

THE LEVEL OF SUSTAINABILITY REPORTING FOR LISTED COMPANIES IN THE STOCK EXCHANGE OF THAILAND CASE STUDY: HOME AND OFFICE BUSINESS SECTOR

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Abstract

The research aimed to study the sustainability report level of home and office business sector in the stock exchange of Thailand. Data from the annual reports of 2016 and annual report (56-1) were collected by using GRI G4, and the data analysis results in five parts were presented: Part 1 is the results of the study about the level of the Global Reporting Initiative GRI G4 disclosure and the Sustainability Assessment, Part 2 is the results of the study about the level of economic dimension disclosure, Part 3 is the results of the study about the level of environmental dimension disclosure, Part 4 is the results of the study about the level of social dimension disclosure and Part 5 is the results of the study about the level of the categorized dimension information disclosure.

The research results found that the overall level of the reports disclosure of the firms is at 78.79 and the economic dimension disclosure is the highest level study of the firms, and the next one is environmental dimension, while the lowest one is social dimension. The highest sustainability report level includes sustainability information disclosure. There are five divisions as followed; the 1st, the 7th, the 12th, the 14th and 15th division. The lowest sustainability report level is the 6th.

In terms of suggestions for further researches to measure the sustainability report level, it can be compared more clearly by categorizing the level of business group based on the size of the business and the market value as the criterion.

Keywords: Sustainability Development, Sustainability Report

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Introduction

At present, many businesses are the midst of intense competition where there are a lot of innovative marketing tools to compete with various competitors. However, in today's society, consumers, including investors, began to focus more on businesses in the market that their products or services can both generate the benefits and be responsible for social responsibility, including society and environment in order to gain the business sustainability. In addition, sustainability is an important business strategy driving the business to move in the good way, avoiding harming the society or destroying the environment. In alignment, the businesses can offer the investors' confidence in making a decision to invest in the business as well as the customers' trust in using products and services. It finally can create the business sustainability.

At the global level, the sustainability reporting initiative was lunched from the United Nations Environment Program (UNEP) and the Ceres network that established the Global Reporting Initiative (GRI) in 2000. This meeting set the framework for the creation of the G1 report and has evolved in the G2, G3 and G3.1 until G4. In Thailand, there are many leading listed companies, such as Siam Cement Group (SCG), PTT Public Company Limited (PTT), Bangchak Corporation Public Company Limited (Bangchak) and others joining the group that are required to create the social responsibility reports, and later it was developed to be a report of sustainability. From the promotion of social business institutions (CSRI), there are recently many companies are interested in preparing, such as reports in order to gain the business sustainability. Furthermore, the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) are preparing rules for listed companies to have a sustainability report in line with the GRI (Global Reporting Initiative) framework in the annual report. As a result, many companies are required to continuous social projects.

Sustainability report is a report that provides both positive and negative information about operational strategies, governance and management in consideration of economic, social, environmental performance by aiming at developing sustainability according to the current society requiring the balance of society, environment and economic development based on the GRI framework. Indeed, the businesses need to create transparency for the business operations in order to gain confidence from business partners, especially the partners from the global level. In addition, sustainability report is also a tool that listed companies can make use of it in order to assure that the investors and stakeholders can rely on the company value and capability under the GRI framework.

For Thailand, the official sustainability development plan was announced in December 2013 by the Securities and Exchange Commission (SEC), which realized the importance of sustainable development. Sustainability plan for listed companies (Sustainability Development Roadmap) aims to support the operation of listed companies to be responding the needs of investors and companies in foreign countries that envisage importance of business, society and environment in order to gain the sustainability (Securities and Exchange Commission, 2013). Furthermore, there is a trend that the domestic investors are also more interested in reporting corporate social responsibility in order obtain

the business sustainability and convince various financial institutes, applying the ESG guidelines, to consider making investment decisions and developing products with the company that are consistent with the sustainability concepts. Consequently, the Stock Exchange of Thailand has established the list of Thailand Sustainability Investment 2015, selecting companies that passed at least 50% in each dimension of sustainability assessment criteria based on economic (including corporate governance), environmental and social indicators, or that are the members of the Dow Jones Sustainability Indices (DJSI) in the year of assessment, and publicizing the corporate governance and social and environmental impacts. The agencies in the Thai capital market are scrutinizing the selection process with transparency at every step in order to create confidence for investors. Therefore, companies will not only be responsible for preparing the annual performance report, but they also have to prepare a sustainability report as a confirmation of the stability of the business that will affect the stakeholders.

From the review of relevant researches, it was found that most of the studies emphasized on environmental issues or social responsibility. However, there were few studies focusing on reporting the level of sustainability. In addition, the regulators, investors and stakeholders have paid more attention to information about sustainability development. In this study, the researchers therefore are interested in presenting research results on the study of the level of sustainability reporting for the household and office business groups listed in the Stock Exchange of Thailand. The results of the study can be used as data sources of investment consideration or sustainability report development.

Research Objectives

To study the level of sustainability reporting for household and office business groups listed in the Stock Exchange of Thailand.

Definition

Sustainability development means development that can meet the needs of the current generation without affecting the ability that the next generation will achieve their own needs.

Sustainability reporting means document that reveals the management of economic, social and environmental affairs presenting both positive and negative impacts from the business activities. In addition, it is a report that presents the organizational value and governance linked between the company's strategy and the move towards sustainable economic growth in the global society.

Sustainability report conduction means annually and continuously providing information about concepts, goals, development and performance of environmental, social and organizational governance to stakeholders.

The GRI (Global Reporting Initiatives) framework refers to the key components of the sustainability report framework, divided into how to report consisting of principles used in the preparation of information in terms of content, quality, scope, and what to report the standardized information in various fields.

Literature Reviews

Concepts of Sustainability and Sustainable Development

Sustainability report is a document that discloses information about economic, social and environmental management, which the company has prepared, added to supplement the financial reports or regular report which cannot fully reflect the sustainability performance in the eyes of customers, communities and other stakeholders. The preparation of a report or disclosure of corporate governance refers to the tool communicating with the social sector as well as promoting social activities of the company (Wipa, 2016). In addition, the sustainability report is an important channel for attracting and convincing the investors to invest in a business, which can be seen from the leading capital markets around the world that they consider the ESG performance from the sustainability index (Sustainability Index), such as Dow Jones Sustainability Indices (DJSI) from the United States or SGX Sustainability Index from Singapore. This allows investors to have more information added to financial reports to consider investment decisions (Arunee and Supakorn, 2017).

Level of Sustainability Report Disclosure

The Stock Exchange of Thailand established the criteria for the listed company's sustainability assessment in 2018 in order to assess the sustainability of the company. The assessment form consists of three dimensions including economic environmental and social dimensions, which are divided into 19 categories with 42 questions. The content consisted of Chapter 1: Corporate Governance, Chapter 2: Code of Conduct and Anti-Corruption, Chapter 3: Risk and Crisis Management, Chapter 4: Important Issue Identification, Chapter 5: Customer Relationship Management, Chapter 6: Supply Chain Management, Chapter 7: Taxation, Chapter 8: Business and Social Innovations, Chapter 9: Environmental Information Disclosure, Chapter 10: Environmental Management, Chapter 11: Efficient Use of Resources, Chapter 12: Biological Diversity, Chapter 13: Disclosure of Social Data, Chapter 14: Fair Labor Treatment and Human Right Respect, Chapter 15: Employees' Potential Development, Chapter 16: Employee Care, Chapter 17: Health and Safety in the Working Environment, Chapter 18: Community and Society Participation and Chapter 19: Stakeholder Engagement (The Securities Exchange of Thailand, 2018).

Report Based Global Reporting Initiatives (GRI)

The GRI Sustainability Report is divided into 1) "reporting methods" consisting of principles used in the preparation of content, quality and scope and 2) "what to report" by reporting frameworks and various indicators covering three main areas, namely economy, society and environment. The principles of GRI in determining the report content cover activities, impact, important expectations and interests of stakeholders with the following process.

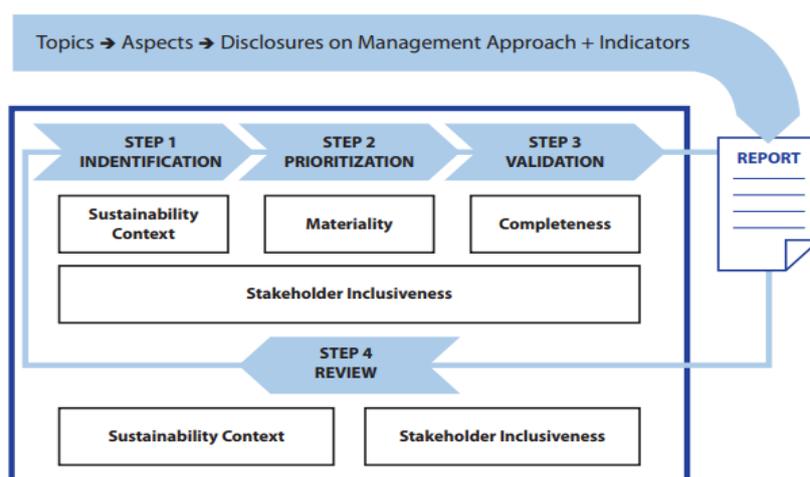


Figure 1 GRI process in determining the nature and scope.

Step 1: Setting context

When determining G4's guidelines, it will compile comprehensive and important information about the process strategy, which executives provide information on the sustainability of the business sector to lead the standard development of target industry, monitor the company operation according to the framework and disclose the information of sustainability. The disclosure of G4-1 and G4-2 standards is about a strategic and analytical disclosure. The disclosure of G4-3 – G4-13 standards is about describing corporate profiles and operational contexts. The disclosure of G4 G4-28 - G4-32 standard is about describing the organization's characteristics report. The disclosure of G4-33 standard is about describing insurance. The disclosure of G4-34 - G4-55 standard is about describing supervision, and the disclosure of G4-24 - G4-27 standard is about describing stakeholder participation.

Step 2: Describing actual operation

Company must disclose the business operations, process of systematically analytical management, processes of risk management and opportunities related to sustainability as well as important business performance, such as strategic social investment, support for public policy participation and operative collaborations.

Step 3: Revealing results

For disclosure of results in order to achieve goals or performance indicators or other qualitative measures, the general disclosure of G4 is applicable to all organizations that produce sustainable development reports. In some cases, general information disclosure cannot provide additional information that is beneficial to the results. The indicators in GRI G4 can provide qualitative and quantitative information about the results that the organization can compare and demonstrate changes as in the following table.

Table 1 Disclosure of General Information

Disclosure of General Information	‘In accordance’ – Core (This information should be disclosed in all cases)	‘In accordance’ – Comprehensive (This information should be disclosed in all cases)
Strategy and analysis	G4-1	G4-1,G4-2
Corporate Information	G4-3 to G4-16	G4-3 to G4-16
material and scope identification	G4-17 to G4-23	G4-17 to G4-23
Stakeholder participation	G4-24 to G4-27	G4-24 to G4-27
Profile report	G4-24 to G4-27	G4-24 to G4-27
Supervision	G4-24 to G4-27	G4-24 to G4-27
Ethics and honesty	G4-56	G4-56
Disclosure of Branch’s General Information	According to the branch disclosure requirements (if any)	According to the branch disclosure requirements (if any)

Table 2 Information disclosure of specifically defined MDA and indicators

General information disclosure	Main	Comprehensive
Disclosure of general information about management practices	Only for material	Only for material
Indicators	At least one indicator that deals with each material identified by aspect	All indications related to each material characteristics
Disclosure of specific standards for departments	Required for the corporate sector	Required for the corporate sector

Methodology

The study of the level of sustainability reporting for household and office business groups listed in the Stock Exchange of Thailand had been conducted by using secondary data from the annual report in 2016, the annual information form (56-1) in 2016 and the sustainability report according to the GRI G4 framework and the annual sustainability assessment form in 2016, arranged by the Stock Exchange of Thailand.

Study Area

The sample group used in this research was the companies in the consumer goods industry (Household and Office Business Products) listed in the Stock Exchange of Thailand. These companies consisted of 1) ACC: Advanced Connection Corporation Public Company Limited, 2) AJA: AJ Advanced Technology Public Company Limited, 3) DTCI: DTC Industries Public Company Limited, 4) FANCY: Fancy Wood Industries Public Company Limited, 5) KYE: Kang Yong Electric Public Company Limited, 6) L&E: Lighting and Equipment Public Company Limited, 7) MODERN: Modernform Group Public Company Limited, 8) OGC: Ocean Glass Public Company Limited, 9) ROCK: Rockworth Public Company Limited, 10) SIAM: Siam Steel International Public Company Limited and 11) TSR: Thiensurat Public Company Limited.

Data Collection

The researchers created a paper to collect data according to the GRI G4 framework and the sustainability assessment form 2017 by the Stock Exchange of Thailand. The form consists of dimensions, terms, questions, sources of information, reference and score values. Information in each line and page from each company was collected by giving 1 mark.

Data Analysis

The researchers used collected data to analyze and process by combining all sustainability report scores from each company and rank companies with the highest reporting levels to the lowest, respectively. Also, the researchers analyzed the level of reporting in each dimension of each company to find the score that has the level of sustainability reporting from the highest to the lowest score respectively.

The criteria for rating information disclosure levels are the disclosure of level of sustainability reporting, which is equal to 1 point in the worksheet. However, any sustainability in each dimension in annual report and 56-1 annual form was reported repeatedly cannot be marked unless the report has another source references. In addition, the level of disclosure was analyzed by using descriptive statistics with frequency, percentage, and ratio.

Information disclosure index calculation refers to the formula that Thitima Kingkaew (2012) studied on the factors affecting the disclosure of environment information on the voluntary basis of listed companies in the Stock Exchange of Thailand. The study method collected points from each company and revealed the disclosure index categorizing into 3 dimensions with 42 items and 42 points, considering each dimension according to the items appeared in the worksheet. Indeed, the total score must not exceed 42 points.

Disclosure index of each company can be written as an equation as follows.

sustainability report in the high level and 3 companies, accounted for 27.27 percent, presenting sustainability report in the moderate level.

The most referred category presented in the sustainability report included 5 chapters consisting of Chapter 1: Corporate Governance, Chapter 7: Taxation, Chapter 12: Biological Diversity, Chapter 14: Fair Labor Treatment and Human Right Respect and Chapter 15: Employees' Potential Development. All these chapters presented the disclosure index as of 1.00. The second referred category presented in the sustainability report included 1 chapter consisting of Chapter 2: Code of Conduct and Anti-Corruption. The disclosure index was as of 0.94. In addition, the third referred category presented in the sustainability report was 2 chapters including Chapter 9: Environmental Information Disclosure and Chapter 10: Environmental Management. The disclosure index was as of 0.91. Lastly, the least referred category presented in the sustainability report included 1 chapters consisting of Chapter 6: Supply Chain Management. The disclosure index was as of 0.30.

Discussion

The study of the level of sustainability reporting for the household and office business groups listed in the Stock Exchange of Thailand can be discussed as follows.

The companies in the household and office business groups presented the overview of the level of reporting for sustainability in the high level which it is accounted for 72.73 percent of all companies voluntarily disclosing the sustainability report. This is because the importance of the sustainability concept emphasizing on understanding and bettering the economic, environmental and social aspects concerning the profitability, creatability and liveability of the organization, organization members, stakeholders, community and environment, which people can live with environment and profitable company (Jamieson, 1998; Reed & Wilkinson, 2005). Therefore, it is very crucial that the company need to build up the sustainability in the organization and also disclose to the publics which it finally create the opportunity for the company itself in terms of investment, goodwill and creditability (Ballou, Heitger & Landes, 2006). In addition, disclosing the sustainability report can help the organization reach and meet the needs of the customers who recent concern the internal and external sustainability (Amran, & Keat Ooi, 2014). However, the disclosure of the report was based on the voluntary of the companies which there is no restricted sustainability disclosure measurement and lack of evidences supporting the report whether the companies, in fact, perform what was mentioned in the report. This is because that the sustainability requires a number of resources, such as human resources, financial resources, supports from the organizations, which sometimes and some cases cannot reach within a short period (Jithendran, & Baum, 2000).

From data collection, it was found that some companies place importance on sustainability reporting by defining the sustainability in the organizational policy and implement it in accordance with GRI framework which resulted the companies to obtain the highest level of sustainability disclosure. In the meantime, the companies that have not yet defined the sustainability in the

organizational policy obtained the contrast result. The study is corresponding to the study done by Zahra, & Covin, (1993), who mentioned that the organization's performance is also depending on the organizational policy. The policy of the organization can create the direction of the company to follow (Tranfield, & Starkey, 1998).

From the study, it was found that most companies place the importance on Chapter 6 which is supply chain management in the lowest level. This means the companies do not place the importance in considering the connected business from upstream to downstream because the supply chain management deals with many dimensions which is so difficult that the companies will not be able to work on supply chain.

Limitations of the study

From the study, it was found that the disclosure of sustainability information of most companies emphasized on reporting the sustainability based on the policy statement, which sometimes do not report on the outcomes. In addition, there are some companies in this research presented in the sustainability without providing the related evidences which can create the unclear and actual performance.

Suggestions from this research

The managers and executives can utilize the information from this research to evaluate the company's sustainability and apply it to adjust the business plan to focus more on sustainable management. In the same time, the investors and stakeholders who are interested in investing in the household and business office products can use the information obtained from this research to make an investment decision. Lastly, the Stock Exchange of Thailand can use the result of this research to develop a standardized sustainability disclosure index in order to format the better quality sustainability reports.

Suggestions for future researches

To measure the level of sustainability reporting in order to report more clearly compare to the sustainability level towards the other company, there should be a clear set of data which can be divided, such as service and products group, business size by market capitalization and others. In addition, the sustainability disclosure according to the GRI G4 will be more important to evaluate the organizational sustainability status and guideline for company to manipulate the long-term business strategies; therefore, the next researches should update and develop the sustainability level measurements in order to respond the company needs and usage.

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