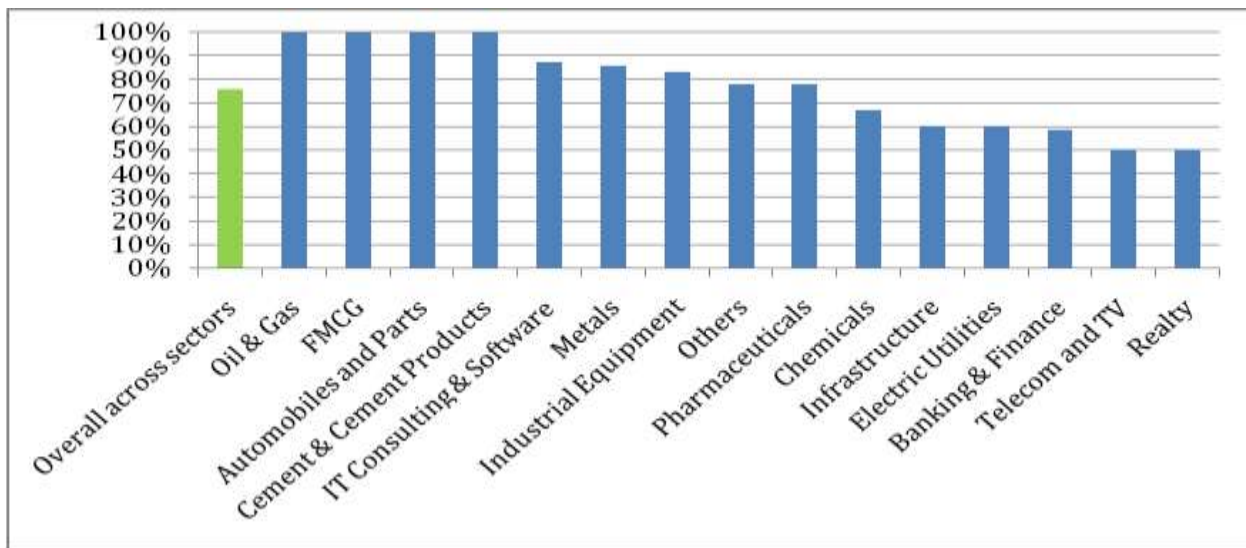
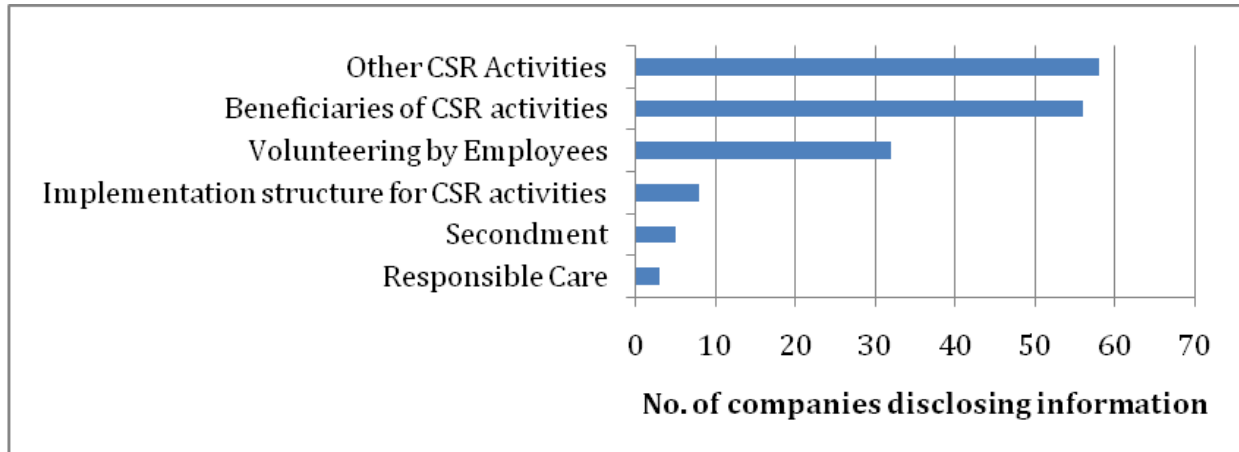


Figure 16: Number of Companies Disclosing Information Related to Other CSR Initiatives



Summary and Conclusions

This study analysed publically available, sustainability-related information disclosed by India's top 100 companies in 15 industry sectors across 1 variable and 10 sub-variable. The analysis was broadly based on Corporate Social Responsibility—and was divided along industry sectors.

Overall, the study shed light on some interesting trends. Only about a quarter of the companies had published reports based on widely recognized initiatives, such as the Global Reporting Initiative. Disclosures on CSR finances and donations were also low. It is in the interest of corporate India for companies to become more transparent in order to build greater stakeholder trust as well as to improve the internal processes for managing sustainability issues.

Sector-wise, heavy-industry sectors such as cement, metals and mining, and electric utilities outperformed other sectors on most indicators. This could be ascribed to their need for a social license to operate. Some sectors such as realty, telecom and TV, pharmaceuticals, and banking and finance had not disclosed as much as the others. A notable exception was the IT and consulting sector, which performed well on several indicators and reported extensively. A generous explanation for this could be that they have a greater maturity in sustainability, driven by the need to attract and retain employees as well as global benchmarking. Alternately, one could also attribute this to the fact that with limited and less complex potential impacts compared to the other manufacturing sectors, this sector is better positioned to report on such matters.

The study highlights the following aspects related to sustainability reporting in India.

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