

Chapter 4: Research Methodology

RESEARCH METHODOLOGY

Corporate social responsibility (CSR) disclosure has received an increasing amount of attention in both the academic and business fraternities. Such disclosure encompasses the provision of information on human resource aspects, products and services, involvement in community projects/activities and environmental reporting etc. Researcher wants to know about it in detail so conduct one systematic research to search about it in detail in India. The systematic approach for this research shown in this Chapter.

4.1. Research Objectives:

- To study the Accounting and Disclosure pattern of CSR activities by comparing content and context and area of CSR activities.
- To compare the CSR disclosure pattern pre and post Companies Act 2013.
- To find out the relationship between demographic factors, financial performance with CSR Disclosure pattern.
- To Study the attitudes and perception of professionals about CSR as per new Companies Act 2013.

4.2. Research Design:

- **Type of Research:** Qualitative Research
- Researcher has used the exploratory and descriptive research technique for this study.

4.3. Scope of this Study:

- This study covers the CSR disclosure related to various stakeholders by BSE 30 companies in their Annual Report. This study has considered only disclosure of CSR activities but not what actually they do CSR activities but not disclose about it in any medium of communication. This study is limited to professionals' perception about the CSR as per Companies Act 2013.

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4.4. Data Collection:

Table 4.1. Data Collection

Secondary data	Data has been collected from companies' annual reports for the year 2013-14, 2014-15, and 2015-16 for BSE 30 companies.
Primary Data	Professionals like CAs, CS and other management professionals have been considered for this research.

Data Collection Method:

- Secondary data is collected from the authentic source of companies' website and annual report which are the highly reliable data and primary data has been collected from professionals through a structured questionnaire. Researcher has used convenience based sampling for this research

4.5. Sampling Design:

Population:

The population of the study will be all Indian Public and Private Limited companies.

Sampling frame and sample size:

- ✓ **Secondary:** Researcher has taken BSE 30 Companies for the study for the time period 2013-14, 2014-15, 2015-16.
- ✓ **Primary:** For primary research professionals like CAs, CS, and financial consultant were consulted all 30 professionals, were interviewed personally by researcher

4.6. Instrument Used:

➤ Primary Data Analysis:

Researcher has used structured questionnaire for data collection and researcher has collected data by personal interview and discussion with the professional regarding the research topic. Researcher has collected data from 34 professionals but four professionals have not responded it in detail so these 4 responses have been eliminated from the result analysis.

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➤ **Secondary Data Analysis:**

• **Annual Report**

The fact that the findings affirm the annual report as the primary form of reporting is consistent with the stance of prior studies. It is also a confirmation of the belief that it is most significant source of environmental information due to statutory compliance requirements, regular production, a high degree of credibility (Tilt, 1994; Gray et al., 1995b), being widely available (Deegan and Rankin, 1997; Hughes, Anderson and Goldenc, 2001), and highly preferable by many stakeholder groups (Newson & Deegan, 2002). For CSR research mostly researchers are using the secondary data for the research (Taneja, Taneja, & Gupta, 2011)

• **Data Analysis Technique:**

Researcher has used content analysis for this research as it is widely used by the most of research in India as well as in foreign countries. Content analysis is widely used as research analytical technique in Corporate Social Responsibility Reporting in the world as many researchers have used this method (Kennedy Nyahunzvi, 2013). In this research researcher found that 90 % research technique used is as content analysis. So for this study has been carried out content analysis of annual reports for three financial year 2013-14, 2014-15, 2015-16.

• **Data Analysis tool:**

Researcher has used SPSS 21 version for the data analysis, all the test and output is based on SPSS software.

• **CSR Disclosure Items:**

Researcher has used content analysis technique for data analysis and discussion. Here researcher has adopted scale of disclosure from the earlier research by Monika Kansal and GRI 4 Guideline for disclosure. (Kansal, 2012; Kansal, Joshi, & Batra, 2014). First researcher has identified 111 items for disclosure from the research of Monika Kansal and GRI guideline and generally found disclosure like women empowerment and girl child education are added for this research. But some items used the above research done by Monika are not disclosed by companies so those were removed for further studies. Items like Mass marriage program, canteen facility, Holiday benefits etc. After deduction of these items researcher has analyzed and reported on 103 items which has been given in annexure. Researcher has conducted the normality test for the

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all items disclosed in all financial years from 2013 to 2016. For this small sample researcher has used non parametric test Kolmogorov-Smirnov Test. The result of this test is significant. Researcher has split all items in main nine themes and the detail of nine themes and numbers of items in each theme is given as below:

Table 4.2. List of theme and number of item in each theme

SR No	Theme	Number of Item
1	Community	23
2	Human Resource	22
3	Work Place	5
4	Product, Services -Safety and Innovation (PSI) Market Place	8
5	Environment	15
6	Energy	7
7	Emission of Carbon and Harmful Gases	10
8	Economic	5
9	Other CSR Activities	8
	Total	103

- **Coding CSR Disclosure:**

Researcher has identified the pattern of the disclosure in qualitative, quantitative, monetary (Ahmad, Maliah, & Siswantoro, 2003) and pictorial. Among all the patterns, qualitative remains constant combination with the all patterns and by using permutation mathematic tool researcher has made eight pairs of disclosure and one for non-disclosure. Earlier pair of approaches for disclosure like vision and goal, management approach and performance indicator with themes of various CSR activities (Bouten, Everaert, Van Liedekerke, De Moor, & Christiaens, 2011).

- **Coding Scale:**

- A) Type of Disclosure**

Weighted Score of Disclosure on basis of the 0-4 scale basis, here researcher has taken 0-4 rating scale for the disclosure on basis of literature review (Kansal et al., 2014), (Zainal, Zulkifli, & Saleh, 2013) (Ahmad et al., 2003) (Haji, 2013; Mukherjee, Sen, & Pattanayak, 2014) Researcher has assigned scale for the same as below:

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Table 4.3. Forms of Disclosure

Rate	Pattern of Disclosure
0	Non-Disclosure
1	Qualitative Disclosure
2	Quantitative Disclosure
3	Monetary Disclosure
4	Pictorial/Image Disclosure

Researcher has calculated both score, normal disclosure pattern of all aspects and weighted to every aspect of Disclosure pattern and calculated the score for the same.

- **Weighted Score**

Formula for Weightage =

No Disclosure Items*0 + Qualitative Disclosure Items*1 + Quantitative Disclosure Items*2 + Monetary Disclosure Items*3 + Pictorial Disclosures Items *4 = Total Weighted Disclosure

B) Pattern of Disclosure:

Disclosure pattern is fixed by researcher on basis of permutation mathematics' formula, here researcher has assumed that any disclosure becomes qualitative, so qualitative disclosure is common for all the disclosure pattern and make pair of two disclosure, three and four disclosure like Qualitative, Quantitative, Monetary, Pictorial/Image. Researcher has belief that the weightage of disclosure is like No Disclosure < Qualitative < Quantitative < Monetary < Pictorial.

Here researcher has used 0-8 scale for all the combination of disclosure, and has given weight to disclosure from qualitative to pictorial aspect in preceding manner(Kansal et al., 2014). Researcher has formed the combination of eight patterns of disclosure on basis of permutation. Researcher has considered qualitative disclosure as common for all types of disclosure as every disclosure can be qualitative so this remains constant and rest of the three changes in pair of two, three and four. In previous research combination of research pattern is found on approach based (Bouten et al., 2011).

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Table 4.4. Disclosure pattern and Scale

Disclosure Pattern	Scale
No Disclosure	0
Qualitative Disclosure	1
Qualitative + Quantitative Disclosure	2
Qualitative + Monetary Disclosure	3
Qualitative + Pictorial Disclosure	4
Qualitative + Quantitative + Monetary Disclosure	5
Qualitative + Quantitative + Pictorial Disclosure	6
Qualitative + Monetary Disclosure + Pictorial Disclosure	7
Qualitative + Quantitative + Monetary Disclosure + Pictorial Disclosure	8

- **Formula for Weighted Disclosure Score Pattern wise**

Weighted Score = $0 * \text{no of items disclosed in pattern number 0} + 1 * \text{no of items disclosed in pattern number 1} + 2 * \text{no of items disclosed in pattern number 2} + 3 * \text{no of items disclosed in pattern number 3} + 4 * \text{no of items disclosed in pattern number 4} + 5 * \text{no of items disclosed in pattern number 5} + 6 * \text{no of items disclosed in pattern number 6} + 7 * \text{no of items disclosed in pattern number 7} + 8 * \text{no of items disclosed in pattern number 8}$.

- **Time Span for research:**

Researcher has collected data for three financial years 2013-14, 2014-15 and 2015-16 from BSE 30 companies. Data for three years has been collected because new Companies Act 2013 was come in effect on 1st April 2014. So to compare the CSR disclosure and accounting in balanced way, researcher has taken one year before the Companies Act and one year after the Companies Act implementation.

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- **Organisational Factors:**

Researcher has considered various organizational factors in India which affect the CSR disclosure for this research (Jagongo, 2013) , Profit After Tax, Net profit ratio, ROE ,ROA(Inoue & Lee, 2011) are considered as profitability factor and turnover is considered as size of company and age is calculated from the establishment of company to financial year 2015-16. Generally mostly earlier researches have considered there as determinants for CSR disclosure(Fifka, 2013) which are independent variable for the study.

- **Industry Classification for Sample:**

Researcher has classified BSE 30 companies in eight industries which have been shown in table:

Table 4.5 Industry classification

SR NO	Industry	No of companies	Company Name
1	Automobile	5	Bajaj Auto Ltd, Hero Motocorp, M&M, Maruti Suzuki, Tata Motors Ltd
2	Banking and Financial Services	5	Axis Bank, HDFC, HDFC Bank, ICICI Bank, State Bank of India
3	FMCG	2	HUL, ITC
4	IT and Consultancy	3	Infosys, TCS, Wipro Ltd.
4	Pharmaceutical	4	Cipla Ltd, Dr. Reddy's Laboratories Ltd, Lupin Ltd., Sun Pharmaceutical Industries Ltd.
6	Power	2	NTPC Ltd, Power Grid Corporation of India
7	Oil and Gas	2	GAIL, ONGC
8	Other	7	Adani Ports, Asian Paints, Bharti Airtel Ltd, Coal India Ltd, L & T, Reliance Industries Ltd, Tata Steel Ltd

- **Test for research:-**

Researcher has used non parametric test for this research, to compare change in disclosure pattern before and after Companies Act 2013, Wilcoxon Signed Ranks Test

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has been applied. For the normality of all the items disclosed by companies are checked by Kolmogorov-Smirnov Test is applied. Researcher has used correlation test to know the relationship between CSR disclosure patterns and organizational factors. Researcher has applied Kruskal Wallis test to know the relation and impact of industry on CSR disclosure pattern, and Mann Whitney U test is used to study the variation in CSR disclosure by public and private ownership firms.

4.7. Significance of the Study:

This research has been carried out on the basis of what companies in India disclosed about CSR in their annual reports. This study will be useful to them to understand as to which pattern they should follow for CSR disclosure and in which format they should disclose to have significant impact for company as well as various stakeholders. This research is useful to companies to know their position and what is the impact of CSR disclosure on various organizational factors. Government can use this research as a base to frame policy for CSR disclosure. This research will be helpful to identify which areas are covered most for CSR activity and which areas are still untouched for CSR. So it will be possible to cover untouched and untapped areas and activities. It will be useful to the accounting board to frame the policy for CSR disclosure and effective format for CSR disclosure

4.8. Limitation of the Study:

Research is related to BSE 30 companies and the result may vary in case of small and medium size of companies. Researcher has used content analysis so during the content analysis some personal bias may affect to the results of the study. For primary research researcher has collected data from Chartered Accountant, Company Secretary and financial consultant so their biasness may also affect to the study result.

4.9. Research Gap:

- Researcher has applied content analysis method for this study, earlier many researchers have used same method for CSR disclosure measurement but researcher has found out the pattern of CSR disclosure and forms of disclosure from content analysis. In earlier research coding and weightage were based on disclosing and not disclosing but here researcher has given weightage to the quality of disclosure.

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- Till now research was done for one year by content analysis, and here researcher has analysed three years data analysis and made comparison of CSR disclosure before and after company's act 2013.

4.10.Scope for Further Research:

Researcher has analysed only secondary data on disclosure aspect of nine parameters.

1) Further it would be more useful if researcher find out the CSR activity and it's spending in various areas.

2) Moreover, Compare the need of Indian demography

A) Find out the how much amount allocated to every states with compare to need requirement of state.

B) In which activities companies are spending for CSR.

3) This research is based on the BSE 30 companies and professional peoples' attitudes and perceptions. Later on it can be done for the small and medium sized companies also, because they face many difficulties in reporting and disclosing of CSR activities.

In the next chapter researcher has done detailed data analysis and hypothesis testing to satisfy the research objective. Researcher has analysed primary as well as secondary data, for secondary data researcher has used content analysis. In this study researcher has used non-parametric tests for the research.

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