

CORPORATE GOVERNANCE AND SUSTAINABILITY REPORTING- RESPONSIBILITY TOWARDS STAKEHOLDERS AND SOCIETY: A STUDY OF TOP 10 INDIAN COMPANIES

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This study analyses the corporate governance sustainability initiatives of India's top 10 companies across 22 variables related to governance and sustainability. The study reveals significant variance in reporting of CSR expenditure incurred by companies and also the relevance importance of Corporate Sustainability Initiatives. The highest reported variables were related to corporate governance, followed by those related to CSR initiatives and measures to improve operative efficiency. Most initiatives in the area of CSR focused on four areas—education, healthcare, environment sustainability, infrastructure and rural development. Operational measures included resource conservation and sustainable development (energy, water, minerals, land) and management of waste (emissions, solid waste, water). There were only 20% companies who were found to report on the exact expenditure on research and development. The differences in CSR expenditure were also striking, however it was appreciating that all the companies increased their CSR budget figures from previous years. The mining, energy, and information technology and software sectors outperformed the other sectors on most indicators. The banking and finance sector had not disclosed as much as the others. The study also highlights areas for improvement. Voluntary sustainability reporting was still limited but was largely followed in most of the companies. Disclosures on CSR expenditure and contributions to disaster relief and donations were also not satisfactory.

Key words: Business Responsibility, Corporate Social Responsibility (CSR), Corporate Philanthropy, Shareholder's Value, Sustainable Development

INTRODUCTION

This research study analyses the sustainability initiatives of India's top 10 companies as disclosed on their Websites, including the annual reports, sustainability reports, policies, and various codes. The objectives of this study are to investigate what type of

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information related to governance, sustainability and business operations companies were currently being disclosed and to map the type of information to the industry type and sector.

Corporate Governance and Corporate Sustainability: The Concept

The practice of Corporate Responsibility is not new to companies in India however, with the passage of time the Companies Act, 2013 has mandated Corporate Social responsibility for companies in India to promote greater transparency and disclosure. The industry has responded positively to the reform measure undertaken by the government. Both CSR and Corporate Sustainability are derived from the concept of sustainable development.

Sustainable development is defined by the Brundtland Commission as, *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*. Each definition that currently exists underpins the impact that businesses have on society at large and their societal expectations from them. Although the roots of CSR lie in philanthropic activities such as donations, charity, relief work, etc. of corporations.

Globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. This paper will highlight the emerging management's issue while following CSR practices. It will not only highlight current issues of CSR but will also pave way for understanding managerial issues while dealing with such practices.

RATIONALE OF THE STUDY

CSR is not a new concept in India where top companies like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation have been involved in serving the community ever since their inception. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large.

Corporate Social Responsibility (CSR) has acquired new dimensions in recent years.

The Indian context is distinct. On the one hand, there are long-standing traditions of respect for family and social networks, and high value placed on relationships, social stability and education.

Diverse religions and cultures also bring distinct attitudes towards community social behavior and engagement as well as support and philanthropic contributions. Governments in the region also play distinct roles – often stronger in terms of influence on economic and social priorities, yet not as advanced in terms of social safety nets.

METHODOLOGY

In the present study, specific sustainability initiatives taken up by the companies under study as disclosed on their websites and in their annual reports, sustainability reports, policies, codes, and so on were considered for analysis. In general, Corporate Sustainability Initiatives (CSIs) were defined to include:

- Any voluntary action taken by the company to ensure reduced impact of their operations on the environment or the society beyond legal compliance;
- Those initiatives that are embedded in the core or mainstream business or are carried out by an extended arm of the corporate; and
- All initiatives that depict that the company in general is concerned about the social and environmental aspects along with the economic aspects explicit in its strategic behaviour or planning.

The research findings regarding the Corporate Sustainability Initiatives (CSIs) incorporated by the sample companies are reported in three sections—Basic Organisational and Managerial; Operational functions; and Corporate Social Responsibility (CSR). These sections are briefly described in Figure 1.

Sample Selection and Data Collection

In order to review the kind and extent of initiatives undertaken by the prominent companies of India to address the issues outlined earlier, the present study was carried out on a focus group of top 10 private sector companies, as rated by *Business Today 500* (BT 4 500) in 2014. For managing and analysing the data, these companies were classified into 5 different sectors as shown in Figure 2 and Table 1.

