

Measurement and Disclosure Corporate Social Responsibility

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Abstract:

Implementation of corporate social responsibility, towards sustainable development, is one of the important goals of businesses. In particular, the issues of social responsibility, such as environmental protection, community activities, and employee regimes are always focused on by managers. Therefore, the publication of information on the sustainability reports in general or the disclosure of corporate social responsibility attracts the attention of many managers as well as economists. This paper presents a theoretical basis for the need to disclose corporate social responsibility information, measures, and disclosures on corporate social responsibility

Keywords: *Corporate social responsibility, sustainable development, measures and disclosures*

1. Introduction

In the world, especially in countries with developed economies such as the United States, the United Kingdom, Australia businesses (businesses) have paid much attention to the issue of information on corporate social responsibility (CSR). However, in Vietnam, in recent years, businesses are increasingly paying more attention to the activities of expressing social responsibility in business activities. Social-related activities can include attention to labor safety, environmental protection, anti-corruption, or human rights issues. The implementation of these activities not only contributes to solving a number of urgent socio-economic issues but also helps businesses to build their image and increase their reputation. Therefore, enterprises are aware of the importance of disclosing information on social responsibility.

Announcements related to social responsibility in Vietnam are still based on voluntary disclosure, most of which are concentrated in large enterprises. In order to have a solid basis for the development of content and presentation of reports on the disclosure of social responsibility information, the construction of a theoretical basis and methods to measure the performance of social responsibility is essential.

2. Corporate social responsibility

CSR has existed for a long time before World War II. The origin of the current CSR can be found in the period 1945-1960 (Spector, 2008). During the seventies, an increase in CSR definitions began, and CSR became the center of discussion. The 1990s and 2000s became the era of global citizens (Frederick, 2008). CSR for the business sector has become an important topic during this period because of its sustainability and development. This is why CSR evolved into an important part of discussions of researchers as well as leaders.

CSR has a long history of development. In particular, Carrol (1999) mentioned that CSR existed earlier than in previous years and definitions in recent years have been developed and described more. For example, CSR aspects or activities are described in more detail. According to research by McWilliams et al. (2006), they explain CSR by identifying it with four aspects. They developed this as follows:

“CSR activities have been launched that include incorporating social or social features into products and production processes (for example, aerosolized products without fluorocarbons or using technology. environmentally friendly), adopting progressive human resource management measures (e.g., promoting employee empowerment) of environmental performance through recycling and reducing pollution (for example, take a positive stance toward reducing emissions), and promote community organizing goals (for example, working closely with community-based organizations like the United Way).”(McWilliams et al., 2006, page 3).

Existing literature focuses on the different definitions of CSR. According to Boeger (2008), explain that there is no single internationally accepted definition of CSR. Although there are some similarities between the definitions of CSR. Further research on this topic shows that some of the definitions of CSR include financial performance, some paying more attention to environmental activities, and finally some of which include social activities. community association. Social

performance provides information about the company's interaction with and stakeholders such as the company's social environment. Next, the environmental performance focuses more on communicating an organization's environmental performance to its stakeholders. Triple P. Elkington (1994) argues that an organization has three main responsibilities: human, planet, and profit. An organization responsible for staff, the environment, and economic stability. The bottom three lines provide information on an organization's economic, environmental and social performance.

3. Measure corporate social responsibility

Reputation index and database. This method evaluates firms on the basis of aspects of social performance (Cochran & Wood, 1984). Examples of this method are databases of Fortune Index and KLD. This method has several advantages. The first advantage is internally matched. An evaluator can use the same criteria for all companies. Second, it avoids the subjective CSR approach that measures objectively (Cochran & Wood, 1984). This CSR measurement approach also has limitations. The biggest drawback of this method is that the database relates to only a limited area. Only businesses in some countries can be assessed using this method (for example, KLD in the US) (Turker, 2009). Moreover, the output may be unreliable because it is subjective publication (Cochran & Wood, 1984). Moreover, in countries where the economy has not developed, such as Vietnam, this approach is very difficult, especially Vietnamese textile enterprises with only about 50 listed enterprises out of nearly 6,000 enterprises. (Virac, 2017).

Single or multiple problem indicator methods. An example of this approach is the use of pollution control performance. This method also has drawbacks. Firstly, it does not cover the entire structure of CSR, but only reflects one aspect of CSR and is invalid in all sectors. It may be biased to the results because of the differences between industries (Aras et al., 2010). Second, as mentioned in the previous method, it has limitations for some companies in some countries (Turker, 2009).

The third method is to use a content analysis of CSR reports or company documents. The definition of content analysis is "a research technique devised to infer, and validly copy, data from their context" (Krippendorff, 2004, p. 18). Weber (1990) defines content analysis as: "a set of procedures for making valid inferences from text." This measurement approach has several advantages. First, the process is relatively objective, after specific variables have been chosen (McGuire et al., 1988). Second, larger sample sizes can be used, because the technique (mechanical CSR measurement) and results can be generalized (McGuire et al. 1988; Aras et al., 2010). This method also has drawbacks. First, companies show only what they say in their CSR reports or annual reports that are different from what they are actually doing. But in actual companies there may be different activities (McGuire et al. 1988; Aras et al., 2010). The second limitation is the subjectivity of the specific variables selected at the beginning of the study. In the case of selection of other variables it is possible to give different results (McGuire et al., 1988). Previous studies provided evidence that firms' performance was different from the content of their reports (for example, CSR reports) and actual performance (Turker, 2009).

The fourth method explained by Turker (2009) is the use of measures to measure CSR performance of individuals. An example of this method is to measure the individual CSR value of a manager. This method is proposed by Turker (2009). This method is also limited. A disadvantage of this approach is that the literature does not provide a good scale measurement for CSR performance at the firm level (Turker, 2009).

The final method is based on field surveys of enterprises, which were proposed by Mirshra and Suar (2010) to measure CSR based on measuring policies and CSR activities of enterprises for six parties. Related are: employees, environment, community, customers, suppliers, and investors. This method has the advantage of high accuracy because it is based on the actual survey and reference with the reporting documents of enterprises. However, this method has certain limitations that are time consuming and costly.

4. Disclosure of CSR information

Social disclosures can be defined as financial and non-financial disclosures related to a company's activities in social matters. It can often be seen as a way for businesses to express their image to the public regarding environmental activities, community, employees, and consumer issues. In this context, Haron et al. (2004) point out that information-disclosure societies provide positive information confirming that a company's operations are in harmony with the environment. On the one hand, this disclosure shows that businesses have organized training programs for employees and effective waste management policies. On the other hand, public disclosure can be negative when reflecting that the company's activities are harmful to the environment, such as the inability to control, reduce pollution or not solve social problems.

Principles of publishing CSR

Currently, there are different CSR publication frameworks, and these are the United Nations Global Compact (UNGC), ISO 26000, GRI, AA1000, International Integrated Reporting Council (IIRC).

UNGC was designed by the United Nations in 2000 and included a range of principles that can be used by all companies. UNGC focuses more on the areas of human rights, labor, the environment and anti-corruption (CSR Framework Assessment for Canada's mining industry for social responsibility April 2009).

ISO 26000 guidelines were developed in 2010. It provides guidance on how companies can operate in a socially responsible manner. It is developed by representatives of various stakeholders around the world and represents international conformity.

The Account Ability's AA1000 is a principle-based standard. These standards guide companies to become more responsible and sustainable. Moreover, this standard is a guaranteed standard. It provides operational guidance on ensuring sustainability and stakeholder engagement. The AA1000 standard was developed for integrated reporting.

Finally, IIRC was developed in August 2010. Its main purpose is to develop a globally accepted framework for companies that can communicate about creating value over time. It focuses more on content development, engagement and communication, and governance.

GRI stands for Global Reporting Initiative. GRI is an organization focused on sustainable development. Next, GRI was developed in 1997 by non-profit coalition organizations for environmentally responsible economies - Coalition for Environmentally Responsible Economies (CERES) and Tellus Institute - Tellus Institute. GRI's contribution is to help companies become more sustainable. The main objective of the GRI framework is to develop guidelines and indicators for companies to measure and report their economic, environmental, and social performance. The GRI framework is the most used and complete framework, providing guidance for CSR publication and implementation.

GRI's guidelines are constantly improving over the years. First-generation G1 GRI - Guidance on sustainability reporting developed in 2000. Subsequent, second-generation published in 2002 - G2. After G2 in 2006, they developed the third generation G3 guide. Finally, in May 2013, the latest release was the G4 instructions.

The GRI framework consists of two main parts. The first part describes the principles and guidelines for reporting and the second part describes the standard declarations. The first section discusses reporting principles about materials, stakeholders, and sustainability contexts. The organization must identify its key stakeholders, their expectations and information needs. The second part of the Guide focuses on relevant information and documentation for most organizations and stakeholders. This section requires various disclosures such as strategy and analysis, organizational profile, and comparable information on the company's economic, environmental and social performance (Principles of Sustainability Reporting). version 3.1, 2006).

The GRI reporting framework provides a "GRI AL" system. GRI-based reporters must indicate which level they use through the AL system. G3 consists of three main letters Al's. These three are: C, B, and A, can declare themselves. To provide the report with a plus sign (+), an independent third party should verify whether the company uses GRI at that AL. This is possible for other levels (e.g., C +, B +, A +). In total, six reporting levels exist from C to A +. The goal of this guarantee (third party verification) is to improve the reliability of the information generated in the CSR report. Stakeholders or users of these CSR reports may rely more on secured CSR reports than on non-guaranteed CSR reports. A major disadvantage of using this AL is that the CSR reporter can exclude some important topics from their report. The GRI framework is the best known and used framework by organizations.

5. Conclusion

Disclosure of information on social responsibility is considered as one of the tools to measure, record and publish the goals and responsibilities of enterprises towards sustainable development. Because besides the financial information, information about the activities of businesses in terms of environment and society is increasingly concerned. A sustainability report is a new tool, helping businesses organize and publish information about sustainability in the same way as financial statements.

Theoretical foundations that lay the foundation for the research related to the publication of social responsibility such as: The theory of representatives, The theory of related parties, ... has created a solid theoretical basis, creating a basis for the The management sets a lot of determination for the implementation of activities that contribute to the environment, community and society. This is reflected in the information published by businesses in the sustainability reports.

Currently, the publication of CSR information is becoming an international practice. Sustainable development reports not only help businesses to strengthen their cooperation with stakeholders, investors and the community but also help businesses enhance business risk management, improve the ability to adapt Comfort in a rapidly changing environment and more effective competition.

In addition, a number of studies show that there is genuine evidence on the correlation between sustainable development and operational efficiency and profitability of businesses. The lack of information on sustainable development may lose business cooperation opportunities, attract investment capital from responsible investors for sustainable development. Sustainable reporting is a necessary condition for businesses to participate in international economic integration.

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