

A Study on CSR Disclosure Practices of Chemical Industries with Special Reference to Bharuch District

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Abstract - Corporate social responsibility (CSR) is a buzzword worldwide. In today's globalized world, one of difficult task faced by firms is integration of CSR in business. Stakeholders require a lot more from companies than merely believing in growth and profitability. Concept of CSR is developing in India and other emerging markets. Corporate social responsibility plays a considerable role in improving companies image not only among their competitors but also media, other organizations and most importantly among people who are their direct customers. People have developed confidence for a company's brand which takes the initiative of educating poor children, planting more trees for a greener environment, bringing electricity to a village, providing to people and so on. Social responsibility is a manifestation of dharma, the duty of human beings towards society. Atharvana Veda talked about social responsibility as "one should procure wealth with one hundred hands and distribute it with one thousand hands". SEBI made it mandatory for companies to keep at least 2 % of their profits reserved for CSR activities, so now companies are obliged to spend some part of their profit in CSR activities but the actual question arises in which type of activities they should spend their hard earned money for the benefit of society. This paper will investigate about various CSR activities in which these companies are using their money and also report about disclosure of CSR activities in their corporate governance report of selected chemical industries of Gujarat with special reference to Bharuch district. Sample consist of listed chemical industries and two years data is taken into consideration, namely for 2018-19 and 2019-20. Data is collected from selected companies' annual reports available from websites, journal and magazines. Industries are selected as per convenience sampling.

Key Words: Corporate social responsibility, SEBI.

1. INTRODUCTION

In today's scenario of cut throat competition, everyone is so occupied in chasing targets and handling the pressure at workplace that they actually forget that there is a world around them as well. These companies are part of this world and when Companies have a close look into this world then they were surprised to see how people manage their lives in villages. Companies realized their social responsibility voluntarily and also were made to realize it by making it mandatory by SEBI specially for the companies whose

turnover is more than 500 corers to contribute at least 2% of its net profit."Or even 5%, though it might not sound like a lot, can add up to make a difference," said Schmidt, and disclose it in their annual reports. Corporate social responsibility in a way also plays a crucial role in the progress of the society, which would at the end benefit all. "When thinking to donate and revert back, then start local, and then move from there.

India has one of world's richest traditions of corporate social responsibility. Though the term CSR is comparatively new version, the concept itself dates to over a hundred years. CSR in India has developed through different phases, like community engagement, socially responsible production, and socially responsible employee relations. In the words of A.P.J. Abdul Kalam -Corporate decision making and policy making is linked to ethical values, compliance with legal requirements and respect for people, communities, and the environment around the world. Corporate social responsibility is necessarily a developing term that does not have a standard definition or a fully recognized set of specific criteria.

As stated by Gandhi, companies and industries were the 'temples of modern India'. He influenced industrialists to set up trusts for colleges, and research and training institutions. These trusts were involved in social reform, like rural development, education and empowerment of women.

In India, CSR has developed or come up to encompass employees, customers, stakeholders and sustainable development or corporate citizenship. Multiple organizations grade companies on the performance of their corporate social responsibility. As a consequence, CSR has emerged as an inevitable concern for business managers in every organization.

As one of the important shlokas (quote) from the Rigveda states that "A businessman should benefit from business like a honey-bee which suckles honey from the flower without affecting its charm and beauty".

The World Business Council for Sustainable Development (WBCSD) explained CSR as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work

force and their families as well as of the local community and society at large”.

Kotler and Lee put forward their views and define CSR as “Corporate social responsibility is a commitment to improve community well-being through discretionary, business practices and contribution of corporate resources. Corporate social initiative are significant activities undertaken by a corporation to support social causes and to fulfill commitments to corporate social responsibility”.

In today's countries economy Chemical industries plays an important role for development of country but at the same time chemical industries are also responsible for pollution in society and it adversely affect the society and environment surrounding them so it becomes one of the responsibilities of those industries to revert something towards development of environment and society. So in this research paper chemical industries and CSR activities taken up by them are taken into consideration. This paper will help us to know about the activities taken up by these industries and the total amount spent on each of these activities. This will help us to know about the various areas which are not given due priority and should be taken up by other industries, so that the balanced growth takes place.

REVIEW OF LITERATURE

Kumar, Sachin (2015) in his paper on “Linking Green Marketing with Corporate Social Responsibility: A critical Analysis of Home Appliances” analyzed the vision and mission statements of the major eight home appliance companies operating in India, with respect to CSR and studied the green marketing practices that companies highlighted and how these practices were implemented.

Wesley, A. Et.al. (2013) in the book on „Corporate social responsibility: A governable space“ have viewed that CSR should be re-conceptualized due to the range of forces like political, institutional, economic or social. They also indicate that the impact of global social forces such as the prevailing neoliberal mentalities and the global Accumulation agenda on CSR can be better understood when taking this perspective into consideration.

Akinyomi, Oladele John (2013) has examined the practice of corporate social responsibility by manufacturing firms in Nigeria, based on stakeholder's theory. According to the survey the major areas of focus of the CSR activities include Education and Youth Development/Sport, among others. Moreover the study revealed that the investment on CSR activities were negligible compared to the turnover of the companies.

Pouliopoulos Leonidas. Et.al. (2012) in their paper on „Manager“ s Perceptions and Opinions towards Corporate Social Responsibility (CSR) in Greece“. Examined Greek managers“ perceptions towards CSR and their opinion regarding the institutionalization of CSR in their companies.

The findings were, that CSR is managed according to the size of the companies. Most companies executed CSR programs through their internal management function, which were mostly society, environment and employees oriented. Along with these managers believe that number of benefits could be achieved by doing CSR activities. It was also found that Managers who believe that CSR activities should be communicated and evaluated externally by a national agency will make a strong positive opinion for the institutionalization of CSR.

A research study was conducted on “A Study on CSR activities in selected companies of Gujarat” by Shital Padhiyar, in her study she concluded that there is dissimilarity between two sector companies with respect to their key areas, they are community education foundation, leadership, natural, policy, rights, stakeholders and transformational. Common focus areas of the study were Energy, Water, Development, Economic, Initiatives, Safety, Social, Sustainability, Training, Value, Community, Education, Efficiency, Employees, Environment, Growth, Health, Human, Innovative, Waste.

Frisko and Arisandi (2011) have studied the practices of corporate social responsibility (CSR) run by state owned company in Indonesia which tends to focus on strengthening economies of small and medium enterprises (SMEs) through partnership program as per rules and regulation structure. The scanning comprises of detail examining the background of program, assess its impact to stakeholder, and evaluate the effectiveness of social program done by state-owned company. In due course, the study expected to provide information about effectiveness analysis of CSR programs for company and government to design proper rules in creating sustainability development for a better future.

Rashmi Rai, Nishu Singla (2011) in their paper has highlighted CSR activities as long term investment for the business. The study was undertaken on multinationals companies from 8 industries listed in Nifty index. Secondary data has been used for studying and qualitative approach was taken. Expectations of stakeholders is getting stronger, so companies should do CSR for sustainable business and developing good image in the mind of public and customers.

In research paper on “Corporate Social Responsibility In India: An Over View” by S. Vijay Kuma, he found that Lack of transparency is an issue which needs focus. This is significantly because there is little or no knowledge about CSR within the local communities since no sincere efforts have been made to create awareness about CSR and to be successful in gaining the confidence of local communities. There is a demand to improve the understanding and increase the active participation of business in equitable social development as an integral part of good business practice.

Bhargav Joshi (2009) has studied the CSR activities undertaken by nifty and non-nifty companies and have measured opinion of managers towards CSR.

Thus literature review reveals that still lot is required to be done through the CSR activities by the companies as it is beneficial to both the society at large and also to the company in the long run for their better image and sustainability and enjoying competitive edge. Here chemical companies are taken up because they are considered to be considered as most environment pollutant and hence they have to be more socially responsible towards the society. This will help us to know their CSR activity areas and where they need to focus more.

OBJECTIVES:

1. To know about the various CSR activities pursued by chemical industries.
2. To know about the amount spent for various CSR activities by chemical industries, with special reference to Bharuch district Gujarat.

RESEARCH METHODOLOGY:

Sample Size and Collection of the Data

This research paper seeks to collect information about various areas in which chemical industries take up various CSR activities for two years namely 2018-19 and 2019-20 with special reference to Bharuch district. The sample comprises of 8 listed chemical companies located in Bharuch district as per convenience and data availability. The research is based on the secondary data which are collected from annual report of industries, available on companies' websites, journals and books.

INTERPRETATION AND ANALYSIS:

The research paper comprises of disclosures in corporate governance reports about various areas i.e. Education, health and care, environment, social empowerment etc. selected for CSR activities by selected chemical industries of Bharuch district for financial year from 2018-19 and 2019-2020. For this purpose, 8 chemical industries are selected as per convenience and availability of the data. The chart-1 shows various area selected for CSR activities and also amount spent by chemical industries in 2018-19. The chart-2 shows various areas selected for CSR activities and also amount spent by chemical industries in 2019-20.

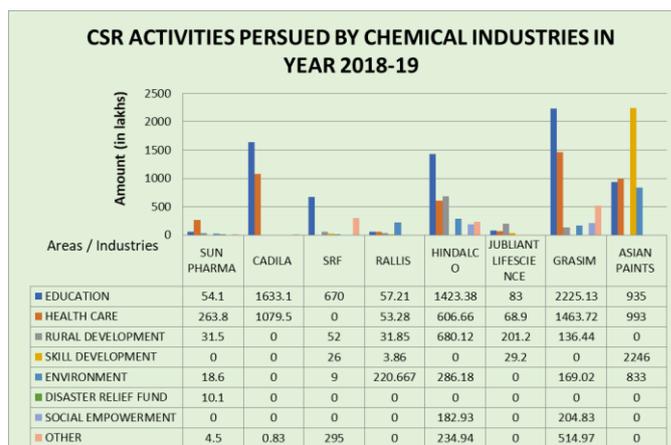


CHART -1 CSR ACTIVITIES BY CHEMICAL INDUSTRIES FOR FINANCIAL YEAR 2018-19.

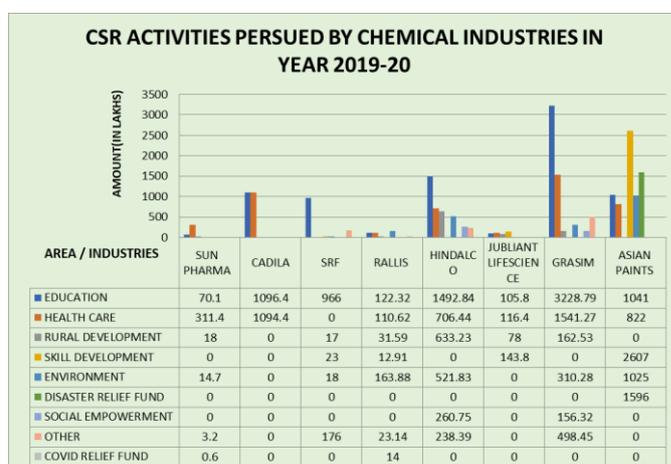


CHART-2 CSR ACTIVITIES BY CHEMICAL INDUSTRIES FOR FINANCIAL YEAR 2019-20

CONCLUSION:

This research paper presents CSR activities of chemical industries disclosed in corporate governance report for the financial year 2018-19 and 2019-20 of (8) companies with special reference to Bharuch district. From the analysis of above charts, it is observed that education has been most focused area of all industries and 2nd important areas have been health and rural development but all the other sectors are given less importance than education, health and rural areas. In 2019-20 Rallis India and Sun Pharma are only industries out of (8) industries which have donated in Covid relief fund. It was found that all industries are investing in education, health and rural development but still environment area is lagging behind which also needs to be given attention as chemical industries are considered to be the major pollutant of environment. There focus should be to minimize hazardous effects of its operations and proper disposal of its waste. In this research it is clear that all the areas of society are not given equal importance, it is imbalanced, all industries are putting their contributions in society according to their own convenience, SEBI made it

mandatory to spend 2 % of profits earned in CSR activities but it has not defined areas where these activities are to be focused on.

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