

CORPORATE SOCIAL REPORTING: A COMPARATIVE STUDY OF CEMENT COMPANIES IN INDIA

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ABSTRACT

Corporate Social Responsibility can be defined as the set of policies, activities, or behavior undertaken by an organization that goes beyond the traditional economic and legal obligations that the firm has towards its internal and external stakeholders." The society is questioning the existence of business houses, especially in the wake of the scandals and scams In response to it, the organizations around the globe are forced to wake up to the need for being committed towards Corporate Social Responsibility. Over the years this concept of Corporate Social Responsibility has gained unprecedented momentum in business and public debate and has become a strategic issue crossing the departmental boundaries, and affecting the way in which a company does business. In this paper, a study has been conducted in the selected cement companies to find out the CSR for the requisites.

KEYWORDS: *External Stakeholders, Corporate Social Responsibility, Human Civilization, Business Policy.*

Introduction

Corporate social Responsibility (CSR) is old as human civilization; it is inbounded in Indian culture and has its roots in the Indian context. Corporate social responsibility is more than a business policy or a response to issues raised by society. "Corporate Social Responsibility can be defined as the set of policies, activities, or behavior undertaken by an organization that goes beyond the traditional economic and legal obligations that the firm has towards its internal and external stakeholders." The society is questioning the existence of business houses, especially in the wake of the scandals and scams In response to it, the organizations around the globe are forced to wake up to the need for being committed towards Corporate Social Responsibility. Over the years this concept of Corporate Social Responsibility has gained unprecedented momentum in business and public debate and has become a strategic issue crossing the departmental boundaries, and affecting the way in which a company does business. It has become so important that many organizations have rebranded their core values to include social responsibility.

Conceptual Aspects of Corporate Social Reporting (CSR)

The concept of corporate social responsibility is not new to India though. It has been a tradition in a number of organizations, particularly family-based firms with a strong community ethos. Historically it has been a significant influence, impacting on business, government and society relationships. It has been defined in a number of ways and to a large extent the discussions about 'what it is' have been confused by the variety of perspectives adopted. The process though acclaimed recently, has been followed since ancient times albeit informally. Philosophers like Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business.

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Elements of CSR

Followings are the main elements of CSR:

- **Reputation:** Building trust in a company is a long, uphill battle, but losing it can have dramatic effects on share prices and customer loyalty.
- **Retention and Recruitment:** Employees want to work for responsible companies that care about their employees and contribute to society.
- **Operational Efficiency:** CSR can improve the bottom line by using materials efficiently and minimizing waste.
- **Increased Sales:** Cause-related marketing, ethical and environmentally conscious labels, and new product innovation can influence the top line.

Review of Literature

Following literature have been used for the present study:

Bhattacharyya & Chaturvedi (2012), article entitled “CSR looks set to emerge as an independent stream with measurable output” on India CSR site, stated about the proposed bill of CSR that how the bill will affect the company’s policies. The researchers presented their views and said that due to this bill, company’s activities will change a lot the companies who has not engaged in CSR activities till now, will start investing on society. Further, who has already engaged in these areas will get a strong foundation or bond with the society.

Bansal, Parida, Kumar (2012), paper entitled “Emerging trends of Corporate Social Responsibility in India” in KAIM Journal of Management and Research analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas and Cipla. The paper considered the nature and areas of society in which the companies are investing.

Hajihassani (2012), A Comparison of Financial Performance in Cement Sector in Iran. This study exhibited comparison of financial performance for the period study 2006 to 2009. It can be analyzed comparison of financial performance of selected cement companies by using various financial ratios and measures of cement companies working in Iran.

Harshad R. Tandel (2013) analyzed that the Financial Analysis of selected Plastic Manufacturing Industrial Units of Gujarat for the period 2000-01 to 2009-10. The main objective of this study was to analysis and evaluate the financial performance of selected companies in particular and the plastic industry in general with the help of composited such ratios like Profitability, Activity, Liquidity and solvency. He judge the financial performance with the help of Trend Analysis and Analysis of Variance.

Hartman (2011), article “Corporate social Responsibility in the food sector in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important part of these companies. But SME’s are less capable in discharging their obligation towards society.

William & S. Seigal (2010) provided the importance of CSR as a strategy of enhancing reputation of companies. The study indicated that firms selling convincing goods which comes under the umbrella of CSR activities, leads to consumer loyalty and increased revenue.

Research Gap

CSR activities play an important role in cement sector. It is actually a social service for the rural area of cement industry. The scope of CSR is vary vast in each of the sector, and hence, it is compulsory for On the basis of the above literature it can be concluded that no study has been conducted on the CSR activities in cement industry in India. Therefore, the topic has been selected for the research on cement industry specifically on the selected cement companies in India.

Objectives of the Study

The objectives of the study are as follows:

- To find out the CSR activities of companies under study.
- To evaluate the CSR practices adopted by the companies under study.
- To examine the segment-wise fulfillment of corporate social responsibility.

Hypothesis of the Study

Following are the main hypothesis of the study:

- H₀₁** : There is no proper CSR in the selected companies.
H₀₂ : There is no significant difference among the factors affecting CSR in the selected companies.
H₀₃ : There is no significant difference in the CSR practices of cement companies under study.
H₀₄ : There is no significant difference between the impact of Income Level and adoption of CSR practices of cement companies under study.
H₀₅ : There is no significant difference between the impact of Experience and adoption of CSR practices of cement companies under study.

Scope of the Study

The primary purpose of the present study has been to obtain a deep insight into and full familiarity with the financial position companies of Cements sectors in India. This study is an attempt to bring into focus the role and contribution of the selected Cement sector companies in India to investors and to society, looking to the significance of the selected cement sector companies in context of the Indian Economy. Keeping this in view, the proposed study seeks to cover the following selected cement sector companies in India:

- Ambuja Cement Limited
- J. K. Laxmi Cement Limited
- Shri Cement Limited
- Ultratech Cement Limited
- The India Cement Limited

Universe of the Study

The arrangement of the sample and its method for the study has been designed on the basis of the surroundings of the study:

Target Universe	:	Employees of the Selected Cement companies in India
Sampling Method	:	Random Sampling Method
Sample Size	:	500 respondents (100 from each cement company)
Area of Survey	:	Rajasthan.

Sample Design

The study was conducted on the employees of selected cement companies in India from the Rajasthan. For this purpose, employees were selected from 18 years to 60 years on the basis of availability and their convenience.

Data Collection

- **Primary data** has been collected through a well structures questionnaire.
- **Secondary data** has been collected from the published reports, manuals, journals, books, magazines and websites of the selected cement companies. The process of data analysis has been made using IBM SPSS 20 (Statistical software's).

Tools for Data Analysis

The collected data has been analysed using several statistical tools to find out the results of the research. There are various tools of analysis of data for research. In the present study, rank analysis, statistical averages and percentage analysis has been used. The diagrammatic presentation has also been used to make effective presentation of the results of the study. Some tests have also been used to verify the collected data for the present research such as Chi-square test and F-test.

Variables

- Dependent Variable : CSR activities
- Independent Variable : Awareness, Usefulness, Satisfaction

Data Analysis and Interpretation

The collected data has been analyzed in tabular manner and inferences has been drawn with the help of SPSS as follows:

Reliability Test

To test the reliability of the data collected through questionnaire from the respondents, Cronbach's Alpha is calculated. The value of reliability statistics is shown in the following table:

Table 1: Reliability Test

Reliability Statistics	
Cronbach's Alpha a	N of Items
0.85	37

Interpretation

It is clear from the above table that Cronbach's Alpha is 0.85, which shows a high level of internal consistency for the selected scale with this specific sample in this research. Thus, it can be concluded that the data collected from the selected rural respondents of the cement companies has been reliable.

Hypothesis Testing

Following is the main hypothesis of the study:

H₀ : There is no significant difference in the CSR practices of cement companies under study.

H₁ : There is a significant difference in the CSR practices of cement companies under study.

Table 2: Chi-square (Goodness of Fit) Testing and Interpretations

	Chi-Square	d.f.	Asymp. Sig.	Decision
Gender	80.656 b	1	0.000	Rejected
Age	88.848 a	3	0.000	Rejected
Designation	20.656 a	3	0.000	Rejected
Qualification	112.464 a	3	0.000	Rejected
Income	276.656 a	3	0.000	Rejected
Experience	112.784 a	3	0.000	Rejected
Good activity	52.320 c	4	0.000	Rejected
Benefit to staff	65.480 c	4	0.000	Rejected
Increase lifestyle	41.280 c	4	0.000	Rejected
Safety to staff	82.720 c	4	0.000	Rejected
Increase performance	43.400 c	4	0.000	Rejected
Essential step	48.000 c	4	0.000	Rejected
Medical facility	76.560 c	4	0.000	Rejected
Benefit to family	60.440 c	4	0.000	Rejected
Common factors	57.320 c	4	0.000	Rejected
Set standards	34.360 c	4	0.000	Rejected
Applied to all	53.680 c	4	0.000	Rejected
Fair CSR policy	54.920 c	4	0.000	Rejected
Non monetary benefits	53.680 c	4	0.000	Rejected
Designed for improvement	56.040 c	4	0.000	Rejected
Cause of stress	52.440 c	4	0.000	Rejected
Positive impact	40.200 c	4	0.000	Rejected
Constructive criticisms	36.640 c	4	0.000	Rejected
Barriers of promotions	38.800 c	4	0.000	Rejected
Creating diversity	35.480 c	4	0.000	Rejected
Identifying best employees	38.800 c	4	0.000	Rejected
Change behaviour	41.400 c	4	0.000	Rejected
Development conflict	31.280 c	4	0.000	Rejected
Motivation and job satisfaction	41.400 c	4	0.000	Rejected
Employees performance	32.320 c	4	0.000	Rejected
Healthy competition	36.120 c	4	0.000	Rejected
Employees development	43.880 c	4	0.000	Rejected
Training programme	44.400 c	4	0.000	Rejected
External reviewers	45.240 c	4	0.000	Rejected
Government plans and policy	44.400 c	4	0.000	Rejected
Monthly basis	45.240 c	4	0.000	Rejected

Interpretation

It is clear from the above table that the null hypothesis is rejected as the assumed significance value (P value) is less than 0.05 (@ 5% level of significance) i.e., 0.0000 which indicate that there is a significant difference between the adoption of CSR activities and selected variables of the rural area:

H₀ : There is no significant difference between the impact of Income Level and adoption of CSR practices of cement companies under study.

H₁ : There is a significant difference between the impact of Income Level and adoption of CSR practices of cement companies under study.

Table 3: Chi- square for Independence Testing and Cross Tabulation of the Impact of Income Level and Adoption of CSR Practices

Variables	Value	d. f.	Asymp. Sig. (2-sided)	Decisions
Good Activity	17.08	12	0.147	Accepted
Benefits to Staff	12.03	12	0.443	Accepted
Increased Lifestyle	16.93	12	0.152	Accepted
Safety to staff	14.03	12	0.298	Accepted
Increase Performance	17.56	12	0.130	Accepted
Essential step	9.103	12	0.694	Accepted
Medical facility	6.404	12	0.894	Accepted
Benefit to family	8.90	12	0.711	Accepted
Common factors	9.54	12	0.656	Accepted
Set standards	10.40	12	0.580	Accepted
Applied to all	5.45	12	0.911	Accepted
Fair CSR policy	8.08	12	0.778	Accepted
Non-monetary benefits	5.42	12	0.941	Accepted
Designed for improvement	9.07	12	0.696	Accepted
Cause of stress	4.77	12	0.965	Accepted
Positive impact	7.77	12	0.804	Accepted
Constructive criticisms	6.78	12	0.871	Accepted
Barriers of promotion	10.95	12	0.534	Accepted
Creating diversity	8.79	12	0.727	Accepted
Identifying best employee	10.94	12	0.534	Accepted
Change Behaviour	10.01	12	0.615	Accepted
Conflict Development	16.40	12	0.173	Accepted
Motivation and job satisfaction	10.01	12	0.615	Accepted
Employees Performance	18.140	12	0.111	Accepted
Healthy competition	19.17	12	0.085	Accepted
Employees development	9.43	12	0.666	Accepted
Training programme	11.99	12	0.446	Accepted
External Reviewers	11.83	12	0.459	Accepted
Government Plans and Policy	11.99	12	0.446	Accepted
Monthly basis	11.83	12	0.459	Accepted

Interpretation

It is clear from the above table that the null hypothesis is accepted as the assumed significance value (P-value) of all the variables is more than 0.05(@ 5% level of significance) which indicate that there is no significant association between the adoption of CSR activities and impact of income level during the period of study.

H₀ : There is no significant difference between the impact of Experience and adoption of CSR practices of cement companies under study.

H₁ : There is a significant difference between the impact of Experience and adoption of CSR practices of cement companies under study.

Table 4: Chi- square for Independence Testing and Cross Tabulation of the Impact of Experience and Adoption of CSR Practices

Variables	Value	d. f.	Asymp. Sig. (2-sided)	Decisions
Good Activity	14.63	12	0.262	Accepted
Benefits to Staff	22.26	12	0.035	Rejected
Increased Lifestyle	17.71	12	0.125	Accepted
Safety to staff	17.73	12	0.256	Accepted
Increase Performance	14.84	12	0.250	Accepted
Essential step	12.17	12	0.432	Accepted
Medical facility	11.34	12	0.499	Accepted
Benefit to family	11.61	12	0.477	Accepted

Common factors	10.80	12	0.546	Accepted
Set standards	11.15	12	0.516	Accepted
Applied to all	7.87	12	0.795	Accepted
Fair CSR policy	15.55	12	0.212	Accepted
Non-monetary benefits	7.87	12	0.795	Accepted
Designed for improvement	16.13	12	0.185	Accepted
Cause of stress	8.39	12	0.756	Accepted
Positive impact	7.09	12	0.851	Accepted
Constructive criticisms	15.79	12	0.201	Accepted
Barriers of promotion	7.57	12	0.817	Accepted
Creating diversity	15.74	12	0.203	Accepted
Identifying best employee	7.57	12	0.817	Accepted
Change Behaviour	24.47	12	0.018	Rejected
Conflict Development	15.01	12	0.241	Accepted
Motivation and job satisfaction	24.47	12	0.018	Rejected
Employees Performance	14.97	12	0.234	Accepted
Healthy competition	20.77	12	0.054	Rejected
Employees development	10.46	12	0.575	Accepted
Training programme	10.10	12	0.607	Accepted
External Reviewers	11.36	12	0.498	Accepted
Government Plans and Policy	10.10	12	0.607	Accepted
Monthly basis	11.36	12	0.498	Accepted

Interpretation

It is clear from the above table that the null hypothesis is accepted as the assumed significance value (P-value) of all the variables is more than 0.05 (@ 5% level of significance), which indicate that there is no significant association between the adoption of CSR activities and impact of experience during the period of study. While on the other hand, the calculated value of variables such as Benefits to Staff (0.035); Healthy competition (0.054); Motivation and job satisfaction (0.018) and change behaviour (0.018) is less than 0.05(@ 5% level of significance) which indicate that there is a significant association between the adoption of CSR activities and impact of experience during the period of study.

Table 5: Comparative Analysis of Selected Variables of the Study

Variables	ACL			JKCL			SCL			UCL			ICL			Decisions
	Value	d. f.	Asymp. Sig. (2-sided)	Value	d. f.	Asymp. Sig. (2-sided)	Value	d. f.	Asymp. Sig. (2-sided)	Value	d. f.	Asymp. Sig. (2-sided)	Value	d. f.	Asymp. Sig. (2-sided)	
Good Activity	17.219a	12	.142	11.265b	12	.506	10.509c	12	.571	8.043d	8	.429	8.234e	12	.767	Accepted
Benefits to Staff	16.058a	12	.189	10.053b	12	.611	26.092c	12	.010	6.532d	8	.588	10.759e	12	.550	Accepted only Rejected in SCL
Increased Lifestyle	17.219a	12	.142	13.591b	12	.328	10.509c	12	.571	8.043d	12	.429	9.479e	12	.662	Accepted
Safety to staff	15.398a	12	.220	10.053b	12	.611	26.092c	12	.010	6.379d	8	.605	5.190e	12	.951	Accepted only Rejected in SCL

External Reviewers	6.608a	12	.882	13.426b	12	.339	7.122c	12	.849	6.267d	8	.617	6.346e	12	.898	Accepted
Government Plans and Policy	10.226a	12	.596	6.758b	12	.873	5.356c	12	.945	6.172d	8	.628	5.227e	9	.814	Accepted
Monthly basis	6.608a	12	.882	13.426b	12	.339	7.122c	12	.849	6.267d	8	.617	6.346e	12	.898	Accepted

(Source: Inferences drawn from SPSS)

Conclusion

It is clear from the table 5.49 that the selected cement companies are engaged in CSR activities during the period of study. A comparative study has been conducted and result shows that the Ambuja Cement Limited (ACL) is majorly using medical facilities as a CSR activity in their area. ACL is using its apportioned funds in health of the rural public and focusing only medical facilities. The J K Lakshmi Cement Limited (JKLCL) is not found satisfactory in CSR activities during the period of study. The company is commonly using its proportion in there are some part in rural education, medical, infrastructure and rural development. The company is not much engaged in the CSR activities during the period of study. The Shree Cement Limited (SCL) is focusing CSR activities and received several awards for CSR activities. Meanwhile, the company is marked I rank in CSR activities during the period of study. The company is majorly engaged in benefits to staff, medical facilities to staff and their family members, safety and security of the staff and their family as CSR priorities. The company is performing their CSR activities on the basis of set standards and following the norms and policies designed by the management and the Government for the development of rural development and human development. The companies also invite constructive criticisms for the improvement of their CSR activities and try to remove these by the HR department. The company is also providing CSR activities to all categories of public. Hence, the SCL is marked I rank in the present study. The UCL is also engaged in CSR activities on the basis of performance measurement. For this purpose the company is performing the CSR activities on the basis of the past performance. The company is evaluating their previous expenses on CSR and deciding their future expenses. The proper policies and plans were not found in this company as compared to Shree Cement Limited during the period of study. In India Cement Limited, the CSR activities were found on the basis of employee performance and conflicts. It may be due to newer company which is using a portion of its profits into CSR activities. On the whole, the Shree Cement Limited is marked good company in CSR activities during the period of the study.

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