

How Does the Life of Companies Really Influencing Sustainability Disclosure Practices In India- A Case Study

Mr. B. Pawan Kalyan* Prof. MSV Prasad** Dr. B. Sandhya Sri***

- Ph. D Scholar in the Department of Accounting and Finance – GITAM School of Business, GITAM University, Visakhapatnam – India
- Professor in the Department of Accounting and Finance – GITAM School of Business, GITAM University, Visakhapatnam - India
- Associate Professor, Department of Botany, Andhra University, Visakhapatnam India .

Abstract:

The developing countries like India are facing the twin problems of sustainable development and promoting economic development. a tradeoff between sustainable development and development is required . A careful analysis of the benefits and costs of negative sustainable development is necessary to find the safe limits of environmental degradation and to promote sustainable development. The main aim of this paper is to assess the corporate sustainability disclosure practices, for the purpose of the study 25 companies were selected selectively. A questionnaire was used for collection of information. A questionnaire was sent to 25 companies and companies responded to the questionnaire . There is no statistical tools applied only the data analyzed through graphs and Sustainability Disclosure index calculated. The main findings of the study that the Sustainability Disclosure index is very high for the environmental sensitive industries and the Sustainability Disclosure score is low for non sensitive environmental industries and for small companies . The highest disclosure is 98.25 and the lowest score is 55.25 and life of the companies influence positively Sustainability Disclosure practices .

Key words: Sustainable Development - Sustainability Disclosure index-Sensex Companies – case study .

Introduction:

The term sustainable development can be defined as surroundings in which an organization operates . including water ,air, land and natural resources . climate change issues has got attention at national and international level in current scenario . increase in environmental pollution level has created many environmental problems such as global warming, droughts, floods, soil erosion .corporate sector is the main cause for environmental pollution . they consume the natural resources and ignore and ignore about the environmental pollution (or) environmental hazards , corporate companies should behave like a good corporate citizen ,means how corporate companies or business are consuming the natural resources and simultaneously , they have the responsibility to protect the environment and to look after the environmental issues (Man deep Kaur 2015)

The modern accounting is not only concerned with record keeping of information to the investors but it aims at it fulfilling the information needs of a wide range of internal and external stakeholders. its function is to provide quantitative information financial nature about economic activities that is useful in making economic decision since last eighties , due to growing public concern about the alarming impact of industrial activities on nature companies are under pressure from both govt and society to reduce adverse impact of their activities. And the performance of an organization is now judged not only on the basis of financial results but also the contribution to protect environment and improvement for

environment investors and creditors are using the environmental information for analyzing the risk involved in the project or investment .(Suchi Pahuja 2009)

The economic reforms started by Government of India during early 90s, have paved way to rapid economic development and accelerating the process of industrialization. As the industrialization is also creating more environmental problems such as pollution, companies have started providing information about their environmental performance and policies owing of increased accountability. At the same time, there has been a growing awareness internationally on the disclosure of environmental performance, particularly from those firms that have a direct and substantial influence on the environment like manufacturing, power generation, mining etc, to provide information regarding the environment implications of their operations.(Joshi et al.2011).

Sustainability disclosure practices are not mandatory in India. Generally companies are disclosing environmental information in their annual reports on voluntary basis. The present study is covered how the Indian companies are disclosing (or) sustainability information other than disclosing environmental information in their annual reports to know that we tried with a structured questionnaire directly companies to know the sustainability disclosure practices of Indian companies.

Objectives of the Study:

1. The main objective of the study is to know Sustainability Disclosure practices of selected companies.
2. To examine whether life of the companies really influence the Sustainability Disclosure practices or not. .

Review of Literature:

There were enormous research on Sustainability Disclosure practices from developed countries such as US,UK, Australia but the research from developing countries is very less comparatively with developed countries

Seema Unnikrishnan et.al (2014) conducted a study on safety and environmental management practices of petrochemical industry in India. The data was collected through a structured Questionnaire from 167 executives .the study found that there were many benefits by maintain safety precautions it can be reduced accidents and also found that environmental accounting disclosure practices can benefit in several ways like energy saving, water harvesting, water recycling.

Mandeep Kaur (2015) Investigated 99 Indian companies for analyzing the item wise variations of environmental reporting practices. Environmental reporting practices was measured by using an environmental disclosure index , which consists of 6 major heads and 35 environmental activities. The study found that companies were disclosed more on energy conservation, corporate commitment statements, water management, waste management .and least preference given by companies were environmental accounting and auditing, training and awareness for environment.

Mohammed Ali Arshad Chowdhury&Khaza Md.Ochiuddin(2015) examined the areas of environmental accounting and disclosure practices of five manufacturing companies in Bangladesh. Environmental accounting disclosure practices were measured by using an content analysis. The study found that companies did not follow any standard format for environmental disclosure. and the study suggested that there should be a standard format and guidelines to be introduced by the Government for environmental accounting disclosure practices.

A.M. Inun Jariya (2015) Examined the disclosure practices of 68 Sri Lankan companies . environmental disclosure practices was measured by using an content analysis by word counting with consideration of 21 environmental items. The study found that only 41 companies disclosed environmental information and on the other hand the study also found that companies were disclosed more on green product and the least disclosure by the companies on spills.

Munther Al-Nimer (2015) conducted a study on perceptions of environmental accounting of 10 pharmaceutical industries in Jordanian . the study used both primary and secondary data .the primary data was collected by using Questionnaire and the secondary data was collected from the annual reports of companies . the data was analyzed by using descriptive and statistical analysis . the study found that Jordanian companies were shown more commitment towards environmental accounting and they are maintaining environmental policy and maximum companies disclosed environmental information in their financial statements.

Kamal Mehemed Eljayash(2015) conducted a study on environmental accounting disclosure practices of oil companies in Egypt, Libya and Tunisia . Quantity of environmental accounting disclosure practices was measured by using an content analysis by word counting and Quality of environmental accounting disclosure practices was measured by using an environmental accounting disclosure index. The data was analyzed by using an descriptive statistics . the study found that both quantity and quality of environmental accounting disclosure practices were increased in three countries for three years and the study also found that there was a significant variation in environmental accounting disclosure practices among three countries.

Dr,MC.Minimol &Dr. Makesh K.G (2014)analyzed the green accounting practices of 25 Indian companies . content analysis was used to measure the green accounting practices . the data was analyzed by using factor analysis. The study found that companies were disclosed on the following parameters environmental policy, health safety& environment , energy conservation . on the other hand the study also found the environmental accounting disclosure at infancy stage in India, and there is no clear cut guidelines.

MD. Asaduzzaman et.al (2014) examined the environmental accounting disclosure practices of 40 companies in Bangladesh. the study was used both primary data and secondary data . the primary data was collected from a 44 accountants with a structure Questionnaire and the secondary data was collected from the annual reports . the study found that both pharmaceutical and telecommunication industries were disclosed more , and , most of the companies disclosed generalized environmental information and qualitative information .

Halil Emre Akbas& Seda Canikli (2014) Analyzed the environmental reporting practices of 62 Turkish companies . environmental accounting disclosure was measured by content analysis by word counting was used . the data was analyzed by using descriptive statistics . the study found that most common theme which were disclosed by the companies on environmental policy, environmental protection, energy , waste management. And environmental disclosure practices were increased 2010 -2011 . and most of the environmental disclosure were in narrative.

Onyali Chidiebele Innocent et.al(2014)Examined the environmental accounting disclosure practices of three Bangladesh manufacturing companies .content analysis was used to measure the environmental accounting disclosure practices . the data was analyzed by using descriptive statistics and student –f test . the study found that most common theme disclosed by the companies on products& consumers, employee& community involvement. And study also found that companies were not disclosed Quantifiable data.

Md. Hafij Ullah et.al(2012) examined the environmental accounting disclosure practices of 29 Bangladesh companies .environmental accounting disclosure practices was measured by using an content analysis . the study found that two third of the companies were not disclosed any environmental information and also found that environmental accounting disclosure practices were very poor.

Dr.Anita Shukla&Nidhi Vyas (2013) conducted a comparative study on environmental accounting disclosure practices of bharat petroleum corporation limited and oil and gas corporation ltd in India . environmental accounting disclosure practices was measured by using an environmental performance

indicators . the study found that both companies were showing environmental concern but the information which was disclosed not Quantitative and the study also found that BPCL used recycling water and where as ONGC using fresh water.

Sania Kundra (2013) Analyzed the environmental accounting disclosure practices of NIFTY companies in India environmental accounting disclosure practices was measured by using using an content analysis. The study found that companies were disclosed more on energy saving, waste management, trees plantation. And the wipro and infoys companies were disclosed highest environmental information and least disclosed by kotak bank. HDFC Ltd, Punjab bank .

Laila Memdani (2012) conducted a comparative study on environmental disclosure practices of Indian and UK companies .content analysis was used to measure the environmental accounting disclosure practices. the study found that both the countries companies were shown enough amount of concern towards environmental disclosure practices and study also found that Indian companies were disclosed more than the UK companies.

MSV. Prasad&B. Sandhya Sri (2012)examined the influence of ecological intelligence on environmental accounting disclosure practices of 130 Indian companies. Content analysis was used for measuring the environmental accounting disclosure practices. The data was analyzed by using Chi-Square test .the study found that ecological companies disclosed more than the less ecological companies.

Afzal Ahmad (2012) Analyzed the environmental accounting disclosure practices of 40 Bangladesh companies . the study were used both the primary data and secondary data , the primary data were collected from the 40 chief accounts through a structured Questionnaire and secondary data was collected from the 40 companies annual reports. The study found that respondents opined that environmental accounting is needed and the environmental disclosure of companies was not satisfactory.

Uwuigbe, Uwalomwa&Jimoh, Jafaru (2012) examined the environmental accounting disclosure practices of five manufacturing companies in Bangladesh. Environmental accounting disclosure practices was measured by using content analysis by an sentence counting .the study found that the common place or location for environmental disclosure was chairman statement and the most common theme disclosed by the companies on products and consumers , employees and community involvement.

Md. Ali Arshad Chowdhury&Md.Kowsar Hamid(2013) Examinedthe status of environmental accounting disclosure practices of textile companies in Bangladesh. The study was used the primary data, the primary data were collected from the ten textile companies with a structure Questionnaire. The study found that many of the companies opined that environmental accounting is needed and also identified the many problems and suggested that Government should resolve the problems.

Haslinda Yusoff et.al (2013) examined the environmental accounting disclosure practices of both Malaysia and Australian companies. Content analysis was used to measure the environmental accounting disclosure practices .the data were analyzed by using descriptive statistics and regression analysis. The study found that both countries companies were disclosed environmental information in descriptive format .

Md. Hafij Ullah et.al(2013)Analyzed the environmental accounting disclosure practices of 30 Bangladeshcompanies. Content analysis was used to measure the environmental accounting disclosure practices and the data was analyzed by using SPSS 19 version. The study found that Bangladesh companies disclosed very poor information in their annual reports.

6. Methodology of the Study:

The study is completely done based on primary data for the study the sampling is selected convenientsampling the reason for selecting the convenient sampling is the companies which are environmental sensitive companies and chance to get the questionnaire filling those companies are

selected. the sample selected 25 companies and approached with as structured Questionnaire and filled the Questionnaire from their response .the companies are related to different industries like pharmacy 14, power 3, Electrical 2, textile 1, port 1, steel plants 4 ,the list of sample companies can see in the appendix A. An open ended questionnaire was used for collection of the information the questionnaire contains 8 sections total questions is 28 , that are , Environmental policy (5) , Legislation & compliance(3), EMS (2), product (3) , waste management (4) , packaging & transportation (3) after collection of information the environmental score is calculated . 2 if the information is disclosed briefly, 1 if the information is disclosed in narrow,0 if no information is disclosed. Apart from environmental disclosure whether life of the company is influencing environmental disclosure practices has been tested by using regression analysis. Life of the company is measured in terms of number of years since incorporation taken as a independent variable and environmental disclosure taken as a dependent variable .

Finally the Sustainability Disclosure Index is calculated for each company by using the following formula

$$EADI = \frac{\text{Total score obtained by the company} \times 100}{\text{Maximum possible score scorable by company}}$$

Hypotheses development

H1: Sustainability Disclosure practices are positively associated with the life of the companies.

7. Analysis & Discussion :

Table -1: shows that environmental accounting disclosure score and index based on ranking

s.no	Company name	Score	EADI
1	Dr.Reddy’s laboratories Ltd	55	98.21
2	Mylan pharmaceuticals Ltd	55	98.21
3	Jindal steel & power	55	98.21
4	United steam less pvt ltd	55	98.21
5	Divis laboratories	54	96.42
6	Hetero drugs	54	96.42
7	Kamineni steel & power ltd	53	94.64
8	HBL Power systems Ltd	53	94.64
9	Vizag steel Plant	52	92.85
10	Visakha port Authority	52	92.85
11	BHEL	51	91.07
12	Vasuda pharma chemicals Ltd	50	89.28
13	Eisai Co Ltd	49	87.5
14	Pharma Zell Pvt Ltd	48	85.71
15	Prince Pipes & Fitting Pvt ltd	48	85.71
16	Rakas Pharma Pvt Ltd	47	83.92
17	Vishnu chemicals Ltd	44	78.57
18	Cirex pharma Pvt Ltd	43	76.78
19	Ocean India Pvt Ltd	43	76.78
20	Sainor Pharma Pvt Ltd	41	73.21
21	Azico Pharma Pvt Ltd	41	73.21
22	Raksit pharma Pvt Ltd	41	73.21
23	NItyasai Chemicals Pvt Ltd	31	55.35
24	Essar Steel India Ltd.	34	57.85
25	NTPC simhadri	55	75.14

From the above table 1 we can observe that top five companies which were disclosed maximum environmental information those are Dr. Reddys’s lab, Mylan ,Jindal Steel&power, united steam less pvt ltd, divis lab, and the least five companies which were disclosed environmental information those are ocean india,sainor,Azico pahrma, rakshit pharma, Nityasai chemicals.the companies which were disclosed maximum environmental information those are related to pharma industry . the below figure1 shows environmental disclosure in graphical presentation.

Figure 1

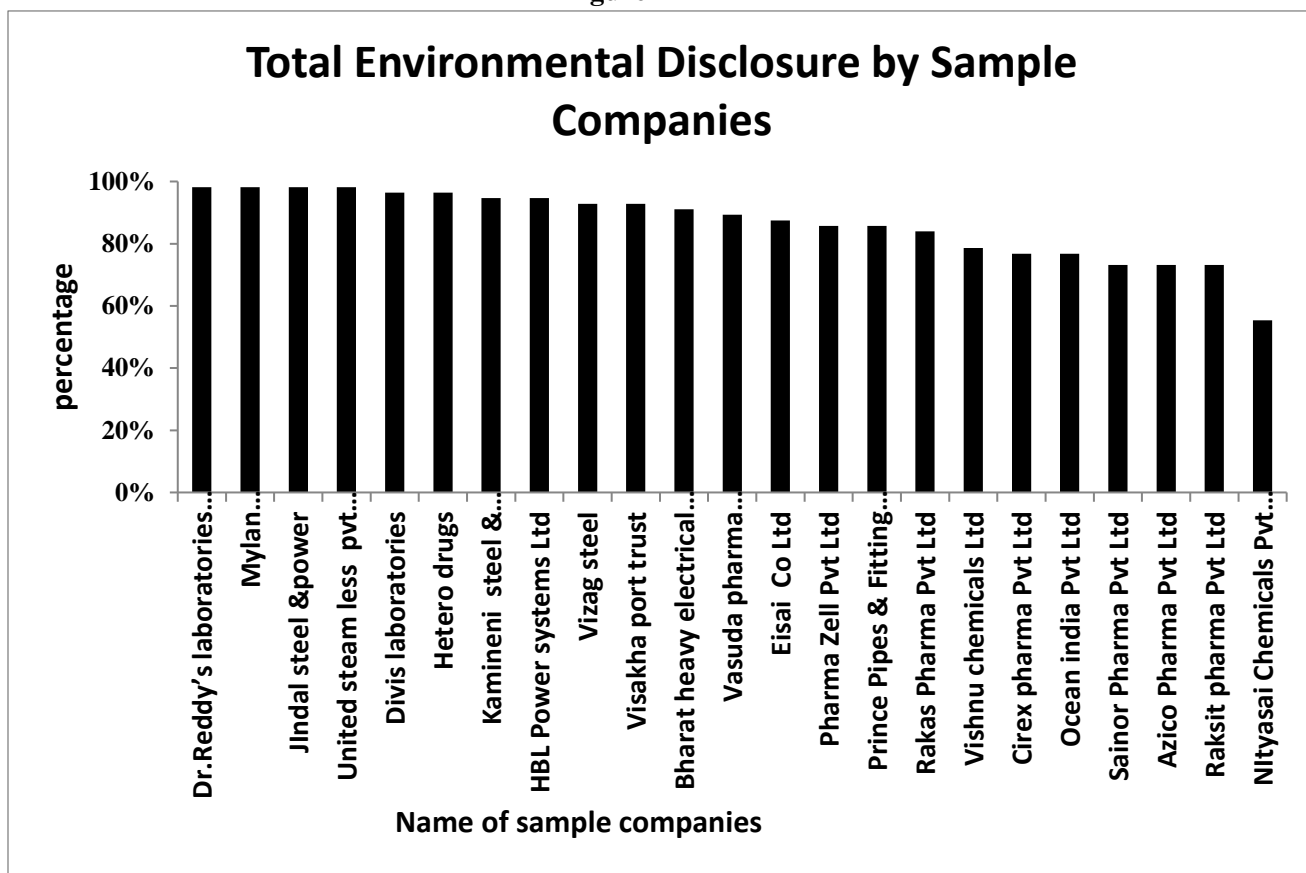


Table -2: showing ranking of the sample companies based on environmental total disclosure information category wise

S,no	Company name	Envt policy	Legislation & compliance	E M S	product	Waste mgmt	Energy mgmt	Water mgmt	Packing & Transport	total
1	Dr.Reddy's Lab	9	6	4	6	8	6	10	6	55

2	Mylan	10	6	4	5	8	6	10	6	55
3	Jindal Steel	10	6	4	5	8	6	10	6	55
4	Ustpl	10	6	9	6	8	6	10	5	55
5	Divis lab	10	5	4	5	8	6	10	6	54
6	Hetero drugs	10	5	4	5	8	6	10	6	54
7	Kamenini steel	10	6	4	4	8	6	10	5	53
8	HBL	9	6	4	5	8	6	10	5	53
9	Vizag steel	10	6	4	5	8	5	10	4	52
10	Visakha port trust	10	6	4	5	7	6	10	4	52
11	BHEL	10	4	4	4	8	6	9	6	51
12	Vasuda pharma	10	4	4	6	7	6	8	5	50
13	Eisai	10	6	4	5	7	4	10	3	49
14	Pharma zell	10	5	4	5	7	5	7	5	48
15	Price pipes	9	4	4	6	5	5	10	5	48
16	Raks paharma	8	6	4	5	7	4	10	3	47
17	Vishnu chemicals	8	6	4	4	7	4	6	5	44
18	Cirex pharma	10	5	2	5	4	3	10	3	43
19	Ocean India	5	4	3	4	6	6	10	5	43
20	Sainor	6	6	3	4	6	4	8	4	41
21	Azico	6	6	3	4	6	4	8	4	41
22	Raksit	6	6	3	4	6	4	8	4	41
23	Nityasai	5	3	2	3	7	3	5	3	31
24	Essar Steel	6	6	3	4	6	4	8	4	41
25	NTPC	8	6	4	5	7	5	8	5	48

From the above table we can observe that environmental disclosure based on section wise . maximum companies were disclosed on legislation & compliance followed by environmental policy ,energy management, water management , waste management , and the low information disclosed on Environmental management system, product, packaging&transportation.

Table -3: showing the percentage range of environmental accounting disclosure

Percentage of Disclosure	No, of companies	Percentage of the sample
90-100	11	47.82
80-90	5	21.73
70-80	6	26.08
Less than 70	1	4.34
Total	23	100

The above shows that the percentage range of sustainability disclosure 47.82% of the sample companies (11) are disclosing between 90-100% and 21.73% of sample companies (5) are disclosing 80-90%, 26.08% of the sample companies (6) are disclosing between 70-80%, 4.34% companies (1) are disclosing below 70%. It clearly shows that hardly 50% of the companies are disclosing some extent but remaining companies are not disclosing expected level still the companies need to disclose more. there is a huge gap between expected level and actual sustainability disclosure practices this gap has to be filled by companies. The below figure 2 shows percentage range of sustainability disclosure practices.

Figure:2

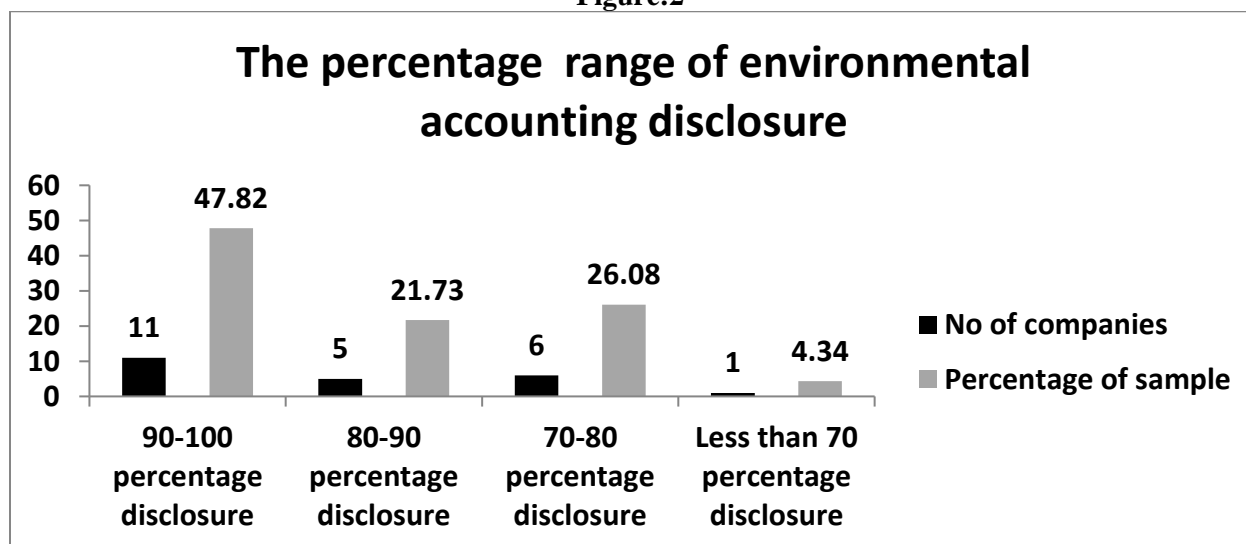


Table 4:Summary output

<i>Regression Statistics</i>	
Multiple R	0.498119135
R Square	0.248122672

Adjusted Square	R	0.21231899
Standard Error		9.918981602
Observations		25

Table 4 shows the summary output of regression analysis . the R^2 is obtained as 0.24 ,which indicates that the model is capable of explaining 24% of viability of sustainability disclosure practices in the sample of Indian companies in the study .the adjusted R^2 indicates that 2r4% of variations in the dependent variable in the model used here are explained by the variations in the independent vaiable.

Table5:ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	2	681.8250053	681.8250053	6.930088091	0.015565108
Residual	22	2066.110116	98.38619602		
Total	24	2747.935122			

The model is a fit for predicting EADI with $F(1,21) = 6.93$ and also significant at 95% confidence with $p \leq 0.01$.

Table 6: Regression Coefficients

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	78.32155928	3.752297107	20.87296316	1.5934915
X Variable 1	0.243030944	0.092319235	2.632506048	0.015565108

The coefficient values of the regression equation reveals that there is a positive relationship between sustainability disclosure practices and life of the companies. So life of the companies positively influenced the sustainability disclosure practices.

Conclusion:

sustainability disclosure practices at infancy stage in India. due to increasing of global companies presence in India , Indian companies are focusing on the sustainability disclosure practices and the companies realized the importance of sustainability disclosure but companies are not reporting to expected level because the sustainability disclosure is not mandatory in India and there is no standard framework for reporting this binds the companies not to report more and now this is the time for accounting bodies to set a standards for companies to practice sustainability disclosure.

References:

Ahmad, A. (2012). Environmental Accounting and Reporting Practices : Significance and Issues A case from Bangladesh companies . *Global Journal of Management and Business Research*, 12 (14), 119-127.
 Al-Nimer, M. (2015). Perceptions of Environmental Accounting in the Jordanian Pharmaceutical Industries (Applications and Disclosure). *International Journal of Business and Management*;, 10 (2), 73-80.
 Canikli, H. E. (2014). Corporate Environmental Disclosures in a Developing Country: An Investigation on Turkish Listed Companies. *International Journal of Economics and Finance*, 6 (2), 50-61.

- Dr. Anita Shukla, N. V. (2013). Environmental Accounting & Reporting in India (A comparative study of Bharat Petroleum Company Limited & Oil & Natural Gas Company Limited). *Pacific Business Review International*, 5 (7), 52-59.
- Dr. Minimol M.C, D. M. (2014). Green Accounting and Reporting Practices Among Indian Corporates. *Asia Pacific Journal of Research*, 1 (XIV), 21-35.
- Dr.Prem Lal Joshi, D. S. (2011). Determinants of Environmental Disclosures by Indian Industrial Listed Companies in Their Websites: Empirical Stud. *International Journal of Accounting and Finance -Inder science Publications*, 3 (2), 109-130.
- Eljayash, K. M. (2015). Documentation of Environmental Disclosure Practices in the Oil Companies in the Countries of the Arab Spring-Some Evidences from Egypt, Libya and Tunisia. *Journal of Economics, Business and Management*, 3 (10), 954-960.
- Haslinda Yusoff, R. O. (2013). Environmental Reporting Practices In Malaysia And Australia. *The Journal of Applied Business Research*, 29 (6), 1717-1726.
- Jariya, A. I. (2015). Environmental Disclosures in Annual Reports of Sri Lankan Corporate: A Content Analysis. *Journal of Emerging Trends in Economics and Management Sciences*, 6 (8), 350-357.
- Kaur, M. (2015). Checking the Item wise Variation in the Environmental Reporting Practices of Indian Companies. *The Macrotheme Review*, 4 (1), 10-30.
- Kundra, S. (2013). Environmental Disclosure Practices Companies In India : A Study of Nifty Companies. *Pacific Business Review International*, 6 (2), 66-72.
- Md. Ali Arshad Chowdhury, M. K. (2013). Present Status of Corporate Environmental Accounting (CEA) in Bangladesh: A Study Based on Some Selected Textile Companies. *Research Journal of Finance and Accounting*, 4 (17), 122-129.
- MD. Asaduzzaman, M. K. (2014). Corporate Environmental Reporting (CER) Practices : Empirical Evidence From Selected Non-Financial Companies In Bangladesh. *International Journal of Business and General Management*, 3 (1), 1-8.
- Md. Hafij Ullah, K. M. (2013). Environmental Reporting Practices in Annual Report of Selected Listed Companies in Bangladesh. *Research Journal of Finance and Accounting*, 4 (7), 45-57.
- Md. Hafij Ullah, M. M. (2014). Environmental Disclosure Practices in Annual Report of the Listed Textile Industries in Bangladesh. *Global Journal of Management and Business Research: D Accounting and Auditing*, 14 (1), 97-108.
- Memdani, L. (2012). Social and environmental Disclosure and corporate social responsibility (CSR) in the UK and Indian Companies. *Suggyan Management Journal of Siva sivani Institute of Management*, IV (i), 5-14.
- Mohammed Ali Arshad Chowdhury, K. M. (2015). Areas of Corporate Environmental Accounting and its Practice in Manufacturing Industries: A Study on Some Selected Manufacturing Industries in Bangladesh. *HRD JOURNAL*, 6 (1), 27-42.
- MSV. Prasad, B. S. (2012). Assessing Indian Corporate Ecological Intelligence: A case study of Selected Companies. (36-64, Ed.) *Asia-Pacific Management Accounting Journal*, 7 (2).
- Onyali Chidiebele Innocent, O. T. (2014). An Assessment of Environmental Information Disclosure Practices of Selected Nigerian Manufacturing Companies. *International Journal of Finance and Accounting*, 3 (6), 349-355.
- Pahuja, S. (2009). *Environmental accounting and reporting ,theory, Law and empirical evidence* (Vol. 1). New century publications .
- Seema Unnikrishnan, N. S. (2014). Study of Safety and Environmental Management Practices in the Indian Petrochemical Industry. *Current Advances in Environmental Science*, 2 (2), 59-72.

Uwuigbe, U. J. (2012). Corporate Environmental Disclosures in the Nigerian Manufacturing Industry: A Study of Selected Firms. *African Research Review An International Multidisciplinary Journal, Ethiopia*, 6 (3), 71-83.

Appendix: List of sample companies

S.No	Company name
1	Dr.Reddy's laboratories Ltd
2	Mylan pharmaceuticals Ltd
3	Jindal steel & power
4	United steam less pvt ltd
5	Divis laboratories
6	Hetero drugs
7	Kamineni steel & power ltd
8	HBL Power systems Ltd
9	Vizag steel
10	Visakha port trust
11	Bharat heavy electrical s ltd
12	Vasuda pharma chemicals Ltd
13	Eisai Co Ltd
14	Pharma Zell Pvt Ltd
15	Prince Pipes & Fitting Pvt ltd
16	Rakas Pharma Pvt Ltd
17	Vishnu chemicals Ltd
18	Cirex pharma Pvt Ltd
19	Ocean India Pvt Ltd
20	Sainor Pharma Pvt Ltd
21	Azico Pharma Pvt Ltd
22	Raksit pharma Pvt Ltd
23	Nityasai Chemicals Pvt Ltd
24	Essar Steel
25	NTPC Simhadri