

## Examining the Evolution of Leadership Speeches in India's Cement Sector Following BRSR Reporting

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### ABSTRACT

**Purpose** - The research paper analysed the top five Indian cement companies: Ultratech Cement, Ambuja Cement, ACC Limited, Shree Cement Limited, and Dalmia Bharat Cement regarding their adoption of BRSR (Business Responsibility and Sustainability Reporting) mandated by the Indian stock market regulator SEBI (securities and exchange board of India) for the top 1000 companies in 2021. It tests whether the BRSR mandate has worked in highly polluting cement sector.

**Design/ Methodology/ Approach** - The speech messages of these five cement companies' CEOs/MDs in integrated annual reports were analysed based on content analysis of keywords as per the nine BRSR principles and compared the pre- (2019-21) and post-BRSR periods (2021-23). The Mann-Whitney test was used to identify any significant changes in the leadership messages due to the BRSR.

**Findings** - The average CSR spending of the five cement companies increased by 8%, from INR 2.4 billion before BRSR to INR 2.6 billion after BRSR. Of the nine BRSR principles, the most cited were principle 2, principle 5, and principle 8 by the cement companies. These principles highlight that company leadership is focused on providing goods or services sustainably and safely and promoting inclusivity for stakeholders such as employees or suppliers. Ultratech Cement, Ambuja Cement, and Shree Cement are at the forefront of the sustainability agenda.

**Originality** - The novel aspect of the research paper is that it has contributed to the evolving literature on the role of BRSR reporting in cement companies in India. The mandatory BRSR reporting seems to have helped promote the sustainability agenda in country, but SEBI efforts must up the ante. As a significant pollution-emitting sector, the executives in the sector stand to benefit from the paper.

**Keywords:** Indian Cement companies, Corporate Social Responsibility, Leadership (ethical), Business Responsibility Sustainable Reporting (BRSR), Content analysis, Management and the environment.

### INTRODUCTION

Around 7% of worldwide CO<sub>2</sub> emissions come from cement production (Hasanbeigi, 2021). Sustainability efforts by cement companies to reduce CO<sub>2</sub> emissions never seem enough. Lately, however, the initiatives of cement companies seem to be getting more effective, as Rossi (2019) claimed that the cement industry's CO<sub>2</sub> emissions have dropped 18% globally in the last two decades. The companies' efforts commenced actively in 1999 when the ten global cement companies set up the "Cement Sustainability Initiative" (CSI) initiative. Its role was to build guardrails around CO<sub>2</sub> emissions and communicate them to the broader community. The CSI initiative helped establish cement industry sustainability goals, and since then, the body has evolved, with many global companies joining. It is called the Global Cement and Concrete Association (GCCA) and currently has the world's 40 major cement businesses as its members (GCCA, 2021). The GCCA has created the "Cement Industry Sustainability Framework and Procedures" for cement companies globally to effectively track and report CO<sub>2</sub> emissions (GCCA, 2018).

In India, nine cement companies have been members of the GCCA since 2013. Based on annual turnover, the GCCA's top five members are UltraTech Cement, Ambuja Cement, ACC Limited, Shree Cement, and Dalmia Bharat. Due to the role of cement companies in mitigating pollution, we shall study the role of these top five cement companies. To understand their sustainability agenda through the CEO/ MD messages in annual reports from the lens of SEBI advocated BRSR reporting (Business Responsibility and Sustainability Reporting). As these five companies represent over 50% of Indian cement companies, it shall set the tone for the overall Indian cement industry.

The Indian cement companies have also created a local governing body for various policy initiatives equivalent to GCCA, called the Cement Manufacturing Association (CMA). It has rolled out many initiatives, such as identifying new technologies, establishing a supporting policy framework, fostering public-private collaboration, developing funding mechanisms, gaining social acceptance, and reducing cement production to 0.35 metric tonnes of CO<sub>2</sub> per metric tonne by the year 2050.

Sustainability reporting in India remained in its infancy until the Ministry of Corporate Affairs (MCA) announced National Voluntary Guidelines (NVG) in 2011 to help companies meet their environmental, social and governance (ESG) obligations. The MCA produced Corporate Social Responsibility (CSR) guidelines inspired by the 2011 NVG guidelines. It voluntarily urged companies to contribute to various sustainability initiatives. Among the various initiatives to drive ESG culture amongst listed companies - in 2012, the Bombay Stock Exchange (BSE), one of the popular exchanges, launched the BSE-CORBONEX index to attract companies to adopt the ESG guidelines. In 2014, MCA released ESG guidelines under Sec. 135 to further accelerate the CSR efforts. According to Sec 135, companies must spend 2% of PBT (profit before tax) mandatorily on CSR based on average profits in the last three years, subject to specific criteria. The Indian stock exchange regulator SEBI (Securities and Exchange Board of India) continued to drive the sustainability agenda in the country, and it voluntarily introduced ESG reporting in India in 2012. Initially, the top 100 listed firms based on market capitalisation were in its scope. These companies had to publish a non-financial sustainability report called the Business Responsibility Report (BRR) to share information about their internal ESG practices. The BRR report disclosures were aimed at improving stakeholder engagement and transparent communication.

In its next iteration, in 2015-16, SEBI voluntarily enhanced the BRR reporting scope to the top 500 listed companies' market capitalisation, increasing investor awareness and sustainable reporting scrutiny. Subsequently, in May 2021, to encourage enterprises to lead in practices and disclosures, SEBI upgraded reporting to 'Business Responsibility and Sustainability Reporting' (BRSR). Based on market capitalisation, the top 1000 listed companies must report their sustainability performance, enhance transparency towards shareholders and stakeholders and implement it from FY 2022-23.

The purpose of implementing the BRSR framework was to help companies practise sustainability responsibly and report transparently to stakeholders. Its nine principles enabled companies to make performance disclosures and integrate core reporting elements into their operational processes and choices. The companies sought two types of information: Critical indicators and Leadership aspects. While the critical indicators were mandatory and must be filed in the BRSR reports, the leadership indicators were to be filled out voluntarily but shall improve their ESG standing. Critical indicators include the company's sustainability policies, goals, targets, impact on the environment, health, and safety of employees and stakeholders, as well as efforts to promote human rights and social and economic development. The leadership metrics include innovation, sustainable practices, stakeholder engagement, inclusive growth, and equitable development. These leaders' indicators were to help companies demonstrate that they lead the respective sustainability and business responsibly. The BRSR's principle-wise disclosures are crucial for organisations, especially cement companies, to communicate their sustainability performance transparently to their stakeholders. These enhance the openness and accountability of Indian cement companies. The top five Indian cement companies based on turnover in FY 2022 were Ultratech Cement, Ambuja Cement, ACC Limited, Shree Cement Limited, and Dalmia Bharat (Statista., 2023). In extant literature, as per our understanding, no conclusive study has been conducted using content analysis data on the theme. The study explores the significance of BRSR reporting in promoting sustainability progress in the five cement companies. The study uses the CEO/ MD leadership messages of these five cement companies, and the role of BRSR shall be identified using content analysis techniques. It uses two periods – pre-BRSR in FY2019-21 and BRSR period FY2021-23.

#### *Use of content analysis based on CEO/ MD speeches*

In many studies, content analysis has been used to examine the speeches of CEOs and managing directors and deduce research objectives. For instance, Lee (2020) studied hedging and boosting strategies for managing impressions in Chinese and American corporate discourse. Ngai, Singh, and Kwan (2020) explored how intertextuality is linguistically expressed

in leaders' messages from Fortune Global 500 corporations in the United States and China. Hence, content analysis based on the CEO/ MD speeches is valuable for providing information about companies' sustainability and CSR implementation support.

Based on what we understand, no research paper has analysed the speeches made by the CEOs/MDs of the top five Indian cement companies to evaluate their leadership and operational readiness in meeting their sustainability and environment-social-governance (ESG) commitments. This paper's approach involves analysing the speeches' nuances, timeliness, wide-ranging leadership, and operational perspectives. It also focuses on sustainability policy statements, making it a valuable source of insights. The paper aims to provide researchers with a wealth of data that could shed light on the assessment of overall Indian cement companies in fulfilling their ESG commitments. The research outcomes shall be helpful for regulators in other developing countries and executives of cement companies that have struggled to meet their ESG commitments to take clues from. It shall enable them to fine-tune their strategy towards the BRSR reporting and meet their sustainability commitments.

The structure of the research paper is as follows: literature review, data and methodology, Findings, Discussions, and conclusions.

## 1. LITERATURE REVIEW

The terms ESG or CSR were used interchangeably in the literature to help companies meet their environmental, social, and governance obligations (Kiron et al., 2013; Ng & Rezaee, 2015). Our goal is to help companies build their ESG commitments; thus, the terms ESG and CSR have been used interchangeably in the research paper.

### 1.1 Literature on Leadership messages and content analysis

Researchers have studied how charismatic CEOs use rhetoric to convey their stance on internationalisation and international business strategy in their speeches using discourse analysis and examples of rhetorical devices (DenHartog & Verburg, 1997). CEOs often address topics such as adapting to change, setting and achieving goals, fostering collaboration, and embracing internationalisation. They use metaphors, contrasts, lists, puzzles, and alliteration to enhance their message.

A separate study looked into how CEOs communicate publicly, also known as CEO-speak. Stakeholders with various interests closely examine this type of communication. CEO speeches, letters to shareholders in annual reports, and the use of the Internet and other media are all sources of valuable information about a company's policies, strategies, commitments, attitudes, and accountability (Amernic J. H., 2007). According to the study's findings, the corporate leadership team must know some frequently overlooked nuances of CEO-speak. Without the active involvement of top management in monitoring, evaluating, and commenting on the language and content of what CEOs communicate, stakeholder communications can create a distorted or inadvertently revealing image of what is happening within an organisation.

Content analysis is used to provide a descriptive analysis of Chairman Greenspan's communications and his responsiveness to changes in the economic environment. During economic downturns, the Chairman communicates that the situation is less specific by reducing activity and emphasising present tense language, indicating that current concerns are paramount (Bligh & Hess, 2007). In contrast, during periods of high economic activity, the Chairman's language conveys a greater sense of certainty. These language patterns help the public understand their economic circumstances and may contribute to perceptions of Greenspan's effectiveness as a leader.

In their 2019 study, Tortola and Pansardi examined all of the ECB presidential speeches using software-assisted content analysis. They discovered that the ECB crisis led to the emergence of the Bank's presidency as a charismatic euro leader. This, in turn, confirmed the ECB's politicisation while mitigating the problems associated with the Bank's democratic deficit. From a Weberian perspective, charisma can be seen as an alternative source of political legitimacy.

Lee (2020) analysed CEO letters from 100 Chinese and 100 American corporations, finding that American discourse uses more hedges and boosters than Chinese. Additionally, American texts use more boosters than hedges, while Chinese texts use the two resources roughly equally. The study also found that American discourse conveys conviction and certainty, while Chinese discourse conveys caution and uncertainty attributed to cultural differences. These findings have implications for cross-cultural business contexts.

Researchers studied how leaders of Fortune Global 500 corporations in the US and China use intertextuality in their messages (Ngai et al., 2020). They found that intertextuality is common in leader messages, with cross-cultural differences. Chinese corporations use direct quotes, while US corporations prefer indirect quotes. Additionally, leaders from Chinese corporation's reference government policies and business accomplishments. Based on these findings, the study discusses

the implications for learning and teaching English for Specific Purposes (ESP). Content analysis is commonly used to understand the company's strategies, be it financial discourse, direction of sustainability support, etc.

#### 1.2 BRSR and companies Leadership messaging and ESG commitments

The Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) rolled out many initiatives to drive the firms' sustainable behaviours. The MCA announced Sec. 135 in 2014, which called for companies to spend 2% of their Profit Before Tax (PBT) on CSR; SEBI extended business regulatory reporting (BRR) guidelines in 2015 for the top 500 listed companies voluntarily. It was extended further, called BRSR, in 2021 and made applicable for the top 1000 companies from FY 2023-24 basis market capitalisation. The various upgrades to the BRSR were done so that companies can stay on the front of responsible ESG practices and disclosures from FY2021 onwards. The BRSR enabled companies to exercise and report sustainability responsibly, thus establishing a connection between operations and ESG aspects. The BRSR comprises nine principles, having two sections: "Leadership" and "Critical information". Every company filing BRSR must report Leadership and critical information metrics.

Leadership indicators exceed the BRSR's minimal disclosures. These are indicators of sustainable and responsible business leaders. Leadership indicators include innovation, sustainability, stakeholder engagement, inclusive growth, and equitable development. Publishing vital leadership indicators helps companies practice sustainable and ethical business and advance leadership. Principal-wise Performance disclosure in the BRSR enables companies to communicate sustainability performance to stakeholders and encourages transparency and accountability.

## 2. DATA AND METHODOLOGY

The section below outlines the steps for data selection, followed by the methodology.

### 2.1 Data

The secondary data was collated by authors from the five cement companies' websites: Ultratech Cement, Ambuja Cement, ACC Limited, Shree Cement Limited, and Dalmia Bharat. The data collated from the MD/ CEO speeches was from the published annual reports at the respective companies' websites. Due to the latest data availability only up to FY 2023 at respective websites, the analysis period and launch of the BRSR in 2021, the data was grouped into two – pre-BRSR (FY 2019-21) and post-BRSR (FY2021-23), as also used by Sanan., et al. (2016).

### 2.2 Methodology

The data used for the content analysis was referred to from the annual reports from the Chairman/ MD speech of the cement companies and grouped into pre-BRSR and post-BRSR groups. The nine BRSR principles having keywords were used for the content analysis work.

#### 2.2.1 Text analytics to identify trends for meeting BRSR commitments

Text analytics provides a systematic methodology to describe and interpret the messages in the body of text, such as CEO/ MD speech. In this research, qualitative and quantitative methods of content analysis have been used to glean insights from the textual content, that is, the CEO/ MD speeches that are issued in annual reports of the companies. We used software-based natural language processing and machine learning techniques for quantitative analysis to investigate the patterns and features in the unstructured textual data for knowledge discovery (Feldman & Dagan, 1995). The data was then grouped into pre-BRSR (2019-21) and post-BRSR (2021-23) periods. We used the Mann-Whitney U Test, or non-parametric test, as the two groups, pre-BRSR (2019—21) and post-BRSR (2021-23), had low numbers of records that were 9 in each group and assumed to be not normally distributed (Mansi, M. et al., 2017). To quantify the BRSR principles words, the researchers have used the text mining package called "t" developed by Meyer et al. (2008), available in the popular open-source statistical software R; "tm" has been used to perform data cleaning and text analysis of the speeches of CEO/ MD (Pandey, A et al., 2021).

#### 2.2.2 BRSR principles and codes

The paper used quantitative and qualitative analysis to reveal the themes in yearly leadership Chairman/ MD statements released as part of reporting processes. Our data was painstakingly obtained from each group's public sources -- Ultratech Cement, Ambuja Cement, ACC Limited, Shree Cement Limited, and Dalmia Bharat Cement. Each year's leadership statements were maintained separately for examination in the two blocks – FY 2019-21 and FY2021-23. The codes were purposefully and intuitively referred to from literature (Chakrabarti, A. 2023). There were 46 codes (keywords) for the 9 BRSR Principles. Table 1 lists the BRSR Principles and Keywords used as codes in content analysis.

| No. Principle Codes  | Key words  |
|--|--|
| 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.        | accountability, reporting, integrity, ethical                                |
| 2 Businesses should provide goods and services in a manner that is sustainable and safe.   | consumers, impact, environmental, safe, sustainable (sustainability)         |
| 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.                        | respect, promote, opportunities, vendors, partners                           |
| 4 Businesses should respect the interests of and be responsive to all its stakeholders   | responsive, stakeholders, engagement, perspectives, feedback                 |
| 5 Businesses should respect and promote human rights   | privacy, human right, operations, dignity, commitments, dialogue, diversity  |
| 6 Businesses should respect and make efforts to protect and restore the environment  | protect, environment, stewardship, conservation, ecosystem, restore          |
| 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent. | public, policy, responsible, welfare, democratic, fairness, government       |
| 8 Businesses should promote inclusive growth and equitable   | inclusive, development, marginalized, communities, empowerment, underserved, |
| 9 Businesses should engage with and provide value to their consumers in a responsible manner   | marketed, decisions, choices, informed                                       |

Table 1: - BRSR Principles and Keywords

### 3. FINDINGS

The five cement companies are analysed at three levels: (i) at an overall level, (ii) at the individual Principal level, and (iii) in a year-wise comparison analysis done to understand whether there are any significant changes, statistically, in the leadership messages in the selected periods by employing the Mann-Whitney U test between pre-and post-BRSR periods, and (iv) actual CSR spending.

#### 3.1 Overall Level

From a macro-view (Table 2) of the CEO/ MD speeches analysed, it was found that across the 20 leadership messages, 833 keywords represented all the 9 BRSR Principles. A closer look at the data reveals that the more prominent theme that has emerged is the focus on BRSR Principle 2, which has the highest keywords attributed to it at 256 codes and its relative share at 31%. The emerging area of focus is BRSR Principle 5, which has 119 codes and a relative share of 14.00% in the analysed leadership messages. The next relatively closer area of focus is on BRSR Principle 8 with 97 codes and a relative share at 12.00%. BRSR Principles 3 and 4 follow next with a relative share of 9% each. The following three focus areas are BRSR Principles 7 and 9, which have a relative share of 8.0% of the coded keywords, followed by BRSR Principle 6, which has a share of 7.0% with 62 coded keywords. The last area of focus is BRSR Principle 1, with a relative focus of 2.0% and only 16 coded keywords in the leadership messages.

| BRSR Principle | Keywords frequency | Percentage  |
|----------------|--------------------|-------------|
| 1              | 16                 | 2%          |
| 2              | 256                | 31%         |
| 3              | 72                 | 9%          |
| 4              | 77                 | 9%          |
| 5              | 119                | 14%         |
| 6              | 62                 | 7%          |
| 7              | 67                 | 8%          |
| 8              | 97                 | 12%         |
| 9              | 67                 | 8%          |
| <b>Total</b>   | <b>833</b>         | <b>100%</b> |

Table 2: - Overall BRSR Principles and Keywords

#### 3.2 At the individual company-wise and BRSR principles analysis

The nine BRSR principles are analysed company-wise to highlight what each company's leadership is doing towards alignment with the BRSR reporting (refer to Table 3A and Table 3I).

### 3.2.1 BRSR Principle 1

BRSR Principle 1 focused on “Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable.” Of the five cement companies (Table 3A), Dalmia Cement is first at 38% of keywords represented in the CEO/ MD speech, followed by ACC Limited second at 25%, and the rest contribute 13% in their MD/ CEO speech. The Dalmia Cement seems to lead the ethical and transparency amongst peer companies, closely followed by ACC Limited. However, principle 1 has just 2% coverage in the overall keywords (Table 2) and is still an evolving area in companies.

| <b>BRSR Principle--&gt;</b> | <b>1</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 2        | 13%         |
| <b>Ambuja cement</b>        | 2        | 13%         |
| <b>ACC Limited</b>          | 4        | 25%         |
| <b>Shree Cement</b>         | 2        | 13%         |
| <b>Dalmia cement</b>        | 6        | 38%         |
| <b>Total</b>                | 16       | 100%        |

Table 3A: - Individual company-wise BRSR Principle 1 keyword frequency and %age

### 3.2.2 BRSR Principle 2

Principle 2 states, "Businesses should provide goods and services in a sustainable and safe manner." Dalmia Cement, Ultratech Cement, and Shree Cement are the top three companies (Table 3B), with the keywords % of age at 26%, 23%, and 22%, respectively. These companies lead the sustainability and safety of operations for respective stakeholders. It has the highest 31% in the overall keywords (Table 2). Thus, the focus towards integrating operations sustainably is visible.

| <b>BRSR Principle--&gt;</b> | <b>2</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 59       | 23%         |
| <b>Ambuja cement</b>        | 40       | 16%         |
| <b>ACC Limited</b>          | 35       | 14%         |
| <b>Shree Cement</b>         | 56       | 22%         |
| <b>Dalmia cement</b>        | 66       | 26%         |
| <b>Total</b>                | 256      | 100%        |

Table 3B: - Individual company-wise BRSR Principle 2 keyword frequency and %age

### 3.2.3 BRSR Principle 3

According to Principle 3, “Businesses should respect and promote the well-being of all employees, including those in their value chains”. Ultratech Cement is the leader at 32% in the group of five cement companies, followed by Shree Cement at 26% of keywords in respective leaders' speeches (Table 3C). These companies promote various schemes for their employees and value chain stakeholders. For example, Ultratech Cement Chairman Kumar Mangalam Birla says, “Sustainability is at the core of what we do. Our stated strategy is to integrate sustainability into the value chain of our operations. During the year, your Company has taken significant strides in its sustainability focus areas of decarbonisation, energy transition, circular economy, water management and biodiversity management.” Overall, the keywords are at 9% (Table 2), and the well-being of stakeholders, led by Ultratech Cement, is getting traction in companies.

| <b>BRSR Principle--&gt;</b> | <b>3</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 23       | 32%         |
| <b>Ambuja cement</b>        | 8        | 11%         |
| <b>ACC Limited</b>          | 7        | 10%         |
| <b>Shree Cement</b>         | 19       | 26%         |
| <b>Dalmia cement</b>        | 15       | 21%         |
| <b>Total</b>                | 72       | 100%        |

Table 3C: - Individual company-wise BRSR Principle 3 keyword frequency and %age

### 3.2.4 BRSR Principle 4

BRSR Principle 4 states, "Businesses should respect the interests of and be responsive to all their stakeholders." Dalmia cement leads the pack at 29% and is closely followed by Ultratech cement and Shree cement at 27% and 26%, respectively (Table 3D). Ambuja Cement and ACC Limited have to work more than their peers. This principle is similar to BRSR Principle 3, having overall keywords at 9% (Table 2), and it is an evolving support area for the companies.

| <b>BRSR Principle--&gt;</b> | <b>4</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 21       | 27%         |
| <b>Ambuja cement</b>        | 8        | 10%         |
| <b>ACC Limited</b>          | 6        | 8%          |
| <b>Shree Cement</b>         | 20       | 26%         |
| <b>Dalmia cement</b>        | 22       | 29%         |
| <b>Total</b>                | 77       | 100%        |

Table 3D: - Individual company-wise BRSR Principle 4 keyword frequency and %age

### 3.2.5 BRSR Principle 5

According to BRSR principle 5, "Businesses should respect and promote human rights." Of the cement companies, Dalmia Cement, Shree Cement, and Ultratech are leading in their human rights activities, with keywords at 29%, 26%, and 24%, respectively (Table 3E). For example, Dalmia Cement has high ratings from Talents on the Happiness @Work Survey. 95% feel engaged at work, and the company has a high retention rate in the industry." The principle has 14% (Table 2) in overall keywords and seems to have picked the leadership focus in companies.

| <b>BRSR Principle--&gt;</b> | <b>5</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 28       | 24%         |
| <b>Ambuja cement</b>        | 11       | 9%          |
| <b>ACC Limited</b>          | 14       | 12%         |
| <b>Shree Cement</b>         | 31       | 26%         |
| <b>Dalmia cement</b>        | 35       | 29%         |
| <b>Total</b>                | 119      | 100%        |

Table 3E: - Individual company-wise BRSR Principle 5 keyword frequency and %age

### 3.2.6 BRSR Principle 6

As per BRSR principle 6, "Businesses should respect and make efforts to protect and restore the environment." From the analysis of principle 6, Ultratech cement is leading the environment protection efforts, followed by both Shree Cement and Dalmia Cement, tied with 21% (Table 3F). Ultratech cement is compliant with all applicable environmental laws/regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, etc. (Ultratech Cement Report FY2022-23). Principle 6 participation in keywords is 7% (Table 2) and has attracted leadership attention, but it is still in the bottom three principles.

| <b>BRSR Principle--&gt;</b> | <b>6</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 21       | 34%         |
| <b>Ambuja cement</b>        | 6        | 10%         |
| <b>ACC Limited</b>          | 9        | 15%         |
| <b>Shree Cement</b>         | 13       | 21%         |
| <b>Dalmia cement</b>        | 13       | 21%         |
| <b>Total</b>                | 62       | 100%        |

Table 3F: - Individual company-wise BRSR Principle 6 keyword frequency and %age

### 3.2.7 BRSR Principle 7

According to BRSR principle 7, "Businesses should do so responsibly and transparently when influencing public and regulatory policy." Again, Ultratech cement is leading the group of 5, and the keyword % is 34%, followed by ACC Limited

at 24%. The rest of the companies, Ambuja Cement (16%), Dalmia Cement (16%) and Shree Cement (9%), may refer to Best Practices from pack leaders (Table 3G). For instance, at Ultratech, “public policy engagements and lobbying efforts are fully aligned with the goals and principles of the Paris Agreement, and it diligently monitors climate change performance at the Board, Unit, and across all relevant functions” (Ultratech cement annual report 2022-23). In overall keywords, principle 7 is 8% (Table 2), is in the bottom three principles, and seems to need more open, transparent governance.

| <b>BRSR Principle--&gt;</b> | <b>7</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 23       | 34%         |
| <b>Ambuja cement</b>        | 11       | 16%         |
| <b>ACC Limited</b>          | 16       | 24%         |
| <b>Shree Cement</b>         | 6        | 9%          |
| <b>Dalmia cement</b>        | 11       | 16%         |
| <b>Total</b>                | 67       | 100%        |

Table 3G: - Individual company-wise BRSR Principle 7 keyword frequency and %age

### 3.2.8 BRSR Principle 8

According to the BRSR principle 8, “Businesses should promote inclusive growth and equitable.” From the keyword analysis, ACC Limited leads the group of five cement companies at 30%, followed by Shree Cement at 23% (Table 3H). The rest of the companies may become more inclusive by taking a few inputs from ACC Limited. For example, at ACC, “Our employees drive our business through their commitment. We provide them with a supportive, empowering, diverse and inclusive workplace” (ACC Limited annual report 2022-23). Principle 8 contributes 12% (Table 2) of overall keywords and is in the top three management focus areas.

| <b>BRSR Principle--&gt;</b> | <b>8</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 14       | 14%         |
| <b>Ambuja cement</b>        | 17       | 18%         |
| <b>ACC Limited</b>          | 29       | 30%         |
| <b>Shree Cement</b>         | 22       | 23%         |
| <b>Dalmia cement</b>        | 15       | 15%         |
| <b>Total</b>                | 97       | 100%        |

Table 3H: - Individual company-wise BRSR Principle 8 keyword frequency and %age

### 3.2.9 BRSR Principle 9

As per BRSR principle 9, “Businesses should engage with and provide value to their consumers responsibly.” Based on the keyword analysis, Shree Cement is the most active company of the five companies, with 34% of keywords and 28% for Dalmia Cement (Table 3I). The initiative of Shree Cement useful for other companies may be, “The support has been possible through robust stakeholder engagement with each key stakeholder wherein timely feedback from them has helped us to make informed decisions and correct course”, and “Use of software Scrum at all Shree Cement location, allows it to identify patterns and potential risks and make informed decisions to improve compliance and mitigate risks” (Dalmia Cement annual report 2020-21). Principle 9 contributes 8% (Table 2), is at the bottom three, and needs more work from leadership.

| <b>BRSR Principle--&gt;</b> | <b>9</b> | <b>%age</b> |
|-----------------------------|----------|-------------|
| <b>Ultratech Cement</b>     | 6        | 9%          |
| <b>Ambuja cement</b>        | 11       | 16%         |
| <b>ACC Limited</b>          | 8        | 12%         |
| <b>Shree Cement</b>         | 23       | 34%         |
| <b>Dalmia cement</b>        | 19       | 28%         |
| <b>Total</b>                | 67       | 100%        |

Table 3I: - Individual company-wise BRSR Principle 9 keyword frequency and %age

### 3.3 Year-wise comparison in pre-BRSR and post-BRSR periods

Year-end leadership messages for two groups, pre-BRSR (FY2019-21) and post-BRSR (FY2021-23), were compared using the Mann-Whitney or non-parametric test. The two groups, pre-BRSR (2019—21) and post-BRSR (2021-23) have low numbers of records, 9 in each (below 30) and are assumed to be not normally distributed (Mansi, M. et al., 2017).

| <b>Mann-Whitney test</b> |   |         |              |
|--------------------------|---|---------|--------------|
| Groups                   | N | U-value | Sum of Ranks |
| pre-BRSR                 | 9 | 28      | 98           |
| post-BRSR                | 9 | 53      | 73           |
| <i>Test Statistics</i>   |   |         |              |
| U_Stat (p value)         |   | 28      |              |
| U_Critical (z value)     |   | 17*     |              |

\* - from Mann\_Whitney table, at  $\alpha=0.05$  two tailed

Table 4: - Mann-Whitney Test for pre-and post-BRSR periods.

According to the Mann-Whitney U test, the U-value for pre-BRSR and post-BRSR periods is 28 and 53, respectively, and the sum of ranks is 98 and 73, respectively. Based on the lowest of the two U values, the p-value selected to test is 28, and from the Mann-Whitney U table, the value of U\_Critical is 17, at N1, and N2 as nine and  $\alpha=0.05$  (Table 4). As the p-value is above z, the null hypothesis of no significant mean difference due to BRSR is accepted. Due to the BRSR reporting, no perceptible difference was observed in leaders' speeches for the two blocks.

### 3.4 Actual CSR spending in pre-and post-BRSR periods

The CSR data was collated from the annual reports of the five companies and compared in pre- and post-BRSR periods (Table 5).

| <b>CSR Spend</b>                     |                  |               |             |              |               | <b>In Mn INR</b> |
|--------------------------------------|------------------|---------------|-------------|--------------|---------------|------------------|
| Year                                 | Ultratech Cement | Ambuja Cement | ACC Limited | Shree Cement | Dalmia Cement | Total            |
| FY2019-20                            | 1245.1           | 625.7         | 250.7       | 313          | 16            | 2450.5           |
| FY2020-21                            | 1206.8           | 539.7         | 323.3       | 404          | 11.7          | 2485.5           |
| <i>Average Spent pre-BRSR (A)</i>    |                  |               |             |              |               |                  |
|                                      | 1225.95          | 582.7         | 287         | 358.5        | 13.85         | 2468             |
| FY2021-22                            | 964              | 644.1         | 359.5       | 434.9        | 3.1           | 2405.6           |
| FY2022-23                            | 1159.9           | 732.8         | 454.7       | 575          | 1.8           | 2924.2           |
| <i>Average Spent Post-BRSR (B)</i>   |                  |               |             |              |               |                  |
|                                      | 1061.95          | 688.45        | 407.1       | 504.95       | 2.45          | 2664.9           |
| <i>Changes in CSR spending (B-A)</i> |                  |               |             |              |               |                  |
|                                      | -164             | 105.75        | 120.1       | 146.45       | -11.4         | 196.9            |
| <i>%age change</i>                   |                  |               |             |              |               |                  |
|                                      | -13%             | 18%           | 42%         | 41%          | -82%          | 8%               |

Table 5: - Actual CSR spending of the five cement companies in FY2019-23.

However, the five cement companies' annual CSR spending analyses demonstrate mixed outcomes. CSR spending has decreased for Ultratech Cement and Dalmia Cement by 13% and 82%, respectively; it has gone up for Ambuja Cement, ACC Limited, and Shree Cement by 18%, 42%, and 41%, respectively. However, the average CSR spend of the five companies increased by 8%, by INR 196.9 million, over the pre-and post-BRSR periods (Table 5).

## 4. DISCUSSION

The research paper analysed the five Indian cement companies' increasing adoption of sustainability policies and rolling operational initiatives, as reflected in their BRSR reporting. Based on the annual turnover, the top five cement companies analysed are Ultratech Cement, Ambuja Cement, ACC Limited, Shree Cement Limited, and Dalmia Bharat Cement. The

analyses were done at four levels using keywords based on BRSR reporting in the CEO/ MD leadership messages. *One* is at an overall level, *two* at the individual principal level, *three* are in a year-wise comparison analysis at the overall level to understand whether there are any significant changes statistically, and *four* is actual CSR spending. The Mann-Whitney test was employed to see any significant changes in the pattern observed in the leadership messages before the applicability of the BRSR Principles in FY 2019-21 and after the principles were applied in FY 2021-23.

Based on the overall analyses, that is twenty CEO/MD speeches and 833 keywords from the BRSR principles. The top three BRSR principles quoted most in the speeches were principle 2, which has a 31% share, principle 5 at 14% and principle 8 at 12%. These principles mainly focus on companies providing goods or services sustainably and safely and promoting inclusivity with stakeholders' employees and suppliers. In the analysis, Ultratech Cement, Ambuja Cement, and Shree Cement spearhead these principles that drive sustainability activities and have a diverse, inclusive workforce. The presence of transparent and ethical leadership drove Dalmia Cement, as complemented by their leadership in principle 1, which is at an early stage of having transparent and ethical leadership. In ACC Limited, the focus is to support and build an inclusive workforce (principle 8), has sustainable purpose-driven policies (principle 7), and business able to provide goods and services to customers sustainably and safely (principle 2) apparent due to having ethical transparent and accountable leadership (principle 1). From the extant literature, having ethical, transparent leadership shall improve sustainability efforts and non-financial BRSR reporting (Jizi M. et al., 2014).

Based on the Mann-Whitney U test to evaluate the effect of BRSR in cement companies, no statistically significant difference was observed in leaders' speeches. However, an increased focus on promoting sustainability and adhering to BRSR reporting rules is critical for cement companies to mitigate emissions of CO<sub>2</sub> during production. Hence, closer attention must be given to the company's board of directors and leadership to help them meet the country's UN's sustainable development goals (SDG) agenda. In the extant literature, many authors have observed no or limited effect on sustainability efforts due to non-financial reporting, as opined by Cosma S. et al. (2022).

This research adds to the evolving literature on sustainability from developing countries, especially from an Indian perspective, about the impact of non-financial BRSR reporting on cement companies' leadership formulating their ESG commitments. As a significant pollution-emitting sector, other cement companies can learn from this research paper's findings and adapt their leadership and nonfinancial reporting practices to meet their CSR commitments.

## 5. CONCLUSIONS

The average CSR spending for the top 5 Indian cement companies has increased by 8% from INR 2.4 Bn in pre-BRSR to INR 2.6 Bn post-BRSR (Table 5). It may be due to the mandated reporting of BRSR. It could be due to the company's internal strategic ESG drivers and initiatives (Porter & Linde, 1995; Barnett, 2007). It may be due to the fear of the SEBI penalty as it is mandatory to spend 2% of the last three years' average profits on CSR under Sec 135 (MCA circular, 2014). Thus, combining external and internal factors such as sustainability policies, corporate governance, and ethical leadership drives the company's sustainability agenda. Reporting non-financial numbers via BRSR reporting adds to the rigour towards sustainability. However, as noted, the BRSR does not solely drive the strategic CSR agenda of the companies; it is down to the respective company leadership. Managers and executives in other cement companies who are in dilemmas about their next steps regarding their sustainability strategies, ESG spending, and non-financial BRSR reporting may observe this relationship between leadership practices, ESG commitments, and reporting in BRSR.

The top three cement companies spearheading the sustainability agenda are Ultratech Cement, Ambuja Cement, and Shree Cement. These are visible from their BRSR reporting and triangulated by their actual CSR spent. The other companies have demonstrated BRSR reporting but cannot do it consistently. It may be due to the effect of greenwashing towards sustainability or changes in the business ecosystem. However, the steps SEBI took to promote reporting BRSR numbers by the top 1000 companies, and on a mandatory basis from FY 2022-23, including these five cement companies, is a welcome step. Although not the only driver, it is a vital catalyst to drive sustainability culture in the cement companies, which is undoubtedly needed. It has helped drive the country's cement industry's sustainability commitments.

Despite a few limitations, the research paper contributes to the sustainability literature in India on the impact of BRSR reporting on the CSR spending of cement companies. The paper has considered only five cement companies to reflect the impact of the BRSR on CSR spending via quantitative and qualitative content analysis of the leadership messages. There could be more factors that may have caused an increase or decrease in the CSR spending by the cement companies, such as changes in the ecosystem of operations, corporate governance practices, etc. and proposed to be analysed by future researchers interested in the domain.

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