

# Chapter 1: Introduction of the Study

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## 1.1 INTRODUCTION

This Chapter contains a brief overview of the research study and its rationale.

In this study researcher has enlightened the Corporate Social responsibility in a way which reflects the base of Corporate Social responsibility and evolution of its activity in global context as well as Indian Context. In 21<sup>st</sup> Century Corporate Social Responsibility is a ubiquitous term in the world as of now it's not only about to earn more profit and sustain in the global market, but it's all about how to compete, with sustainable growth from CSR activities. Previously all corporate sectors like private and public sector had to maintain Corporate Social Responsibility on voluntarily basis, but now scenario has changed. Most of the countries like France and Malaysia have made it mandatory for companies to disclose CSR activities in their Annual Reports. Currently India has taken an initiative for the Corporate social Responsibility, and made it mandatory in a specific condition, i.e. companies earning turnover more than Rs 1,000 crore or net worth Rs 500 crore or more, or 5 crore profit and more they have to spend up to 2 percent of their average net profits (of past three years) on corporate social responsibility (CSR) (MCA 2013). Corporate Social Responsibility in India is finally a reality. Indian businesses realized that they have to look not only at the economic dimension of their companies, but also at its ecological and social impact.

In today's world, widespread business failure is unthinkable, because we seem increasingly less able to imagine an alternative to the free enterprise economy. Yet individual companies find themselves under social, as well as competitive pressure. They are subjected to new level of transparency, whether in terms of demands that the largest stock markets make for greater disclosure and changes to corporate governance or in terms of public outcry on issues as diverse as environmental pollution, consumer rights, child labour, corruption and support for military regimes. Adverse disclosure threatens shareholder confidence, brand reputation, product stability, employee trust, and other corporate assets, both tangible and intangible. So there is a tradeoff situation between company's shareholder benefit and social benefit. In 1970 Corporate Social Responsibility of companies was to get profit and give maximum return to their share holder and owner of firm as per opinion of Milton

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Friedman. But slowly and gradually concept of CSR has grown and now companies are responsible for every related party, directly or indirectly to the company.

Here researcher has considered CSR Reporting and disclosure in India as main theme of research because Companies Act makes drastic change in disclosure pattern. Earlier it was voluntarily so mostly companies followed the National Volunteer Guidelines for business responsibility reporting.

For this study, researcher has considered BSE 30 companies as sample of research. Researcher has compared the content of the disclosure for CSR for the three financial years-2013-14, 2014-15 and 2015-16. Researcher has taken one year before the Companies Act implementation and one year after Companies Act implementation.

Researcher has done secondary data analysis as well as primary data analysis for this study; researcher has collected data from the Annual reports and websites for the secondary data and used content Analysis Technique for secondary data to find out the content and context of CSR and pattern of CSR disclosure of selected companies. To know the professionals attitude towards new Companies Act and CSR reporting researcher has collected data through survey from professionals like Chartered Accountant and Company Secretaries and Managers. Researcher has made comparison of disclosure between three financial years and found out the change in pattern of disclosure from 2013-14 to 2015-16. It shows the comparison between pre and post Companies Act CSR Disclosure pattern. By using Wilcoxon sign test researcher has found the impact of Companies act on CSR disclosure. In this study researcher has found out relationship between organisational factors like Size, Age, Industry, Profitability and CSR disclosure score.

Researcher has classified the net 103 items of CSR disclosure and main four ways of disclosure like Qualitative, Quantitative, Monetary and Pictorial aspect. Apart from this researcher has made analysis of pattern of combination of all four aspects by using permutation mathematic tool.

In this study, total 9 themes have been identified by researcher from all 103 items of CSR activities and all the themes have different number of items. So researcher has found out the variation among all the themes disclosed by the companies. Nine theme

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and number of item in each theme has been shown in the chapter of research methodology in detail.

This research will be useful to all the stakeholders of the companies as in this research it is shown how companies are reporting and disclosing about CSR activities. It reflects the ground reality of CSR disclosure, so it will be beneficial for companies to decide the pattern and way of CSR disclosure in efficient manner. Investors will come to know how companies utilize CSR fund. 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. This research is useful to companies to know their position and what is the impact of CSR disclosure on various organisational factors. It will be useful to the accounting board to frame the policy for CSR disclosure and effective format for CSR disclosure.

Researcher has used systematic approach for this study. The chapterisation scheme followed in the thesis is outlined below in Table 1.1

**Table 1.1 Chapterisation Scheme of Thesis**

<b>Chapter No</b>	<b>Chapter Title</b>	<b>Description</b>
1	Introduction	This chapter introduces the research study.
2	Conceptual framework of CSR and CSR Reporting	This introduced concepts, meaning & definitions of CSR and evolution of CSR activity and various Accounting standards for CSR Reporting as well as new Companies Act 2013.
3	Literature Review	This Chapter contains glimpse of the literature about the CSR disclosure, channels of disclosure, and forces of CSR disclosure and problems of Disclosure.
4	Objectives and Research Methodology	This chapter covers details of research methodology (like objectives of study, research design, sources of data, sample size, scope of this

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		study, research gap of the study etc.) used to carry on the study.
5	Data Analysis, Discussion and Findings	This chapter contains the result of primary research and secondary research and content analysis of CSR disclosure. It also contains various hypothesis tested on CSR disclosure.
6	Conclusion and Recommendations	This Chapter contains overall outcome of the study.

In the next after reviewing several articles and research papers, the researcher has prepared an overview of CSR concepts, meaning and definition across the globe and how it has evolved in India and abroad. Researcher has described briefly about international standards and guidelines for the CSR disclosure. Researcher has studied the theories for CSR reporting, and has thrown light on the New Companies act 2013.

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