

# Relationship between Corporate Social Reporting (CSR) Practices and Company Characteristics in Indian Companies

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## Abstract

This study examines the extent of disclosure in annual reports for social reporting by Indian corporate. Data were collected from the annual reports of the companies for the year 2014 and the level of disclosure is measured using social disclosure index and descriptive analysis. The study identifies the extent of corporate social disclosures and its relationship with various company characteristics including size, profits, age, nature of industry, liquidity and leverage among corporate sector in India. Social Disclosure Index (SDI) has been calculated to measure the type and extent of social disclosure on sample of 106 Indian companies. The result of the study indicates that industry sector and size of the company positively affect the extent of information disclosure in annual reports. The paper also found that 81 percent Indian companies has Social Disclosure between 20 to 50 percent, in their annual reports.

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## I. Introduction

SOCIAL REPORTING IS defined as reporting of some important, definable area of a business enterprise's performance that have social impact. Put a further way, social reporting implies the extent and reporting, internal or external, of information relating to the impact of a business enterprise and its activities on society. Social reporting is a division of reporting, which is wholly related to the functioning of the social system. It can be measured as a reporting for the community through annual reports. An organization's annual report typically includes a Chairman Report, Director's Report, Financial Statements and Auditors Report as well as notes for accounts. The company's social programs report must always be in the form of social report that is included in the annual reports. The areas covered under social

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- Companies should take social disclosure as their moral obligation; mere legislation would not solve the problem.
- The government should provide various incentives like differentials in tax treatment, subsidies, rebates etc. so that companies can take social programmes.
- The government should put in place appropriate legislation for all companies to oblige them to make adequate disclosure of their activities to the public.
- Professional institutes in the country like the Institute of Chartered Accountants of India should work for developing social accounting and reporting techniques.
- Social indicators should be developed at the national level in the areas of employment opportunities, environmental control, energy conservation, health education etc.

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