Review of Literature:

The researcher has reviewed a number of books, journals and research projects in order to get an insight into the area of research under consideration.

Singh and Ahuja (1983) have studied annual reports of 40 public sector companies. Their objective was to ascertain the extent of disclosure and examine the influence of four organisational correlates (size, profitability, age and nature industry). They find that the disclosure was related to the nature of the industry. The profitability of the company will have impact on the social disclosure and they concluded that there was a significant variation between companies with regard to social reporting.

Sen-Gupta (1988) carried out a study to examine the current trend in pollution disclosure practices among a few Indian and foreign companies. The sample of eleven companies, whose activities caused pollution and which they referred in their pollution control measures in their annual reports. He concluded that the descriptive and quantitative information on pollution control was being reported in six places, namely, chairmen’s Statement, President’s Letter to the stockholders, Director’s report, Notes to the financial statements, Social accounts and the supplement to annual reports. The common practice was to offer descriptive information in the director’s Report.

Noor Firdoos Jahan (2010) concluded in her research paper that there are no standard norms available for measuring, reporting and evaluating the social performance of a corporate enterprise. Different experts have suggested different models for this purpose. But none of them has found general acceptance so far. There is a need to develop a comprehensive model of social accounting which in turn will help in bringing the uniformity in reporting. The disclosure of the information should be in the balance sheet format consisting of assets and liabilities of each social activity taken up by the company. Presentation of uniform Value added statement should be made compulsory through enactments of some rules and regulation by the government. Place of disclosure of social information should be specified. Reporting of the social activities of the firm should always be in the form of social report, separately enclosed with the annual report.

A research paper by Jain Sugan C. and et.al. (2007) has portrayed how social responsibility performance evaluation can act as an accounting measure of management efficiency. In fact, it has given much importance to socio-economic and socio-human
obligations to others. The paper attempts to show that these days there is a great need to emphasize more clearly social responsibility, which the corporate sector can and should undertake. The theme of the paper is that the scope of corporate social responsibility encompasses not only economic well-being but also the human aspects of life. In addition, if management of a corporation performs its social responsibility well, one may say that management has done its job efficiently.

In a comparative study on 150 companies in the US, UK and Australia, Guthrie and Parker (1990) found that 85% of US, 98% of UK, and 56% of Australian companies made some social disclosures in their annual reports. This study indicated that more than 40% of these companies reported human resource issues, 31% reported community involvement, 13% reported environmental activities, and 7% reported energy and product related issues. It also revealed the average number of pages that organizations in these countries allotted in their reports for social disclosures. Companies in the US used 1.26 pages while 0.89 and 0.70 pages were used in the UK and Australia respectively.

In the context of emerging economies, a few studies have focused on companies in countries such as Malaysia, Thailand and China (specifically, Hong Kong). A study of 100 public companies in Malaysia showed that 66% of companies did some kind of social reporting (Kin, 1990). Of these, 64 companies reported human resource issues and 22 companies disclosed community involvement issues.

Ratanajongkol et al. (2006) examined corporate social reporting in Thailand. They analyzed the extent and nature of corporate social reporting of 40 Thai companies over a 3-year period. Overall, they found that the level of corporate social reporting is increasing, with Thai companies reporting more on human resources. A similar study in Hong Kong revealed that 6% of companies disclosed social activities with an emphasis on staff development and community relations (Lynn, 1992). The number of pages dedicated to such disclosures ranged from 0.25 to 3 pages. Ng (2000) found that 9% of the 200 HK listed companies reported environmental information in published accounts. However, no company disclosed financial data concerning environmental performance. Disclosures appeared in the director’s report or chairperson’s statement. Such disclosures were general statements indicating company support for environmental protection and describing projects to reduce pollution and save energy and resources.
As expectations for disclosure of information on environmental and social performance have grown, so have demands that companies provide information in a standardized way that allow readers to compare company performance. A number of broadly recognized standards are particularly relevant to CSR, including the GRI Sustainability Reporting Guidelines, Accountability Assurance Standard 1000 & 1000S, and the ISO 14001 Series. The GRI Guidelines focus on issues that should be reported. GRI develops these reporting guidelines using a global consensus-seeking process that involves reporting organizations such as companies, as well as report readers and users like employees, investors, and non-governmental organizations. GRI issued its first set of guidelines in 2000, the second in 2002 (known as the G2 guideline) and the third in late 2006 (G3 Guideline) (KPMG, 2008). AAS 1000 and 1000S focus on the processes of reporting and auditing. A focus on processes, and, in particular, the involvement of stakeholders through a robust process of dialogue, is likely to result in a company properly discharging accountability rather than simply complying with a list of disclosure items (Adams, 2004).

Gunawan's (2007) study in Indonesia analysing the contents of annual reports infers that the most important information on CSD perceived by the stakeholders is about — products while information about — community is perceived as the least important. However, community is considered as the most influence party of CSD for the companies. As far as India is concerned while there have been studies that have surveyed both organisations and different sections of Indian society on CSR practices and perceptions (for example, Balasubramanian et al. 2005; UNDP 2002) there are hardly any studies that have content analysed the annual reports or sections of annual reports to understand the nature and scope of social reporting practices in Indian organizations.

Raman (2006) analysed the chairman’s speech section of the annual reports of 40 companies out of ET-500 list (2005) under four different themes has found that 52.5% of the sample report on community involvement, whereas 75% on human resources, 80% on product/service improvement and only 30% on environment/energy. This study is only a descriptive one and is based on the top order 40 companies with market capitalization of around 60%. Neither it represents companies of relatively smaller size or of average performance nor its inference on inter-theme or inter industry variation is statistically examined.
Shankar and Panda (2011) concluded in their research paper that companies in their social reporting practice lay top order emphasis on their concern for the shareholders whereas moderate order of concern for transactional stakeholders and a low order of concern for the macro level stakeholders. The overall text is dominated by qualitative statements (63.5%) and the share of declarative statements is marginal (less than 3%). Quantitative statements are often used by the companies to reveal concerns towards profit whereas qualitative statements to reveal their transactional concerns. When it comes to declarative statements a major chunk of them are taken up by concern for profit and transactional stakeholders and only a small part has been used for the contextual themes.

(a) The length of the text in terms of number of sentences under different types of social responsibility performance disclosure significantly varies across companies in all industries.

(b) The length of the text used for various themes of CSRPD is observed to have significant inter-industry and intra-industry variation.

(c) The mean length of the text in terms of the number of sentences differs significantly for different themes of disclosures.

Society is entitled to know the extent to which the enterprise meets its obligations towards it in accordance with the generally accepted principles and rules of accounting disclosure. Regarding the basic principles and concepts of social responsibility accounting, they are to some extent the same generally accepted principles and concepts of financial accounting after adapting them to suit the nature and purposes of social accounting (Mohammad, 1995). There is no consensus on the activities to be included within the scope of social accounting, but there are two criteria that distinguish between social and economic activities. The first is the availability or non-availability of legal obligation. Social activities are voluntarily performed by the organization to satisfy its obligations towards society. Second is the activity itself. This could pertain to social activities that include those optioned carried out by the organization, as in the availability of the social feature of the activity irrespective of having, or not having, a legal obligation (Nasr, 1996).