

A STUDY ON THE EFFECTIVENESS OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES AS PER GLOBAL REPORTING INITIATIVE (GRI) GUIDELINES: A COMPARATIVE STUDY BETWEEN SELECT INDIAN AND AMERICAN COMPANIES

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ABSTRACT

Today the world has become a single platform where each and every business has been established across the globe. In this scenario, companies are being cautious while doing their business in the current competitive pressure. Now a day's companies are not only concentrating on earning profit, they are also thinking to fascinate the stakeholders. At this point, social performance reporting would motivate all the companies to expand from within and reach out to the society as a whole. However, there exists a problem of reporting the social performance. This paper attempts to clarify what social accounting is all about – mainly focusing on the reporting practices and measurement of the few randomly selected index based Indian and American companies. The objective of this study is to measure the voluntary social performance disclosures both in quantity and quality aspects. social performance disclosures in the various reports of the few randomly selected index based Indian and American companies. The result may serve a base or the path towards better social performance disclosures across the globe.

Keywords: Corporate Social Responsibility (CSR), Sustainability, Social Accounting, Social Performance, Social Reporting, Global Reporting Initiatives (GRI).

INTRODUCTION

Today's economic and social environment, issues related to social responsibility and sustainability are playing a major role in the world. Business goals are inseparable from the societies and environments within which they operate. Although short-term economic gain can be pursued, the failure to account for longer-term social and environmental impacts makes those business practices unsustainable.

Corporate Social Responsibility (CSR) can be understood as a management concept and a process that integrates social and environmental concerns in business operations and a company's interactions with the full range of its stakeholders. Sustainability and Corporate Social Responsibility (CSR) appear to be occupying a place of increasing importance in the disclosure surrounding business and organization. Social performance reporting is an important tool for understanding the role played by the companies in fulfilling their social obligations towards the society. At large, measuring social performance helps the companies to improve its bonding with the society. It also helps to improve its own social performance which in turn, would lead to overall growth in the long run.

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Companies, being the part of the society, have an obligation towards the society and to create a social impact and to know its social impact upon, an accurate measurement is foremost, in

addition, the firm also has obligations to all its stakeholders to disclose information about how well it performs with respect to its stakeholders and a better disclosure practice would be a yardstick for the firm itself and its companies also.

CONCEPTUAL FRAMEWORK

Banerjee (2001, p. 42) states that corporate social responsibility is “too broad in its scope to be relevant to organizations” and **Henderson (2001, pp. 21–22)** “there is no solid and well-developed consensus which provides a basis for action”. The lack of an “all-embracing definition of CSR” (WBCSD, 2000, p. 3) and subsequent diversity and overlap in terminology, definitions and conceptual models hampers academic debate and ongoing research (**Göbbels, 2002, p. 5**).

The latter term particularly has been thoroughly discussed (**Göbbels, 2002b**) resulting in a wide array of concepts, definitions and also lots of critique. It has put business executives in an awkward situation; especially those who are beginning to take up their responsibility towards, society and its stakeholders, leaving them with more questions than answers.

To conclude, social Performance Reporting refers to the reporting of the companies about the social activities like Economic, Social and Environmental undertaken by them for the benefit of its own employees and all other interested parties to which it is associated with.

SOCIAL PERFORMANCE REPORTING THROUGH GLOBAL REPORTING INITIATIVES (GRI) GUIDELINES AS A BASE

The GRI was launched in 1997 as a joint initiative between the Coalition for Environmentally Responsible Economies (U.S. non-government organization) and United Nations Environment Programme with “the goal of enhancing the quality, rigour, and utility of sustainability reporting.” (**Brian Ballou, Dan L. Heitger 2005**) As a result, the GRI began development of established criteria that could eventually serve as the basis for generally accepted reporting standards for addressing stakeholder needs related to corporate sustainability. Since its inception, the GRI has received active support and input from numerous groups, including businesses, not-for-profit groups, accounting regulatory bodies, investor organizations, and trade unions, to build a consensus around a set of reporting guidelines with the objective of achieving worldwide acceptance.

However, GRI guidelines are voluntary reporting initiatives; hence companies are not obliged to inform GRI of their reporting confirmation. It is, however, to be noted that the GRI guidelines are dynamic and the exposure draft issued in March 1999 represents only a primary step in the development of a framework for sustainable reporting. Companies may take it as towards better reporting practices.

REVIEW OF LITERATURE

Social Performance Reporting is the key ingredient for the TBL (Triple Bottom Line) concept. Although, one need study all the three areas of Triple Bottom Line Reporting, viz., Economic (Financial), Environmental and Social. According to the shareholder approach, regarded by **Quazi and O'Brien (2000)** as the classical view on CSR, “the social responsibility of business is to increase its profits” (**Friedman, 1962**). The shareholder, in pursuit of profit maximization, is the focal point of the company and socially responsible activities don't belong to the domain of organizations but are a major task of governments. This approach can also be interpreted as business enterprises being concerned with CSR “only to the extent that it contributes to the aim of business, which is the creation of long-term value for the owners of the business” (**Foley, 2000**)

In 1972, David Rockefeller said that he 'can foresee the day when, in addition to the annual financial statements certified by independent accountant, corporations may be required to publish a social audit similarly certified; (cited in Grey, et al, 1987, p.10). Murthy, V. & Abeysekera, I. 2008 study examines the corporate social reporting practices and the motivations behind such practices of the top 16 software firms in India. When findings were analyzed using legitimization strategies, the results indicate that firms use dual strategies in reporting their human resource and social relations to legitimize their activities to stakeholders.

Guthrie, Cuganesan, and Ward (2007) opine that regulators and other industry associations have recognized the importance of considering the industry setting when determining the social and environmental (SE) policy and reporting requirements. However, social and environmental impacts vary greatly from industry to industry.

Belal and Cooper (2011) studied CSR reporting in Bangladesh, an emerging economy. They found that CSR reporting is influenced by stakeholder expectations, government regulations, international organizations, multinational companies and social pressures. They also noted that CSR reporting in developing countries may differ from developed countries because of differences in their social and institutional environments. The study is relevant to TBL because it shows that social and environmental reporting is affected by stakeholder and institutional pressures.

Ioannou and Serafeim (2017) studied the effects of mandatory sustainability reporting. They found that sustainability reporting can improve transparency and corporate accountability regarding environmental and social issues. The study also showed that government regulations and institutional factors can influence sustainability reporting practices. This study is relevant to TBL because it indicates that social and environmental reporting is influenced not only by voluntary company decisions but also by regulatory and institutional requirements.

KPMG (2022) examined sustainability reporting practices among companies around the world. The study found that companies are increasingly reporting not only their financial performance but also environmental, social and governance (ESG) information. Companies report information about climate change, employees, human rights, diversity and community development. The study shows that sustainability reporting has become an important part of corporate reporting. This supports the view that social performance reporting is an important part of the Triple Bottom Line framework.

RESEARCH GAP: From the above literature it clearly shows that, there are less number of research papers relates to the measurement of Quality and Quantitative aspects in India. Therefore, the research attempts to develop a structure for reporting the various social indicators, measuring and reporting them in order to serve an ease to the common laymen in understanding and interpreting them. The study attempts to make a comparison of Social Reporting Performance between Indian and American Companies between financial year 2022-23 to 2024-25.

OBJECTIVES OF THE STUDY

The prime objective of the study is to measure the Corporate Social Reporting practices followed by select Indian and American companies.

RESEARCH METHODOLOGY

The nature of the study is analytical. This study is based on the secondary data collected from the annual reports, corporate social responsibility report or any other such related reports, downloaded from the websites of the select companies. A total of ten companies has been selected randomly (five from each country) of the study, viz., from India – Hindustan Unilever Ltd., Infosys Ltd., Imperial Tobacco Company of India Ltd. (ITC Ltd.), Oil and Natural Gas Corporation (ONGC Ltd.), and Reliance Industries Ltd., while from America – Wall Mart, General Motors, Chevron, Berkshire Hathway and Apple Inc.

The study is based on a three years period starting from 2022-23, 2023-24 and 2024-25. In order to ensure the social performance reporting practices by the said companies, a GRI guideline has been taken as a base and the researcher has taken reference of Tejas Gandhi, Yagnesh Dalvadi (2017) for the measurement of Qualitative and Quantitative aspects of above said companies.

Table 1: Quantity Measurement “Score Board”

Quantity of Disclosures “How Much”	Score (Points to be allotted)
1 = Sentence/s	10
2 = Paragraph/s	20
3 = Half A4 page	30
4 = 1 A4 page	40
5 = >1 A4 page	50

Each category and/or indicator therein have been measured in quantitative terms “quantity” aspect (viz., sentence, paragraph, half A4 page, 1 A4 page and >1 A4 page) and has been allotted 10 points each based on the quantity in the following manner.

Further, each such category and/or indicator therein was individually measured in “qualitative” terms also (viz., monetary, non-monetary, qualitative, qualitative and monetary, qualitative and non-monetary, monetary and non-monetary and qualitative, monetary and non-monetary) to know the content disclosed in qualitative terms in the following manner.

Table 2: Quality Measurement “Score Board”

Quantity of Disclosures “How measured”	Score (Points to be allotted)
1 = Monetary	10
2 = Non-Monetary	10
3 = Qualitative only	10
4 = Qualitative and Monetary	20
5 = Qualitative and Non-Monetary	20
6 = Monetary and Non-Monetary	20
7 = Qualitative, Monetary and Non-Monetary	30

QUALITATIVE AND QUANTITATIVE MEASUREMENT OF SOCIAL PERFORMANCE REPORTING BY SELECTED INDEX BASED INDIAN AND AMERICAN COMPANIES

The aim of the research work is to identify whether the social disclosure made by select Indian and American companies are in parallel with guidelines. The annual/sustainability/other reports information was initially analyzed using a dichotomous variable (Yes=1; No=0). Once it was ascertained that the social information was present in the reports, it was necessary to determine how it would be coded.

Table 3: Social Performance Information

Indian Co's	HUL Ltd.	IFO Ltd.	ITC Ltd.	ONGC	Reliance
Information Present	1	1	1	1	1

American Co's	Walmart	General Motors	Chevron	Berkshire Hathway	Apple Inc.
Information Present	1	1	1	1	1

The Above tables clearly shows that the selected companies included social performance related information in their reports, which is resembled by '1' as per dichotomous variable, i.e., Yes.

QUALITATIVE AND QUANTITATIVE MEASUREMENT STANDARDS OF SOCIAL PERFORMANCE REPORTING PRACTICES

Table 4: Quality and Quantity Definitions of the Content Analysis

Quantity of Disclosures "How Much"	Quality of Disclosure "How measured"	Quality definitions
1 = Sentence/s	1 = Monetary	Disclosure in monetary/current terms
2 = Paragraph/s	2 = Non-Monetary	Quantifies in numeric terms of weight, volume, size, etc. but not financial/currency
3 = Half A4 page	3 = Qualitative only	Descriptive prose only
4 = 1 A4 page	4 = Qualitative and Monetary	Descriptive prose and currency
5 = > 1 A4 page	5 = Qualitative and Non-Monetary	Descriptive prose and numeric terms
	6 = Monetary and Non-Monetary	A combination of currency and numeric terms
	7 = Qualitative, Monetary and Non-Monetary	Descriptive prose, financial and numeric terms

The above table exhibits the "Quantity" and "Quality" definitions of the content analysis to be made in respect of the social performance indicators selected. It has further been divided into two categories in order to have a clear insight into the content. Table 5 shows the social performance indicators to be measured in quantitative and qualitative terms. Scores of quantity disclosures and scores of quality disclosures has been calculated for the selected Indian and American companies, Table 6 shows the overall social performance disclosures practices of the selected Indian and American companies both "Quantitative" and "Qualitative" terms.

SOCIAL PERFORMANCE INDICATORS TO BE MEASURED IN "QUANTITATIVE" & "QUALITATIVE" TERMS

Following are the selected social indicators which has been taken for the study followed by companies as per the Global Reporting Initiatives (GRI) guidelines. The social performance indicators selected for the study purpose are shown in Table 5.

Table 5: Social Performance Indicators Measured as per GRI Guidelines

Particulars	Code	Core (C) / Additional (A) as per GRI framework	Social Performance Indicator Code as per GRI framework	Description and Decision Rules
Labour Practices & Decent Work	LPDW			
Employment	EM	C 1	LA 1	Employment type, employment contract, and region
		C 2	LA 2	Employee turnover by age group, gender, and region
		A	LA 3	Employee benefits
Labour/ Management Relations	LMR	C 1	LA 4	Employees covered by collective bargaining agreements
		C 2	LA 5	Minimum notice period(s) regarding

				significant operational changes.
Occupational Health and Safety	OHSAS	C 1	LA 7	Rates of injury, occupational diseases, lost days, and absenteeism.
		C 2	LA 8	Education, counselling, prevention, and risk - control programmes
		A		OHSAS Certification 18000 series.
Training and Education (To Employees)	TE	C1	LA 10	Average hours of training per year per employee
		A	LA 11	Program for skills management and lifelong learning that support
Diversity and Equal Opportunity	DEO	C 1	LA 13	Composition of governance bodies.
		C 2	LA 14	Ratio of basic salary of men to women employee category
Human rights	HR			
Investment and Procurement practices	IPP	C 1	HR 1	Human rights clauses or that have undergone human rights screening
		C 2	HR 2	Significant supplies and contractors that have undergone screening on human rights and actions taken
		A	HR 3	Total hours of employee training
Non- Discrimination	ND	C 1	HR 4	Total number of incidents of discrimination and actions taken by companies
Freedom of association and Collective Bargaining	FACB	C 1	HR 5	Collective bargaining may be at significant risk, and actions taken to support these rights.
Child labour	CL	C 1	HR 6	Contribution to the elimination of child labour
Forced and Compulsory Labour Society	FL SOC	C 1	HR 7	Contribution to the eliminations of forced or compulsory labour
Community	COMM	C 1	SO 1	Nature, scope, and effectiveness of any program and practices on communities.
Corruption	CORUP	C 1	SO 2	Total number of business units analyzed for risk to fraud
		C 2	SO 3	Employees trained in firms anti-corruption policies and procedures
		C 3	SO 4	Anti-corruption initiatives
Public Policy	PP	C 1	SO5	Participation in public policy development and lobbying.
Customer Health and Safety	CHS	C1	PR 1	Health and safety impact of products and services.
		A		Customer health and safety Initiatives
Product and Service Labeling	PSL	C1	PR 3	Type of product and service information required.
		A	PR 5	Practices related to customer satisfaction
Marketing Communications	MC	C 1	PR 6	Program for adherence to laws, standards, and voluntary codes related to marketing communications.

(Yagnesh Dalvadi, Dr Tejas Gandhi (2017), social performance reporting practices, Publishing India group)

The indicators shown in Table 5 are few which contribute for better social performance and social responsibility and would be analyzed on the basis of its information present in the various reports.

OVERALL SCORES IN DISCLOSING SOCIAL PERFORMANCE INFORMATION IN THE REPORTS OF THE SELECTED INDEX BASED INDIAN AND AMERICAN COMPANIES

Table 6: Overall Scores

OVERALL SCORES	HUL Ltd.	IFO Ltd.	ITC Ltd.	ONG Ltd.	REL Ltd.	Wall Mart	General Motors	Chevron	Berkshire Hathway	Apple Inc.
Quantity Score	280	500	680	730	630	800	750	750	840	850
Rank	10	9	7	6	8	3	4	4	2	1
Quality Score	170	440	460	430	470	350	370	410	370	420
Rank	10	3	2	4	1	9	7	6	7	5
Total Score	450	940	1140	1160	1100	1150	1120	1160	1210	1270
Rank	10	9	6	3	8	5	7	3	2	1

Combining the overall scores of both “Quantitative” and “Qualitative” measurement of the social performance indicators, it is clear that Apple Incorporation discloses the maximum information on social performance aspect scoring the maximum i.e., 1270 points, followed by Berkshire Hathway, Chevron and ONGC Ltd., Wall Mart, ITC Ltd., General Motors, REL Ltd., IFO Ltd., and HUL Ltd., respectively from highest to lowest score points. We can observe that Apple Incorporation is best in overall disclosure of social performance as well as ONGC Ltd., is best in disclosing information amongst Indian companies selected for the study for the financial year from 2022-23, 2023-24 and 2024-25.

HYPOTHESIS

H₀₁: *There is no significant difference in the quantitative disclosure of social performance reporting practices of Indian and American Companies.*

H₀₂: *There is no significant difference in the qualitative disclosure of social performance reporting practices of Indian and American Companies.*

To test the hypothesis, we have applied t-test; following is the result and interpretations of the test: -

Table 7: Result of T-test

Group Statistics					
	Area	N	Mean	Std. Deviation	Std. Error Mean
Social – Quantity	Indian Company	29	19.45	8.990	1.669
	American Company	29	27.52	12.600	2.340
Social – Quality	Indian Company	29	13.59	4.049	.752
	American Company	29	13.24	2.849	.529

INDEPENDENT SAMPLES TEST									
		Levene's Test for Equality of Variances		T-test for Equality of Means					
	Area	F	Sig.	T	Df	Sig. (2-Tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
									LowerUpper
Social –	Equal	4.249	.044	-	56	.007	-8.069	2.874	-2.311

Quantity	variances assumed			2.807					13.827	
	Equal variances not assumed	-	-	2.807	50.642	.007	-8.069	2.874	-13.840	-2.298
Social – Quality	Equal variances assumed	5.144	.027	.375	56	.709	.345	.919	-1.497	2.187
	Equal variances not assumed	-	-	.375	50.270	.709	.345	.919	-1.502	2.191

The above results clearly state that the significant value of “**Quantitative**” is 0.007. As “p” value is lessor than 0.05 in “Quantitative”, null hypothesis is rejected and for “**Qualitative**” is 0.709. “p” value is greater than 0.05 in “Qualitative”, null hypothesis is accepted.

The interpretations of the above results are as follows: -

- In case of “Quantitative”** – There is a significant difference in the Quantitative disclosure of social performance reporting practices of Indian and American Companies.
- In case of “Qualitative”** – There is no significant difference in the Qualitative disclosure of social performance reporting practices of Indian and American Companies.

CONCLUSION AND SUGGESTIONS

At the outset, we can conclude that American Companies are comparatively better than Indian Companies both in Quantitative as well as Qualitative terms during the period of study. As per the results, it is clear that in terms of quality there is significant difference between the companies when they are reporting social performance and in terms of quantity there is not much difference between the companies as they are more or less on par with reporting social performance during the period of study.

As the study applies to only few select index based Indian and American companies during the study period, it is there by suggested to all the listed companies to follow GRI guidelines in preparing sustainability report to show the social performance of the company. It is also suggested for all the listed companies to adopt “Triple Bottom Line Reporting Standards” to report in terms of “Profit, People and Planet”, so that it gives a clear picture of overall dimension of the company in sustaining and protecting our internal and external environment along with the main aim of profit maximization. To conclude, ultimate aim of every organisation is to create an aid to stakeholders which will increase the value of company in terms of social performance.

LIMITATIONS OF THE STUDY

- The study considers only few randomly select index based Indian and American Companies.
- The study depicts only social performance reporting standards for financial year from 2022-23 to 2024-25 and it doesn’t reveal the exact results and reporting practices followed in a particular country as a whole.

- c. Though absolute efforts were taken to ensure coding and decoding reliability and validity there exists a degree of subjectivity in the determination of results and analysis.

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