

*Full Length Research Paper*

## Exploring the corporate social responsibility reporting: A case study in Thai listed companies

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Corporate Social Responsibility (CSR) pertains to the idea that business activities can affect the environment, society, and economy. The environment and social performance is an important driver of long-term sustainability and growth. The concept of CSR has become increasingly popular for sustainable development. There are calls for CSR information. However, Thai listed companies rarely published CSR reports because of difficulty in collecting CSR information. To understand information presentation practice on CSR reports in Thailand, two listed companies, the Siam Cement public company limited and PTT public company limited were selected for examination. Based on information disclosed in 2010, it was found that firms applied Global Report Initiatives (GRI) guideline while disclosing their CSR information. Most of information presented was qualitative in nature. It includes narrative information, indicators, graphic, and visualize data. So, it is difficult to make comparison about CSR activities across firms. The results suggest need for innovation development of information system and database of CSR reporting.

**Key words:** Corporate Social Responsibility report, corporate social responsibility, social performance, performance indicator, voluntary disclosure.

### INTRODUCTION

In today's business world, companies that aim to achieve corporate sustainability may need to not only maximize their profits but also conduct business in a socially responsible manner (McWilliams and Siegel, 2001). Corporate social responsibility, or CSR, is now important for many businesses because information about the impact of business activities on the environment and society has received a great deal of public attention. People are aware that environmental and social problems become more serious and have severe impact on their lives. To response to such problems, they demand that businesses need to take care of the environment and society than ever before. Therefore, such information is vital to the evaluation of corporate performance and necessitates the issuing of corporate CSR reports.

It has been argued that CSR reporting adds value to a

corporation and conveys a positive corporate image regarding fairness, integrity, and sustainability to the public (Rämö, 2011). CSR reports are channels of communication between companies and various stakeholders including shareholders, employees, customers, communities, government agencies, and suppliers (Idowu and Papasolomou, 2007). So far, however, there has been no research study which investigates and identifies conceptual frameworks of such reports. It has been found that companies publish their CSR reports independently in the absence of common disclosure standards (Bouten et al., 2011). As a result, there is a need for studies on the type and format of information in CSR reports that companies can adopt. Results of such studies may assist companies in communicating CSR information in ways that help them increase corporate

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value.

In this age of globalization, where business operations are complex and natural resources are limited, innovative methods of CSR reporting are of great interest to investors, customers, and the public. Since different stakeholders demand different kinds of CSR information (Idowu and Papisolomou, 2007), an important question is what and how much information should be included in CSR reports to satisfy their needs.

The present study aims to examine innovation in CSR reporting by investigating CSR reports of two large listed companies on the Stock Exchange of Thailand (SET) which have published their CSR reports for many years. The research question addresses what and how CSR information is disclosed by these companies. Understanding what new information disclosed in CSR report will help in developing scope of the CSR content that will be suitable for Thai listed firms. Understanding how information disclosed in CSR report will help in developing format of the CSR presentation that would be suitable for Thai listed firms. As a result, the new reporting system that will further develop based on information gathered from Thai listed firms' disclosure is expected to provide information that is useful and easy to understand and compare.

## LITERATURE REVIEW

### Corporate social responsibility disclosure

Corporate Social Responsibility pertains to the idea that business activities can affect the environment, society, and economy. The environment and social performance is an important driver of long-term sustainability and growth (Idowu and Papisolomou, 2007; Giannarakis et al., 2011). For this reason, businesses need to disclose information that is beneficial to society in order to build confidence in their operation in the eye of every stakeholder. In the past, companies reported only their financial performance, but the growing importance of CSR has led to an increase in the number of companies publishing information about the impact of their businesses on the environment and society. At present, however, CSR reporting is voluntary and is not based on any disclosure standard. Researchers have investigated what kind of and to what extent information is included in CSR reports (Gray et al., 2001; Al-Tuwaijri et al., 2004; Branco and Rodrigues, 2008; Bouteb et al., 2011). It has been found that companies have reported more information about the impact of their activities on the economy, the environment, human rights, labor practices, product responsibility, and society. Moreover, many researchers have studied the adoption of a Global Reporting Initiative (GRI) framework called "Sustainability Reporting Guidelines" as a framework for CSR reporting (Morhardt et al., 2002; Giannarakis et al., 2011). The

Global Reporting Initiative (GRI) is an independent organization. Its headquarters is located in Amsterdam, the Netherlands. The purpose of the GRI Reporting Framework is to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance (GRI, 2006, 3). Each organization can adopt this framework of reporting voluntarily.

According to the GRI framework, CSR reports should contain three main parts. These are (1) a corporate profile disclosure, which includes business strategies and analyses, an organizational profile, report parameters, corporate governance, and corporate commitment and engagement, (2) a disclosure of corporate management approaches, and (3) performance indicators consisting of six indicators: economic performance, environmental performance, human rights performance, labor practices and decent work performance, product responsibility, and social performance.

Furthermore, efforts have been made to develop conceptual systematic CSR reporting frameworks. For example, Bouten et al. (2011) have proposed a framework called the "Comprehensive Report," under which CSR reporting should include (1) the corporate vision and goals, (2) management approaches, and (3) performance indicators. Under another framework which was suggested by Robertson and Nicholson (1996), CSR reporting should include information about (1) corporate aims and intentions, (2) actions, and (3) subsequent performance.

### CSR reporting in Thailand

CSR reports are important information sources for analyzing whether business activities are socially responsible and for analyzing social and environmental corporate performance indicators. At present, the GRI framework has been adopted as a basis for CSR reporting for business sustainability. The emphasis is on the reporting of social and environmental information. Because data collection under this framework is difficult (Székely and Knirsch, 2005), it may be suitable for large businesses in developed countries but not for small businesses or businesses in developing countries. In particular, because the framework is relatively new and not popular in Thailand, only a few companies in the country publish CSR reports under the framework. Such companies are listed companies on the Stock Exchange of Thailand (SET), such as the Siam Cement Public Company Limited, PTT Public Company Limited, and Bangchak Petroleum Public Company Limited.

According to a review of literature concerning CSR reporting in Thailand, more companies have begun to report information about the environment, society, communities, and employees in their annual reports. Previous studies examining factors that motivate companies to

publish such information revealed that large companies were more likely to disclose the information about environment and society. Moreover, companies in the manufacturing sector focused on reporting environmental information, while companies in the financial and services sectors mainly published information about human resources and communities. Most disclosed information was qualitative and was related to employees, communities, the environment, and products (Ponnu and Okoth, 2009). However, at present, there is a limitation in comparing intercompany information to evaluate their CSR performance.

### How to present information in CSR report

Since CSR reports convey information that reflects corporate transparency and accountability concerning social and environmental issues to stakeholders and society, such reports usually contain not only textual information but also visual communication. The latter is considered as important as the former as it can effectively explain non-financial business performance (Breitbarth et al., 2010; Rämö, 2011). Breitbarth et al. (2010, p. 249) studied images that companies used in CSR reporting. They divided the images into different types and explained their meanings. Images of people, for instance, were mainly used to communicate messages such as "We make life easier and people happier," while images concerning leadership meant "We are/have been the leader." Rämö (2011) additionally stressed the importance of visual communication in fostering a good corporate image, dividing photographs in CSR reports into three categories: (1) people, (2) products and services, and (3) the environment.

Although voluntary, CSR reporting is a good start for a new format for business reporting under the "New Reporting Models for Business" concept proposed by the Institute of Chartered Accountants in England and Wales (ICAEW) (2004). Under this concept, business reporting must be adjusted to meet the various needs of multiple stakeholders and must include not only information regarding financial performance. Examples of other performance indicators that should be reported are social, environmental, and human costs (Igalens and Gond, 2005; Sobhani et al., 2011). Moreover, ICAEW mentioned the concept of "The 21st Century Annual Report," which must incorporate information technology (IT) and web-based technology that enable users to gain access to CSR information they need. Therefore, CSR report is complicated but wanted and will be beneficial to users who have a need for more diversity.

### METHODOLOGY

This research is a qualitative study that collects data from secondary sources by surveying data in CSR reports of Siam Cement Public

Company Limited (SCG) and PTT Public Company Limited (PTT). They are listed on the Stock Exchange of Thailand (SET). Both are large businesses that are well known both domestically and internationally and were early adopters in publishing CSR reports that are separate from their annual reports. SCG is a leading business conglomerate in Thailand and in ASEAN, and is listed in the construction materials sector on the SET. PTT is listed as being in the energy sector and is Thailand's national oil and gas company. In gathering the data, the researchers surveyed the data of only two firms which presented a CSR report in 2010, as it was the most recent data made available to the public. A working paper was prepared for gathering CSR information in the reports.

### RESULTS

The results of the analysis of performance in the CSR reports of the four firms in the sample group are divided into three parts: 1) the content of CSR report, 2) the kind of information in performance indicators, and 3) the visualization communication in CSR report.

#### The content of CSR report

This study examines the CSR reports of Siam Cement Public Company Limited and PTT Public Company Limited. They are listed on the SET as SCG and PTT respectively. Both are large businesses that are well known both domestically and internationally and were early adopters in publishing CSR reports that are separate from their annual reports. SCG is a leading business conglomerate in Thailand and in ASEAN, and is listed in the construction materials sector on the SET. SCG has five business units: SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution. In 2010, there were 100 companies and around 30,000 employees under its umbrella. On the other hand, PTT is listed as being in the energy sector and is Thailand's national oil and gas company which does petrochemical and integrated petrochemical business. In 2010, it employed 3,780 staff. As of August 2011, SCG's website provides a 10-year archive of its annual reports dated from 2001 to 2010, while PTT's website provides annual reports for the years 2002-2010. To survey patterns and information contained in recent reports, the 2010 CSR reports of both companies were examined.

In their CSR reports, SCG and PTT used the GRI framework and emphasized business activities that are beneficial to society and the environment and are transparent and trackable. While SCG refers to its CSR reports as a "Sustainability Report," PTT uses the term "CSR Report." The contents of their CSR reports consist of three main parts. Part I is general information about the companies, such as messages from the executives, company profiles, and managerial policies. Highlights of CSR reports are in Part II, which provides information about business sustainability, corporate social



**Figure 1.** Main topic in CSR reports 2010 of SCG.

responsibility, and social and environmental performance. Part III contains other information including awards that the companies had received.

In SCG's CSR report, a Green Business strategy disclosure is divided into a green process and green product and service. As shown in Figure 1, the SCG had shown an issue that is most important to the sustainable development of the organization. as follows: (1) health and safety, (2) energy management, (3) waste management, (4) corporate governance, (5) risk management, (6) climate change, (7) resource use, (8) water management, (9) air quality management, (10) environmentally-friendly products and services, (11) employee engagement, (12) product and service responsibility, (13) community engagement, (14) information disclosure and reporting, and (15) biodiversity and ecosystem.

The PTT's CSR framework contains eight elements of the management approach (as shown in Figure 2). They are (1) organizational governance and leadership, (2) human rights, (3) labor rights, (4) environment management, (5) fair operating practices, (6) social investment and community development, (7) supply chain management, (8) product stewardship, (9) CSR reporting, and (10) stakeholder engagement.

### The kind of information in performance indicators

Based on the GRI Content Index that the companies included at the end of their reports, it is found that both

provided complete qualitative disclosure of their profiles and their management approach. That is, they included the first two sections of CSR reports under the GRI framework. However, the order of the disclosed information did not strictly follow that of the framework. Moreover, some information may appear in more than one section of the reports.

As for the disclosure of corporate performance indicators (Table 1), the companies reported economic and environmental performance quantitatively and provided some quantitative data for labor practices and decent work performance. There are a few indicators of the environmental performance such as greenhouse gas emissions, produced water management and hazardous waste generated. The social performance is explained society activities such as, scholarship supporting, occupational development, conservation of natural resource and environment. However, other types of social performance—product responsibility, social performance, and human rights—were disclosed qualitatively.

### The visualization communication in CSR report

With regard to the extent of information disclosure, this study examines the number of words in the highlight of CSR reports. In this part, SCG provided qualitative data under the "Social Responsibility" topic, using more than 13,000 words. By contrast, PTT disclosed information with more than 10,000 words under a topic called

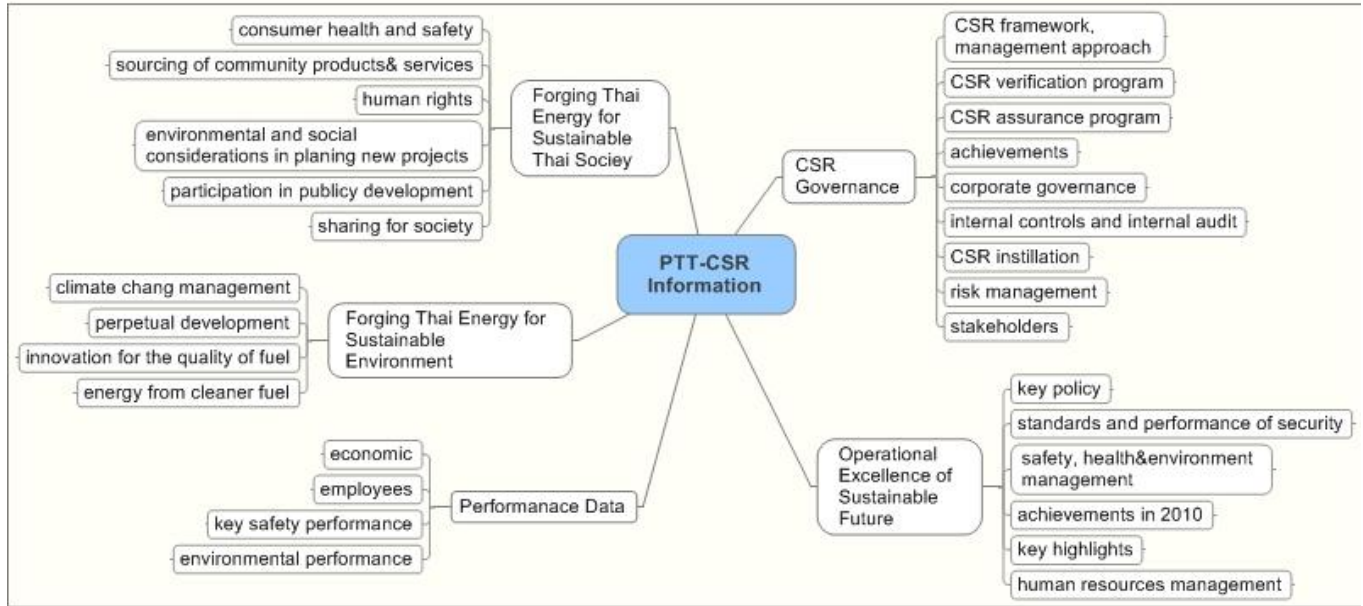


Figure 2. Main topic in CSR reports 2010 of PTT.

Table 1. Total indicators by type of information.

Performance indicator	SCG			PTT		
	Quality and quantity information	Quality information	Total indicator	Quality and quantity information	Quality information	Total indicator
Economic	6	3	9	2	6	8
Environment	22	6	28	10	12	22
Labor practices and decent work	9	1	10	7	5	12
Human rights	1	5	6	0	7	7
Society	0	3	3	0	8	8
Product responsibility	0	6	6	0	9	9
Total	38	24	62	19	47	66

“Forging Thai Energy for Sustainable Thai Society.” In addition to this textual information, both companies used images, figures, charts, and tables in their reports. This reflects that both organizations valued visual communication. In particular, in the presentation of performance, both included numerical data with two-dimensional pie charts and bar charts, as illustrated in Figure 3. SCG used 60 charts to present its performance, whereas PTT incorporated 15 charts. However, information about social performance was not presented with charts, but was shown mainly with images of people and the organizations, such as images of executives and employees, buildings and factories, consumers, and social activities.

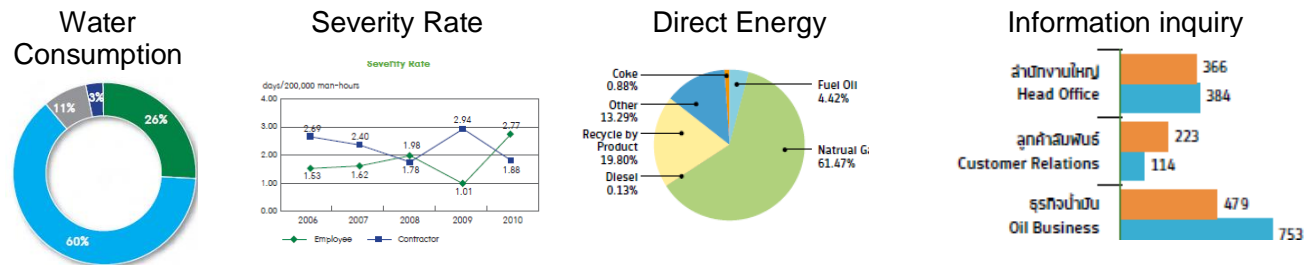
This case study examines innovation in CSR reporting of listed companies on the Stock Exchange of Thailand. Based on the investigation of CSR reports of SCG and

PTT, it is found that both companies reported both quantitative and qualitative environmental performance. However, almost all social performance indicators regarding labor, human rights, society, and product responsibility were disclosed qualitatively. Moreover, the companies disclosed more information about environmental performance than about social performance. One possible reason is that these companies complied with the government’s environmental laws and thus had readily available information for publication.

## DISCUSSION

This study may also reflect that companies in Thailand have started to pay attention to CSR reporting by





**Figure 3.** Example presentation by 2-dimantion (Source: SCG's Sustainable Report 2010 and PTT's CSR report 2010).

adopting the GRI guidelines. However, most content in the CSR reports of Thai companies is currently qualitative, using textual information with images; thus, their content may not be clearly comparable. This confirms findings of previous studies (Hammond and Miles, 2004; Ponnu and Okoth, 2009; Bouton et al., 2011).

Regarding the use of visuals in CSR reporting, the visuals enable readers to understand information more easily and help companies communicate a good corporate image more effectively (Rämö, 2011). In the case of SCG and PTT, corporate performance was reported with both numerical data and simple 2-dimensional charts, such as pie charts, doughnut charts, bar charts, column charts, and line charts. Also included are images, particularly images of people and images relating to leadership. According to Breitbarth et al. (2010), companies use these images to communicate that they have good relationship with stakeholders and that they have good corporate leadership. The changed reporting styles will provide more beneficial to the economy and society and even more important in the future.

Under traditional reporting, companies typically disclose their performance information to stakeholders in the form of financial data in annual reports. In the modern era, the study reported in this paper shows that companies in Thailand have begun to reveal the results of non-financial information. The companies have disclosed information on the social and environmental activities in their CSR reports. Although it is not clear that the social and environmental performance is part of the KPI or not, but at least it demonstrates a commitment for all stakeholders that they have tried to show their responsibility on things other than financial numbers.

The results of this study are important in helping to develop CSR disclosure system in Thailand. They are useful for both regulator and business sectors to understand CSR practice. It is difficult for Thai firms to follow all GRI guideline because of money and time constraint. Developing framework and mechanism that would help in preparation and reporting CSR information would be benefit for both business and society.

In the future, accountants should have a greater role in developing accounting innovations (Emsley et al., 2006) by creating accounting systems and databases where

companies can store, process, and report more indicators of social performance. In addition, since current CSR reporting focuses on qualitative analyses, which requires time for interpretation and poses a problem for inter-company comparisons, companies should add value to their CSR reports by presenting more information with visuals. They should also incorporate IT for more effective communication and for the maximum benefit of all groups of stakeholders. Such reporting will create employee loyalty, customer confidence, more public recognition, and more government support. Finally, the reporting will assist corporate management teams in making effective decisions and managing risk, thereby creating added value for their companies with greater corporate sustainability.

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