



Corporate social accounting disclosure in Thailand

Corporate social
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629

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Abstract *Little is known of the actualities or possibilities of corporate social reporting in Thailand. This study aims to move towards an appreciation of this neglected but important area. This survey focuses on the annual reports of Thai companies, and thereby contributes to a tradition of related prior empirical work upon corporate social accounting practices which has to date largely focused upon English-speaking and Western contexts. Its concern is to gain insights into and to critically appraise various dimensions of these annual reports, so as to construct a critique of corporate social disclosure in Thailand. Pursuing a critical perspective sensitive to the context of Thailand, it is concluded that the various aspects of the Thai accounting disclosure that are analysed are disabling, and more generally that the Thai practices explored fall short of their potential to function as enabling communication.*

Introduction

Until recently, Thailand was regarded as one of the most successful economies in Asia in terms of its transformation from an agricultural-based society to a manufacturing/industrialised economy. In the late 1980s and the early 1990s, economic indicators showed that Thailand was one of the most attractive venues for foreign investment due to cheap labour and abundant natural resources. At a micro or corporate level, especially for publicly-financed companies, this growing economic success is fully reported in corporate reports for the investment purposes of current or prospective shareholders. Although the economic impact of business activity constitutes to a large part of annual reports, other consequences of business activity are rarely made evident in these reports. Consequently, current corporate reports displace the reality that there are social and environmental effects created in parallel to economic success in Thai society. The general motivation of this paper is that accounting information disclosure is perceived as a communicative system by which corporate activities are reported in the public sphere, but that corporate annual reports may not be as a full representation or communication of overall the corporate

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“performance” as might be achieved. In this regard, it is the social and environmental disclosure aspect of Thai annual reports that this paper seeks to explore.

In pursuit of this aim, this paper primarily investigates the extent to which annual reports of Thai companies reflect the current reality of social and environmental problems confronting Thailand as reported in Thai political commentary and especially in the Thai press. The annual reports selected for this purpose are those of Thai companies for the years 1993 and 1999. The significance of these two years is that while 1993 marks the Thai economy at its peak, 1999, on the contrary, witnesses Thailand recovering from the economic slump which occurred in 1997. By comparing social and environmental information in the 1993 and 1999 sample reports, it is also a second aim of this paper to determine the extent to which the company’s financial situation conditions the degree of corporate social and environmental responsibility. In doing so, the survey, its analysis and discussion constitute a further contribution to related prior empirical work, which has mainly focused upon corporate social accounting practices in English-speaking and Western contexts (Adams and Kuasirikun, 2000; Adams *et al.*, 1995, 1998; Bowman and Haire, 1976; Freedman and Wasley, 1990; Gallhofer *et al.*, 1996; Gray *et al.*, 1987, 1995a, b, 1996, 1998; Guthrie and Parker, 1989, 1990; Harte and Owen, 1992; Ingram, 1978; Ingram and Frazier, 1980; Jaggi, 1980; KPMG, 1994; Roberts *et al.*, 1995; Spicer, 1978; Wiseman, 1982). Moreover, this paper is not only concerned to explore the actual roles of Thai accounting as a communicative system, but also to explore its potentialities for enabling practices. This is to bring out the various adequacies and inadequacies of existing practices as well as to point to the greater enabling possibilities or potentials of accounting as a means of communication. In developing this analysis, this paper seeks for more enabling and meaningful accounting practices and systems which are more aligned to genuine and contextually-specific, societal needs, in order to contribute to bringing about socio-economic betterment within the Thai society (Broadbent *et al.*, 1996; Gallhofer and Haslam, 1997; Tinker, 1985)[1].

The structure of the paper is as follows: the first section provides an overview of key dimensions of the Thai context; the second section presents a contextual analysis and discussion of corporate social disclosure in Thailand; and the final section offers the concluding comments including a summary of some critical insights and pointers to avenues for future research.

The Thai context: an overview of some key dimensions

This section provides a contextualisation of accounting in Thailand which will facilitate an assessment of whether or not accounting practice in Thailand adequately responds to its social context.

Since the opening of the country to global trade as a result of the Bowring treaty in 1855, Thailand has developed its economic policies in favour of increasing commercialisation, industrialisation and diversification from its agricultural base (Manarangsan, 1993). In more recent decades, in particular since 1945, the Thai economic system has changed dramatically due to the pivotal goal of the Thai government in making Thailand one of the Newly Industrialised Countries (NICs) (Thanapornpun, 1989, 1993). Thailand has achieved conventional economic success as evidenced by the annual growth in GDP of 9.1 per cent in the period 1985-1996, an increase in annual export earnings of 19.8 per cent between 1985 and 1996 (Phongpaichit and Baker, 1998, p. 4),

and the substantial diversification in the composition of export earnings from agricultural products to manufacturing goods (from 51.4 per cent in 1970 to 81.1 per cent in 1994) (Dixon, 1999, p. 5). The governmental agenda for economic development has, however, resulted in a number of social and environmental problems (Komin, 1989; Phongpaichit and Baker, 1996).

Government development planning has tended to concentrate overwhelmingly on industrial development, neglecting the agricultural dimension which still provides the basic livelihood of 60 per cent of the Thai population (Dixon, 1999, p. 140). With limited support from the government, Thai farmers have been faced with such problems as the decrease in rice prices and exploitation by middle-men and large-scale business. Many Thai farmers and their families have concluded that their only alternative is to migrate to the capital city, Bangkok, in the hope that this will bring them better prospects[2]. Most of the rural farmer migrants, however, have been confronted with dwindling personal resources, little hope of securing a permanent urban job, and limited future prospects (Siriprachai, 1998). With competition for jobs, labour has typically been bought cheaply in terms of financial remuneration and working conditions. The rural migrants constitute unskilled labour and are not especially well-equipped for industrial jobs in the city. They have faced a limited choice of jobs and hence have commanded low earnings. Although the minimum wage law is a state policy designed to protect workers against unrealistically – low wages, 33.47 per cent and 41.85 per cent of government-inspected companies violated this minimum wage law in 1993 and 1999, respectively (Department of Labour Protection and Welfare, 1994, 2000). Without adequate finance and relatives in Bangkok, this disadvantageous position of employment has resulted in these migrants settling in slums in Bangkok (Pornchokchai, 1993). Over the years, this has engendered increasingly serious social problems in Thai society (Phongpaichit and Baker, 1998, p. 133). The unfortunate situation in Bangkok has proliferated so rapidly that, as the economy of Thailand has strengthened, the argument has been made that the social problems of Thailand have worsened (Dixon, 1999; Krongkaew, 1995).

In addition to living on precarious wages, many migrants and other workers are working in unsuitable and even dangerous working environments, which each year claim numerous lives and render many workers permanently disabled (Phrutthathorn, 1993, pp. 94-95). In 1993, for example, one of the years from which our sample of annual reports was taken, the *Yearbook of Labour Statistics* reports the following occupational injuries in Thailand: 980 deaths, ten permanent total disabilities, 5,436 permanent partial disabilities, 53,023 temporary disabilities (more than three days) and 97,099 temporary disabilities (up to three days). This issue has gained increased importance in recent years following the disastrous fire on 10 April 1993, at Kader Industrial (Thailand), a soft-toy manufacture located in Nakornpathom province, which claimed 188 lives and injured 481 workers (the front-page of every Thai newspaper). Interviews given by workers who survived the fire gave a depressing picture of how unskilled factory labour is treated. For example, one survivor stated:

...there was no fire or emergency exit... the door leading to the upper deck of the building was deliberately locked at all time to keep the workers in because they (the owners) were afraid that we (the workers) would steal things from the factory. If it was not for that, many more of us would have been able to escape the fire. But they (the owners) obviously valued their soft-toys more than they did our lives (Mathichon, 1997b, p.9).

Accidents of this nature are by no means isolated or rare in Thailand. The Labour and Social Welfare Department reported that similar accidents of a smaller scale in terms of deaths and casualties occurred in 4,000 factories in 1996 and 200,000 factories in 1997 (Juntharawithun, 1998). Due to the relatively lower number of these individual cases, although the statistics are kept, they are often scarcely publicised for public awareness. Nonetheless, as a memorial to those 188 unfortunate workers killed in the tragic accident of 10 April, an annual “National Safety at Work Day” is now commemorated. The accident has triggered an extensive discussion of preventive measures which will oblige companies to provide workers with safe workplaces. Following this discussion, the Labour Protection Act was passed in 1998. This Act aims to provide workers and employees with better protection in terms of minimum wages, suitable and safe working conditions and maternity rights (Wichianchom, 1999; Wilawan and Lengthaisong, 1998). Despite this Act, the situation of workers in Thailand, especially with regard to conditions in the workplace has not, however, been satisfactorily improved. It was still reported that a massive number of 9,971 workers were killed while at work in 1999, and a total of 60,533 workers injured while working (Bangkok Post, 2000a). A recent survey conducted by the Health Department on the working conditions in 34 factories in the weaving industry showed that, apart from losing body parts as a result of accidents at work, 57.2 per cent of the workers in the industry have lost their hearing due to “obsolete” and overly noisy machinery (Neawnah, 1997). Moreover, in terms of compliance with the new legislation, according to the Department’s labour inspection report, “only 54 per cent or 68,165 out of 125,268 recently-inspected workplaces adhered to the labour protection law, while 45.6 per cent or 57,103 failed to comply” (Charoensuthiphan, 2000a, p. 4). These statistics indicate that stricter regulation is rendered meaningless without implementation and enforcement of compliance. Coupled with the lack of regular audit inspections of workplaces (Charoensuthiphan, 2000b) or severer punishment for those employers failing to comply with the law, it is very doubtful whether legislative measures alone are sufficient to prevent fatal or serious accidents from occurring in unsuitable workplaces. The question that this paper raises is whether company reports may have a role to play in addressing this issue by providing a vehicle for mandatory disclosure of the results of health and safety inspections, especially of companies whose activities have potentially harmful effects on the workforce.

While factory workers, in general, have had to tolerate poor working condition and low wages, it is known that there has been “an increasing number of women (who) have found factory work in the past 30 years. . . (and) still have to cope with poor conditions, low wages, and health problems” (Janchitfah, 1995, p. 20). Although this issue has not been widely discussed, there has been a concern that “in industries where the majority of the factory workforce is female (such as agricultural businesses, foods and beverages, and textile), there exists a gender discrimination in the forms of differential treatment between male and female workers, lower wages for women, poor welfare provision, and lack of promotion” (Mathichon, 1997a, p. 9). As a part of corporate social responsibility, this paper seeks to show to what degree annual reports, especially of those companies whose workforce is largely female, reflect social concern for women workers in their disclosure concerning their employees.

In addition to these worker-related issues, which are similar in other emerging economies, rapid industrial development has also polluted the ecological environment

in Thailand (Hirsh, 1997; Ross and Thadaniti, 1995). Thai economic and industrial development has resulted in the depletion of natural resources, such as forests (Hirsh, 1987) and created serious pollution in urban areas. The latter problem is particularly evident in Bangkok where modern industrialisation has been focused and where air, noise, water and traffic pollution are particularly prominent (Ross and Thadaniti, 1995). These environmental problems are worsening and the detrimental impact that these problems have upon the environment itself, and on the health of the people in the community, is rising unabated (Atthakor, 2000).

In order to ease the over-crowded situation as well as pollution in Bangkok, decentralisation of industrialisation has been initiated by the Thai government. The aim of this policy is to relocate industrial sites outside the Bangkok area. As a result, there are various “industrial estates” in the region around Bangkok and in remote areas where manufacturing location is near to the requisite natural resources. Amongst new industrial estates, the most severely polluted communities are those located near Bangkok, in particular those positioned on river-ways, such as Samut Prakarn, Rayong, Chonburi, Kanchanaburi, Chachoengsao, Suphanburi and Nakhon Pathom (Bangkok Post, 1993; Bello *et al.*, 1998). In 1997, 29 new industrial towns were established around Thailand (Phujudkarnraiwan, 1997b), but as they expand, these new industrial towns have also increased the health and environmental problems for the local communities where they have become established (Inchukul, 1997a).

The 1990s saw a growing number of cases of industrial pollution affecting the health of local people in the community (Bangkok Post, 1997, 1999b, c; Pongpao, 2000; Priwan, 1998). In 1997, for example, it was reported that “over 200 villagers were rushed to hospital after being exposed to a poisonous gas which irritated their eyes and respiratory systems, causing them to vomit and become nauseated” (Inchukul, 1997b, p. 6). The best known and most serious incident, however, is the Mabtaphut case in which the Mabtaphut Factory was labelled the “Factory from Hell” by the Thai press in 1997 (Kaosod, 1997). The polluted air, which was caused by an over-expansion of the factories within the Mabtaphut industrial estate at Rayong Province, has affected peoples’ lives in many ways. The Dailynews has indicated that school children and teachers have had to suffer from unregulated poisonous-gas/air released from the factories, while many have fallen ill and eventually died from the chemically-polluted air (Dailynews, 1997; Phujudkarnraiwan, 1997c; Siamrath, 1997).

Pollution in Thailand is not only atmospheric, but also water-based. Rivers are used for consumable domestic water as well as food supply (fish) in rural Thai communities. Over many decades since the advent and expansion of industrialisation in Thailand, however, many main rivers around Thailand, especially, the Chao Phraya river, the Nam-Phong river, Tha-chin river, Kwae river and Mae Klong river (Bangkok Post, 1994, 1997, 1998, 1999d; Kongrut, 1999; Pandey, 1998; Priwan, 1998; Priwan *et al.*, 1998; Ridmontri, 1996; Ridmontri *et al.*, 1998) have been polluted by the discharge of untreated waste disposal. This poisoned water has on many occasions killed fish and prawns and destroyed the community’s domestic water supply and natural food resources (Bangkok Post, 1999a, b, c, e, 2000b; Bangprapa, 1998; Kongrut, 1997, 2000; Noikorn, 1997; Ridmontri, 1997). The release of waste into rivers by companies is a common irresponsible occurrence. For example, it was reported that a large multinational pulp and paper company “dump waste at the dumpsite at Bann Chuk Matum near the Mae Klong riverbank. When it is high tide, the waste empties into the river”

(Bangkok Post, 1997, p. 1; Kongrut, 2000; Santimetaneedol and Kongrut, 2000). In another case, toxic water was allegedly released from a mine into the Kwaie Yai river without treatment, resulting in hundreds of the villagers' livestock dying after drinking water from the contaminated stream (Bangkok Post, 1998). Companies have also been accused of pollution infringements, and in one particular case, the point was made that the "company... (had the)... financial ability to install water treatment equipment, (but) despite two warnings from the Ministry of Industry, no measures were implemented" (Phujudkarnraiwan, 1993, p. 4). This report is rather startling since, as the Phujudkarnraiwan indicated, even in the presence of government threats to close the plant, the company felt they could continue regardless. As most rivers in Thailand run through various towns and villages before they eventually combine with the major rivers, the people who reside on the riverways will inevitably be affected by the poisoned water of decentralised industries. Thus, in the case of water pollution in Thailand, although the pollution may be conducted in one area, the impact of this act is not limited to that area alone. Without adequate regulation and inspection, industrial decentralisation seems not only to have failed to contribute to the alleviation of environmental problem in Thailand, but has essentially aggravated environmental degeneration by spreading it on a wider scale. The issue addressed in this paper is whether environmental disclosure requirements in company reports might be a facilitatory step towards dealing with such growing problems.

In the last decade, the international market has become much more socially-concerned, especially in terms of issues of human rights and environmental awareness. Numerous questions have been raised over workers' rights and whether Thai industry meets international social and environmental standards (Thapanachai, 2000; Tungrhapheephakorn, 2001). This international pressure has urged the Thai government, in particular the Ministry of Industry, to introduce various measures which provide guidelines for companies for a more employee-friendly, as well as more environmentally-sound, business practice. These guidelines are often in line with those initiated by the International Organisation of Standardisation, and its standards are known as ISOs. The ISOs with which compliance is most recommended by the Thai government for companies in Thailand, are ISO 9000 (Product Quality Management), ISO 14000 (Environmental Management) and ISO 18000 (Health and Safety at Work Management). By following the framework provided by each of these internationally-recognised guidelines, companies will be recognised for conducting their business activities in a safer and more environmentally-friendly manner. In particular, adherence to ISO 18000 will help companies first, to reduce work-related risk; secondly, improve the production process of the company; and finally, create recognition for the company as a responsible business practice with a healthy and safe working environment, as well as community and environmentally-friendly products (Simahchokdee, 1998). Plodsuk Rukkhwamsuk, Deputy Minister of Labour and Social Welfare, commented on the increasing importance of ISO 18000 in a business context saying that:

... nowadays human rights and environmental problems are debated world-wide. These are very important problems which condition trade. In the near future world trade will be concerned about safety at work... (which is)... a huge problem. If the government sees this as an increasingly important issue, they must train people who can ensure safety at work and at the same time attempt to point out to the business people how important safety at work

is... Moreover, it is inevitable that both Thai and foreign traders will soon discover how ISO 18000 can help create a positive “image” for their organisation which will be beneficial to their company (Phujudkarnraiwan, 1997a, p. 4).

Thus, albeit in part for international market reason, it has become noticeable that social and environmental problems, particularly those related to employees and the physical environment, have been given increasing attention in Thailand by relevant governmental agencies with the aim of providing companies with a better framework for more responsible business practice. Notwithstanding this effort, accidents resulting from unsuitable working condition are still on the rise and the environmental situation has not been noticeably improved (Bangkok Post, 2000a). Given this contextualisation of business practice in Thailand, the analysis in the following section seeks to outline the extent to which corporate “social” activity and responsibility are reported in Thai annual reports, and how information on the social and environmental effects of industrial production is treated and disclosed. Moreover, an attempt is made to assess additional social and environmental guidelines/legislation has impacted on or been reflected in corporate social disclosure practice in the 1990s.

Corporate social disclosures in Thailand: analysis and discussion

Method

Content analysis of corporate reports has been widely mobilised in the social and environmental accounting literature to identify the characteristics of corporate social and environmental disclosure (Adams *et al.*, 1998; Bowman and Haire, 1976; Freedman and Wasley, 1990; Gray *et al.*, 1987, 1995a, b; Guthrie and Parker, 1990; Ingram, 1978; Ingram and Frazier, 1980; Jaggi, 1980; KPMG, 1994; Roberts *et al.*, 1995; Spicer, 1978; Wiseman, 1982)[3]. Typically, such content analyses of annual reports have sought to analyse corporate annual reports in terms of what they indicate (or do not indicate) about employees and their conditions, what they bring to light (or what they suppress) regarding the impact of the corporation’s activities upon the environment, and what openness they bring (or what silences they maintain) in respect of other dimensions of the impact of corporate activity. Such analyses are useful in that they can suggest insights into actual and potential practices, and contribute to the development of better disclosure practices. This is often the case even where some of the analyses have not obviously or explicitly been motivated by such concerns.

Despite a wide range of corporate documents released to the public about their social behaviour, such as, brochures, press releases and separate environmental reports, annual reports remain the most extensively used document in the analysis of corporate social reporting due (arguably) to their credibility (Tilt, 1994); usefulness to various stakeholders (Deegan and Rankin, 1997); regularity (Neimark, 1992); accessibility (Woodward, 1998) and completeness in terms of the company’s communication on social issues (Gray *et al.*, 1995b). To examine this validity of annual reports as the sole or main source of information for corporate social reporting, Unerman (2000) investigates Shell’s various corporate reports, including annual reports and accounts; quarterly trading statements; reports to employees, environmental reports; and the Chairman’s bulletin to shareholders. The study concludes that “studies focusing exclusively on annual reports risk capturing an incomplete picture of the amount of corporate social reporting in which companies are engaging, and thus an incomplete picture of the practices they are studying” (p. 677). While this conclusion is valid, especially in a study of a single

company where accessibility to these various documents is available, in other cases where a complete set of social disclosure information from various corporate sources cannot be acquired for the whole of the sample companies, misrepresentation of results may be created. Moreover, as listed companies in Thailand have yet to produce other documents outlining their social policy on a regular basis, the focus of content analysis on social and environmental disclosure in Thailand is must for the present, rest on corporate annual reports[4].

Guthrie and Parker's (1990) study provides a useful comparative analysis of key aspects of corporate social disclosure types and practices in three English-speaking countries (i.e. the UK, US and Australia). This study makes use of 15 content categories divided into four main classificatory groupings which aim to analyse the material contained in corporate annual reports in terms of theme, evidence/method, amount and location of disclosure (p. 161). The "Theme" category in Guthrie and Parker (1990) contains such disclosure pertaining to environment, energy, human resources, products and community involvement (p. 161). The "Evidence" category is concerned to determine how social and environmental information is disclosed, and whether the disclosure was made in monetary, non-monetary, or declarative forms (p. 161). The overall aim of this paper was to compare the subject, method, amount and location of social disclosure between the UK, US and Australia. Although the statistics show that the subject disclosure differs significantly between the three countries, the most disclosed subject in all three countries is human resources (the UK 98 per cent; US 75 per cent; and Australia, 93 per cent). The second most reported subject is community involvement (the UK 96 per cent; the US 63 per cent; and Australia, 29 per cent) (p. 164). In terms of the method of disclosure, both the UK and US favour monetary and non-monetary disclosures. Non-monetary quantification is, however, preferred amongst Australian companies (p. 164). The location of the disclosure also differs significantly in that director reports, separate sections and other sections are the preferred locations for social disclosure amongst the UK, US and Australia corporations, respectively (p. 164). Adapting Guthrie and Parker's (1990) mode of analysis, this present content analysis of Thai corporate annual reports (published in 1993 and 1999) is concerned, as was the case in previous studies, to focus upon disclosure in corporate annual reports that went beyond the conventional financial economic orientation. For comparative purposes, the categories for framing the present analysis are consistent with those used in Guthrie and Parker's (1990) study. Insights were sought into disclosures relating to the impact of corporate activity in respect of employees, human resources, the wider community, the environment, and whether the social, political and economic environment affected the disclosures (Guthrie and Parker, 1990). Gender is also discussed in the context of employee disclosure, with a specific emphasis on disclosure in respect of women in the work place (Adams and Harte, 1998; Tinker and Neimark, 1987). This study on social disclosure in Thailand, however, adds a (south-east) Asian dimension to a largely "western-centric" social and environmental accounting literature, and thereby provides a wider comparative aspect to the earlier study by Guthrie and Parker (1990). Although in recent years, there have been further categorisation (Gray *et al.*, 1995a, b) and sub-categorisations of social/ethical and environmental disclosure in corporate annual reports (Adams and Kuasirikun, 2000; Adams *et al.*, 1998), the variability of social and environmental disclosure in Thai annual reports in the early to mid-1990s at present does not consistently lend itself to such detailed categorisation.

The sample for analysis comprises of 63, 1993 annual reports and 84, 1999 annual reports of large Thai companies listed on the Stock Exchange of Thailand (SET) which practised under Thai regulations. While the 1993 sample companies represented three of the top four largest companies from each industrial sector in terms of their market capitalisation as derived by SET[5], the 1999 sample comprised three of the top 10 largest companies from each industrial sector (Appendix). This expansion was to compensate for those 1993 companies which were adversely affected by the financial downturn in 1997. Overall, 43 (68 per cent) of the 1993 sample companies remained in the sample companies of 1999. Although all listed companies produce annual reports in both Thai and English languages, the Thai version is used in the analysis in this paper. This preference is for the reason that in order to understand the reports meaningfully, it is more desirable to read the reports from the original language, and hence, avoid any potential linguistic distortion resulting from the translation process. Disclosure concerning the three categories is identified in quantifiable terms as a proportion of an A4 page, although the aim of this paper is to investigate the extent to which, rather than “how much”, Thai companies in general accommodate social and environmental disclosure in their average of 30 to 40-page annual reports. The paper’s analysis aims to study quality of disclosure not simply quantity.

Empirical analysis

An analysis of the sample annual reports revealed that nine of the 1993 reports (14 per cent) and 19 (23 per cent) of the 1999 reports contained little in the way of disclosure that can be categorised by any of the social or environmental categories introduced above. In effect, these nine and 19 annual reports in 1993 and 1999, respectively, demonstrated only a conventional orientation that was focused on the perceived financial interests of shareholders and other financiers. In contrast, 54 of the 1993 annual reports (86 per cent) and 65 of the 1999 reports (77 per cent) did include some disclosure that can reasonably be described in terms of the above social and environmental categories. In 1993, of the 54 companies, 49 provided employee disclosure, 24 environmental disclosure and 17 companies community disclosure. Similarly, in 1999, of the 65 disclosing companies, 60, 29 and 17 companies disclosed employee information, environmental activities and community involvement information, respectively (Table I). It is evident, therefore, that there is a slight reduction in the number of companies reporting their social and environmental information from 86 per cent in 1993 to 77 per cent in 1999. This slight reduction may be attributed to the economic cycle and corporate profitability in that as companies in Thailand confronted the financial crisis in 1997, and as the country entered economic recession, the number of disclosing companies, including volume and type of disclosure noticeably reduced.

Categories of disclosure	Percentage of disclosing companies	
	1993 (54 companies)	1999 (65 companies)
Employee disclosure	49 (91 companies)	60 (92 companies)
Environmental disclosure	24 (44 companies)	29 (45 companies)
Community involvement disclosure	17 (31 companies)	17 (26 companies)

Table I.
Categories of disclosure
in Thai corporate annual
reports of 1993 and 1999

Employee disclosure

Table II offers a comparative overview of employee disclosure in Thai corporate reports of 1993 and 1999.

The table indicates that the majority of those companies disclosing employee information provide some detail on educational support for their employees. Table II shows that in 1993, 36 companies are involved in employee educational schemes that consist of the provision of extra education for their employees via training programmes; the provision of educational scholarships; and arranging relevant seminars. Disclosure in the Thai reports often portrays such activity as a form of fostering of or investment in employee welfare. One agricultural business company, for example, claims:

...[We]... strongly believe that staff are a valuable resource which the company must nurture and develop so that they grow and progress along with the company's business (Agriculture 1 Annual Report, 1993, p. 28).

An insurance company report states that:

...the company values very highly the importance of reliable and knowledgeable personnel... To that end frequent in-house and joint inter-institutes training programmes are held for its staff (Insurance 1 Annual Report, 1993, p. 5).

Similarly, a leading Thai bank declares that:

The highest priority given by the Bank to the development of its personnel to ensure the top quality of its staff and to help it achieve its operational goals, is manifest in that the Bank arranged a large number and variety of courses, which were constantly adapted in keeping

Subject of disclosure	Percentage (number) of sample companies	
	1993 (63 companies)	1999 (84 companies)
Education for employees	57 (36)	37 (31)
In-house and/or outside training programmes	37 (23)	27 (23)
Scholarships	14 (9)	4 (3)
Seminars	6 (4)	6 (5)
Fringe benefits for employees	27 (17)	2 (2):
Medical provision	11 (7)	0
Housing and special living allowance	8 (5)	1 (1)
Accident and health/life insurance	6 (4)	0
Emergency funds	2 (1)	0
Welfare packages	0	1 (1)
Loans to employees	25 (16)	4 (3)
Bonuses to employees	6 (4)	0
Provident and pension funds	52 (33)	51 (43)
Health and safety in the work-place (ISO 18000)	2 (1)	2 (2)
Other	29 (18)	10 (8)
Compensation	6 (4)	0
Personal income tax assistance	6 (4)	0
Recreation activities	6 (4)	0
Holidays	2 (1)	0
Uniforms	2 (1)	0
Sales and collection awards	2 (1)	4 (3)
Employees' career prospects	3 (2)	6 (5)
Childcare unit	2 (1)	0

Table II.
Overview of employee disclosure in Thai corporate annual reports of 1993 and 1999

with changes and developments in the financial system. This was with a view to providing as much knowledge as possible to staff at all levels to broaden their know-how and to improve the operations under their responsibility (Bank 1 Annual Report, 1993, p. 50).

There are clearly tangible benefits to both employees and company as a result of such educational programmes and interventions, even though this mutual benefit would appear to come about in part as a result of concerns to use employees more effectively in terms of corporate aims.

Table II also indicates that 17 of the companies in 1993 provide fringe benefits to their employees such as medical provision; housing and special living allowances; accident and health/life insurance; and emergency funds. Furthermore, some companies provide emergency loans to employees, while some arrange other facilities, such as personal income tax assistance, recreation activities, holidays for their employees and a childcare unit. Again, while the joint benefit from these payments and provisions demonstrate that employers are not simply focused on narrow capitalistic interests, the sense in which these payments can also provide substantial rewards to the company owners who implement them, is not fully brought out.

In comparison with 1993 annual reports, the 1999 annual reports contains no information on the various benefits previously provided for employees, such as medical provision, accident and health/life insurance, emergency funds and bonuses, with the only exception of educational programme commitments in 31 reports. The possible discontinuation of these additional benefits was undoubtedly influenced by the financial cut backs that most companies have had to make as a result of the financial crisis Thailand has faced since 1997. When there is a financial constraint, it would appear that companies would elect to finance programmes which are most supportive to the companies' corporate aims, like educational provisions for employees.

Table II also shows that only one half of the 1993 and 1999 company reports provide information on provident and pension funds – even though this is required by the Provident and Pension Fund Act B.E. 2530 (1987) prescribed in Ministerial Regulation No. 2, B.E. 2519 (1976) and given that provident and pension fund disclosure is required by the Financial Accounting and Reporting Standards (ICAAT, 1993, Accounting Standard No. 23). Health and Safety in the work-place, like pensions, is regulated by Statute (Health and Safety Act, No. 103, B.E. 2515 (1972)), but disclosure in respect of Health and Safety through company reports is not required. Although in the last two decades there has been a substantial number of accidents or deaths caused by insufficient or sub-standard machinery in the work-place (Department of Labour Protection and Welfare Ministry of Labour and Social Welfare, 1993a, b; National Security at the Work-place Week, 1993, p. 50-52), only one of the 1993 companies voluntarily discloses information that is even slightly substantial in respect of conditions in the work-place. The company that does provide some disclosure briefly states:

[The company] is... concerned for our workers... therefore we provide all the necessary equipment to protect all personnel, for example, fireproof clothing, safety goggles, safety helmets and air filter masks. (Building and Furnishing Materials 2 Annual Report, 1993, p. 14).

Some companies have attempted to indicate the conditions in the work-place in their annual reports in photographic form (Agriculture 1 Company Annual Report, 1993, pp. 17-19; Agriculture 2 Company Annual Report, 1993, p. 9; Building and Furnishing

Materials 1 Company Annual Report, 1993, p. 14). Although these photographs certainly provide useful information, it would be even more useful if they were supported by words to demonstrate company compliance with environmental regulations regarding safety at work. Photographs cannot be a substitute for consistent verbal statements of compliance, not to mention reference to regular inspection reports by independent government teams which would give further re-assurance to the public of law-complying industrial practice.

In contrast to the 1993 disclosure on health and safety at work, the 1999 annual reports revealed, however, a slight increase in the number of companies making disclosure of their health and safety policy (two companies). The influence of ISO 18000 recommendation on these two companies is clear. One company claims to have “given full and serious co-operation... with the view of obtaining safety ISO 18000” (Chemicals and Plastics 3 Annual Report, 1999, p. 3), while the other company “has implemented Occupational Health and Environment Management in order to obtain the ISO 18000 certification” (Energy 3 Annual Report, 1999, p. 8). Nonetheless, considering that there are several companies in the sample operating in heavy (hazardous) industries such as Building and Furnishing Materials, Chemicals and Plastics, Mining, Energy, Packing and Vehicles and Parts where workers in Thailand could potentially be exposed to dangerous processing equipment and chemicals, it is surprising that there appears to be such minimal concern expressed in verbal commentary.

In terms of gender disclosure, which is generally concerned with corporate policies on employment of men and women employees, disclosure on such policies as equal opportunity, career advancement, or equal pay would be indicative of whether women are treated as equally as men in the workplace. The overall observation, particularly in relation to the annual reports of 1999 is that none of the sample mentions their policy concerning women employees. In 1993, however, only one company disclosed issues that may appear to be deemed to be concerned about women’s welfare. As an agricultural business company states:

[The company]... launched a women’s handicrafts programme which helps support handicrafts made by female workers in the villages. It buys handicrafts like triangular pillows made by underprivileged (poor) women in Yasothorn province for use in (the company) (Agriculture 1 Annual Report, 1993, p. 29).

Issues of relevance to women – including equal pay for equal work and career progression for women as well as issues of maternity leave – are, however, simply marginalised. Thai corporate reporting on gender issues is very poor considering that there are social and political concerns (as evidenced in the first section) over the treatment of women in the workplace. The social and economic issues in Thai society, therefore, dictate that much more disclosure on gender policy is needed.

Table III indicates that employee disclosure typically appears in a narrative form. Narrative disclosure is potentially the way forward for disclosing information on employee concerns, although it would also be helpful to have monetary/quantitative disclosures in respect of employee benefits and other issues of concern (Gray *et al.*, 1987, 1996). Moreover, a current problem of the narrative in Thai company reports is that it is unaudited. Table three indicates that, in 1993, 30 per cent and in 1999, 26 per cent of disclosures comprise non-monetary[6] measures, while 21 per cent (in 1993) and 19 per cent (in 1999) of disclosures are monetary. Most of this quantitative

financial disclosure is in respect of the provident and pension funds. The location of employee disclosure also varies, ranging from balance sheet (32 and 6 per cent in 1993 and 1999, respectively); notes to the accounts (27 and 51 per cent); Chairperson's message (14 and 8 per cent); operational review (10 and 7 per cent); and development policy section (3 and 2 per cent) (Table IV). This points to the absence of a standard approach. The length of employee disclosure for both years is overall, however, minimal and predominantly limited to not more than one-quarter of a page.

Given concern about the conditions of employees in Thailand outlined earlier from newspapers and government reports, corporate disclosure on employees of even the larger Thai companies does not appear to reflect these concerns in any substantial degree. Current disclosure tends to promote an image of employee well-being and mutual interest with the company, while in many cases employees' valid concerns (e.g. in respect of wages and health and safety) are displaced. Moreover, disclosure where it does occur, is often marginal and limited – it is frequently only minimally compliant with legal requirements, and in many reports it is more typically absent. Above all, it does not constitute to substantive disclosure that would be useful for wider purposes of assessment and regulation.

Environmental disclosure

Environmental issues in recent times have achieved prominence in relation to accounting and business practice (Adams *et al.*, 1995; Gallhofer and Haslam, 1997; Gray *et al.*, 1987, 1993; Guthrie and Parker, 1990; Jaggi, 1980). Environmental issues have also been reflected in the Thai press and economic literature where there has been concern about the loss of Thai tropical forests, as well as a range of pollution problems, particularly in Bangkok. Moreover, some companies have reflected such increasing concern for the environment in their corporate reports. Thus, an agricultural company states:

Form of reporting	Percentage (number) of sample companies	
	1993 (63 companies)	1999 (84 companies)
Narrative	43 (27)	36 (30)
Monetary	21 (13)	19 (16)
Non-monetary	30 (19)	26 (22)
Photographs	14 (9)	7 (6)
Charts/graphs/tables	2 (1)	0

Table III.
Form of employee
disclosure in Thai
corporate annual reports
of 1993 and 1999

Location of reporting	Percentage (number) of sample companies					
	Employees		Environment		Community	
	1993 (63)	1999 (84)	1993 (63)	1999 (84)	1993 (63)	1999 (84)
Chairperson's report	14 (9)	8 (7)	13 (8)	12 (10)	2 (1)	2 (2)
Operational review	10 (6)	7 (6)	11 (7)	12 (10)	11 (7)	4 (3)
Development policy section	3 (2)	2 (2)	–	–	–	–
Separate section	–	–	11 (7)	18 (15)	8 (5)	12 (10)

Table IV.
Location of social and
environmental
disclosures in Thai
corporate annual reports
of 1993 and 1999

The company realises that environmental conservation is a long term commitment in that environmental destruction can be hazardous in the long run unless proper measures are conducted (Agriculture 3 Annual Report, 1993, p. 19).

Some company reports reflect such concern through the use of particular images (Graves *et al.*, 1996). One of the leading agricultural business companies in Thailand, for example, has a symbolic globe on its front page as well as having a globe as a background to the pictures of its Board of Directors. This company also emphatically expresses an environmental concern in its annual report:

Every step in the operation of the integrated agro-industrial business of. . . (the company). . . is based on the concept of Total Quality Management and firm awareness of impacts on the environment. The company is dedicated to research and development in order to achieve quality management in every aspect of operations and to enhance its technological production capability as well as to maintain natural balance. For these purposes, raw materials are effectively utilized, and sewage from the production process is always well treated with efficient technology before disposal. Strict quality control standards are applied at every step in the production process. Continuous product development has resulted in world-class product quality, particularly in terms of cleanliness, health and consumer safety. With an aim to expand the integrated agro-industrial business of the company and simultaneously to keep a balance in the natural environment, the company's extension services have equipped the farmers with modern farm management technologies that cannot only increase productivity but also keep the natural environment intact (Agriculture 2 Annual Report, 1993, pp. 8-10).

Within the same company report, the environmental issue also features in the Chairperson's statement:

In addition to its business success, as an organisation operating within society, the company is aware of one of the important problems now facing Thailand, namely the depletion of natural resources and deterioration of the environment. The company, therefore, supports several environmental, conservation and rehabilitation projects conducted by various organisations in both the public and private sectors. An example is the mangrove forest plantation project on which the Forestry Department is working together with villagers, teachers, students and companies to develop coastal mangrove forests in many areas by planting different varieties of mangrove such as rhizophora. One of the objectives of such activities is to help to create a greater awareness of the need for conservation of the environment. Furthermore, the company's on-going campaign to inform farmers of correct prawn raising techniques also plays a part in encouraging farmers to use raising methods which do not harm the natural environment (Agriculture 2 Annual Report, 1993, pp. 6-7).

This is clearly a very positive recognition that such a company acknowledges its responsibility to the environment, the company's input and return from conscious and positive environmentalism might be further quantified in numerical terms. Table V indicates that the laudable enthusiasm of this agricultural company expressed in its 1993 annual report is not, however, widely shared amongst the sample. Only 24 companies of the 1993 sample and 29 companies of the 1999 sample gave environmental impact information.

In 1993, the actions concerning the environment reported in corporate annual reports range from providing a water treatment plant in the factory (12 companies), air pollution control (three companies), waste disposal (four companies), recycling (four companies) and energy savings (three companies). Some companies spend money on research and development programmes directed at reducing or balancing the

Table V.Overview of companies'
environmental disclosure
in Thai corporate annual
reports of 1993 and 1999

Subject of companies' environmental disclosure	Percentage (number) of sample companies	
	1993 (63 companies)	1999 (84 companies)
Water treatment plant	19 (12)	2 (2)
Air pollution control	5 (3)	1 (1)
Waste disposal	6 (4)	0
ISO 14000, 14001	0	11 (9)
Recycling	6 (4)	0
Energy savings	5 (3)	1 (1)
R&D for the environment	8 (5)	5 (4)
Internal audit	0	1 (1)
Physical environmental conservation	11 (7)	6 (5)
Forest re-plantation	8 (5)	4 (3)
Environment educational programme	3 (2)	2 (2)
Other	6 (4)	
Award	3 (2)	6 (5)
Clean up programme	3 (2)	0

consumption of natural resources (five companies), some are helping to conserve the environment by replanting trees (five companies) or are involved in environment educational programmes (two companies). Yet despite obvious concern for the environment, substantial information as to how exactly or what detailed measures companies implement to protect the environment is barely forthcoming. For example, the Chairperson of a Chemicals and Plastics company reports:

[The company]... continued to conduct research that would lead to better-quality products suitable to all conditions and benign in their effects both on the physical environment and on our beautiful Thai culture (Chemicals and Plastics 2 Annual Report, 1993, p. 5).

As a chemical company, more detailed information concerning its strategies and practices with regard to the environment would be of interest to many in the local community. However, the above citation is the only environmental message in its annual report. Similarly, a Building and Furnishing Materials company states:

Although... [the company]... is a heavy industry which creates pollution, the company is concerned to have instituted control systems to collect and remove harmful emissions from contaminated water, air and soil in areas surrounding our factories... because we believe that every Thai person has social responsibility (Building and Furnishing Materials 2 Annual Report, 1993, p. 18).

Likewise, environmental disclosure in the 1999 sample lacks meaningful details. There is, however, a growing awareness of the sense in which companies might benefit from this type of disclosure in terms of the classification of ISO 14001 companies, where ISO 14001 is referred to as a means for the companies to demonstrate their environmental responsibility. For example, a Chemicals and Plastics company states:

Generally our production process is environmentally friendly and does not generate any solid waste. Our company has set up the highest standards of environmental cleanliness. In fact, we have received the ISO 14001 certificate for Environmental Management System Standards in 1997 by BVQI. We are the first Asian plant... [under this name]... to receive such a certificate and one of the first few companies in Thailand to receive this certificate. Our company is keeping strict vigilance on its pollution control system to adhere to the tough

standards prescribed by Ministry of Industry, and Ministry of Science, Technology and Environment (Chemicals and Plastics 4 Annual Report, 1999, p. 39).

ISO 14001 as a badge and recognition of a company's environmental awareness can clearly be important for a company's market image. For example, one of the leading hotels in Thailand, its chairperson report claims:

644 We are the very first hotel in Thailand to achieve ISO14001 certification (Hotel and Travel Services 6 Annual Report, 1999, p. 1).

In a similar vein, a Household Goods company maintains that they are:

The only company in Thailand to be awarded the right to use the Green Label for its steel furniture products (Household Goods 6 Annual Report, 1999, p. 3).

More directly, the Director of a company in the Foods and Beverages sector states that the company:

... uses... ISO14001 for its marketing purposes, especially for export (Foods and Beverages 4 Annual Report, 1999, p. 1).

A further notable development in this respect is the report of an advertising company which included a 6-page paper on "Green Marketing" in its 1993 annual report (Professional Services 1 Annual Report, 1993, pp. 8-13). This paper is largely concerned to underline the deteriorating condition of the "Earth" on which we live. It identifies the various side effects that have been engendered by business activities, namely, air pollution, water pollution, noise pollution, excessive waste disposal and rapid reduction in natural resources (p. 9). It, very constructively, suggests that environmentally-friendly consumption, for example recycled products, may be one effective strategy which can help to protect our environment through eliminating some existing environmentally-harmful business activities (pp. 9-10). While in this regard, the paper promotes the environmental benefits to Thai business and society of "going green", the paper also recommends making very public any company commitment to the environment. In a competitive business climate, this article proposes that business, while being environmentally friendly, should promote itself through association with a concern about the environment, thus bringing financial reward for its environmentalism (pp. 12-13) (Gallhofer and Haslam, 1997, pp. 155-157). Despite the praise worthy attempt here to promote environmental awareness, there is, however, a danger that environmental issues might become dictated by or reduced in some ways to a mere potential marketing force which can be manipulated and largely exploited as an effective public relations exercise (Gray *et al.*, 1993). On the other hand, consumer preference for the environmentally-friendly products that "Green Marketing" and ISO's status promote, could gradually oblige companies to make increasing environmental responses and more detailed discourse over time.

The location of disclosures on the environment within the annual reports also varied, suggesting again a non-standard approach (Table IV). Eight companies of the 1993 sample and 10 of 1999 sample disclosed through the chairperson's statement, while 7 companies in 1993 and 10 in 1999 disclosed through the operational review. In general, disclosure on the environment was not prominent in the reports. Seven companies in 1993 and 15 companies in 1999 did focus upon environmental issues in a separate section of the corporate report, but the length of reporting of environmental disclosure in the vast majority of reports was fairly brief – generally no more than

one-quarter of an A4 size page, and it was mainly narrative with a non-monetary emphasis (Table VI).

Overall, although 12 companies clearly report a positive environmental concern, the disclosures of the sample companies remain inadequate for effective monitoring of the environmental dimension of corporate activity. Companies are not giving sufficiently detailed information about the impacts of business activity and about the actions taken to prevent or counter possible negative effects on the environment. Furthermore, the information given is often unaudited. Given that a part of the sample comprises of companies in potentially environmentally-harmful production, such as, pulp and paper, mining, and chemicals and plastics, detailed information as to how corporate business activities may impact on the environment and the community at large, and how the companies intend to minimise these potentially negative impacts is essential and necessary. At the current level of corporate environmental disclosure, it is very difficult for investors or the public to get sufficient knowledge of exactly how the company's activities may impact on the environment and the community at large. While there is nothing wrong with portraying companies in a positive light for their environmentalism, it is important to constitute disclosure so as to provide comprehensive detail of the companies' intention and actions, such as a clear and audited disclosure of environmental targets and outcomes.

Community involvement disclosure

The study of disclosure of community involvement, sought to locate any dimension of corporate activity which pointed to an involvement in the wider community in which the company was situated, beyond the enhancement of shareholder financial wealth.

Examples of community involvement, as indicated in Table VI, include support for education (13 companies in 1993 and 11 companies in 1999); support for charities (five companies in 1993 and 12 companies in 1999); support for sporting activities (five companies in 1993 and two companies in 1999); support for religious activity (five companies in 1993 and three companies in 1999); and support for Thai culture (four companies in 1993 and one company in 1999). At a practical training level, in 1993, one report in particular indicated support for education and research in food technology and another indicated support for a Centre for the Cultivation of Prawns in order to enhance local agricultural production (Agriculture 1 Annual Report, 1993, p. 29). Similarly, another company in the same agricultural industry aimed to provide demonstrations of proper and efficient techniques for prawn cultivation, farm management, and modern and effective systems for ecological protection by farmers in rural areas (Agriculture 2 Annual Report, 1993, p. 38) (Table VII).

Educational provision is another form of corporate community involvement. The purpose of the educational provision in the form of charitable scholarships to

Form of reporting	Percentage (number) of sample companies	
	1993 (63 companies)	1999 (84 companies)
Narrative	38 (24)	35 (29)
Monetary	2 (1)	1 (1)
Non-monetary	24 (15)	11 (9)
Photographs	14 (9)	5 (4)
Charts/graphs/tables	0	6 (5)

Table VI.
Form of environmental
disclosure in Thai
corporate annual reports
of 1993 and 1999

hardship students with excellent school records is to aid those students to advance their education. The form of educational provision ranges from grants and scholarships to more general support for educational purposes (such as the provision of educational facilities). The majority of the community involvement disclosures place stress on corporate concerns to support education so as to contribute to social development. As a leading bank in Thailand argues:

The Bank recognises that the education and training of young people is a valuable way of helping to advance the country and foster a love for the nation among the youth. This year is the thirty-first since the Bank began to provide scholarships in education, with more than 23 thousand students benefiting at an accumulated cost of over 29 million Baht. Most of these graduates are now serving the nation in many fields (Bank 1 Annual Report, 1993, p. 53).

In a similar manner, a large agricultural company illustrates its community involvement by stating that:

The company has been giving financial support to the Santitham school in Yasothorn province since 1991. It also provided three million Baht for... (a)... school building which is to house classrooms for primary grade 1-6 students... It also furnishes teaching equipment and other facilities to help towards better education for the youth of the North-eastern region (Agriculture 1 Annual Report, 1993, p. 29).

Leading banks in Thailand in 1993 were also involved in various social activities, for example, scholarship provision, education equipment provision and establishing a library (Bank 3 Annual Report, 1993, p. 39; Bank 2 Annual Report, 1993, p. 14; Agriculture 4 Annual Report, 1999, p. 6; Hotel and Travel Services 5 Annual Report 1999, p. 40). This support for education, which in many cases helps poorer families, clearly has a very positive dimension, beyond the terms of in-house "training" provision, while also bringing public relations benefits to the companies.

General charitable donation was undertaken by five companies in 1993. The nature of the charitable provision, however, varied: for example, donations to the Foster Child Care Foundation (Communication 1 Annual Report, 1993, p. 16); unspecified minor charitable organisations (Electronic Components 2 Annual Report, 1993, p. 38); and for emergency events (Agriculture 1 Annual Report, 1993, p. 43), (Printing and Publishing 1 Annual Report, 1993, p. 33). The Sponsorship of sports events by these companies aimed to "encourage good physical and mental health, and helped to promote positive social relations" (Bank 1 Annual Report, 1993, p. 55). In 1993, various sports were sponsored by different companies, for example, student volleyball tournaments by a

Table VII.
Overview of companies' community involvement disclosure in Thai corporate annual reports of 1993 and 1999

Subjects of companies community involvement disclosure	Percentage (number) of sample companies	
	1993 (63 companies)	1999 (84 companies)
Education	21 (13)	13 (11)
Charity	8 (5)	14 (12)
Sport	8 (5)	2 (2)
Religion	8 (5)	4 (3)
Thai cultural heritage	6 (4)	1 (1)
Other (10 per cent) (2 companies)		
*Research funds for research in food technology	2 (1)	0
*The Centre for Promotion of Prawn Cultivation	2 (1)	0

leading Bank in Thailand (Bank 1 Annual Report, 1993, p. 55), football, basketball, and volleyball teams by another Thai major Bank (Bank 2 Annual Report, 1993, p. 15), and marathons by a prominent Department Store (Commerce 2 Annual Report, 1993, p. 15). Interestingly, in 1999, the percentage of companies donating money for charity increased from 8 per cent in 1993 to 14 per cent in 1999. The increase in charity appears to be a reallocation of resources from the sponsorship of sports events which reduced from 8 per cent (5 companies) in 1993 to 2 per cent (2 companies) in 1999 as a possible consequence of the economic recession.

One aspect of corporate social disclosure which can be considered a special feature of Thai annual reports is the disclosure of donations aimed at preserving Thai cultural heritage and supporting religious activity. The nature of these donations and their disclosure reflect a prominent sense of Thai national culture and identity. There were four companies which gave funding support to the conservation of Thai cultural heritage. A leading Bank in Thailand, expressed its concern at length:

Every year, the Bank is involved in supportive activities related to the preservation and promotion of Thai culture, customs and art. Extensive contributions have been made to Thai music, for example, by supplying many documents and other printed material to the Bank's Music Library, where more than 8,000 items are now safely preserved. This musical Art Centre, popular among local artists, students, and enthusiasts of Thai music, again conducted its usual array of cultural shows and other similar activities this year.

The... Art Exhibition continues to be an outstanding contribution to the field of Thai classical painting, and is highly regarded by artists and the public.

The Thai literary contest, which has been held for over 20 years, is now an established feature in writers' circles. This competition has played a significant role in upgrading the literary standards among Thai writing, especially with regard to articles, short stories and poetry.

The Bank's musical competition, emphasising Thai classical and folk song composition, has brought to light several very highly-talented musicians and composers. This is an activity which the Bank conducted in conjunction with the National Youth Promotion and Co-ordination Committee for the conservation of the Thai cultural heritage. This year's competition was the eighth (Bank 1 Annual Report, 1993, pp. 55-56).

This bank is not alone in its promotion of Thai cultural tradition (Bank 3 Annual Report, 1993, p. 39; Commerce 2 Annual Report, 1993, p. 15; Textile Clothing and Footwear 2 Annual Report, 1993, p. 11). It is noticeable here that this contribution clearly aims to keep Thai cultural values and traditions alive, in particular Thai religious heritage. As with corporate support for education and sport, such funding support has a positive dimension in terms of community impact, but also has a positive impact for the sponsoring company, which is de-emphasised in the company reports.

Corporate financial support for religion in Thailand is of note. Five companies report the funding of Thai religious institutions, and in explanation of its funding one bank state that:

In a world of changing social values, religion has a crucial role in guiding society in the right direction. The Bank recognises the important place these institutions have in the hearts of the people, and thus makes every effort to be supportive of religion. For example, this year, the Bank made its annual Royal Kathin offering at a temple in Rayong Province known for its religious training programme... Apart from this, the Bank donated money to monks and novices to assist them in their studies at various religious institutes, including those receiving the highest degree in Pali studies (Bank 1 Annual Report, 1993, p. 54).

Other banks also contributed to similar religious activities (Bank 2 Annual Report, 1993, p. 15). Other support for religious activities included donations for religious education (Bank 3, 1993, p. 39) and sponsoring religious events/festivals (Textile Clothing and Footwear 2 Annual Report, 1993, p. 11; Jewellery and Ornaments 2 Annual Report, 1993, p. 4). It is interesting to note that some Thai companies (albeit relatively few) show commitment to supporting Buddhism in the context of what has been becoming an increasingly secular Thai society. In 1999, however, as Thailand recovered from financial recession, companies appear to be more selective in their community involvement. Sponsorships to support activities relating to religion, or Thai cultural heritage were noticeably reduced.

Most community involvement disclosure in 1993 and 1999 was narrative (15 companies in 1993 and 14 companies in 1999) (Table VIII). Although there are often details of the monetary support, none used charts, graphs or tables (Table VIII). The disclosure is variously mentioned: in the operational review section (seven companies in 1993; three companies in 1999), in a separate section specifically devoted to the community involvement contribution (five companies in 1993; ten companies in 1999), and in the Chairman's Statement (one company in 1993 and two companies in 1999) (Table IV). Overall, disclosure is minimal, typically constituting not more than one-quarter of an A4 page. Some statements can be as short and meaningless as "social activities are... (our) responsibility" (Commerce 1 Annual Report, 1993, p. 9).

In sum, community involvement disclosure is ambiguous. It certainly reflects a positive dimension of current business practice and existing reporting practice does give insight into what is valued in Thai society. Disclosure of community involvement is, however, minimal. As is the case with employee and environmental disclosure, the benefits to the company of its community involvement seem to be de-emphasised and, most importantly, corporate reports are quite silent on the wider impacts of Thai business upon and commitments to local communities" social and economic structure, beyond charitable or educational donation. The company's strategic importance in determining the wider social and economic development of the community in which it operates, is generally marginalised in Thai corporate reports.

Evaluative comments and conclusion

The principal aim of this paper has been to describe and evaluate corporate social and environmental disclosure practices in Thailand. In particular, it has investigated the disclosure of information about social and environmental issues in the annual reports of Thai companies in 1993 and 1999. These years represent the peak and the trough, respectively, of the economic cycle of Thailand in the 1990s. These social and environmental disclosures have been contextualised and evaluated against the

Table VIII.
Form of community
involvement disclosure in
thai corporate annual
reports of 1993 and 1999

Form of reporting	Percentage (number) of sample companies	
	1993	1999
Narrative	24 (15)	17 (14)
Monetary	6 (4)	6 (5)
Non-monetary	8 (5)	0
Photographs	13 (8)	7 (6)
Charts /graphs/tables	0	0

backdrop of the severe social and environmental problems facing Thailand during this period. While it remains difficult on the basis of annual reports to delineate fully the complex relationship between an individual company's social-environmental disclosures and its corporate social-environmental policy/practice, or to assess to what extent the change in corporate disclosure patterns reflects change in individual corporate social-environmental practices, it must nonetheless be recognised that, the annual reports analysed provides an account of company financial performance with little emphasis on corporate social and environmental achievement. Comparing the problems of Thailand in the press (such as rural underdevelopment, rural-urban migration to Bangkok, slum expansion, poverty, labour issues including their gendered character, pollution and environmental destruction) with the manner in which these issues are addressed in annual reports, it is as if two different worlds were represented.

The main findings of the research can be summarised in relation to the existing literature, in particular that of Guthrie and Parker (1990) as follows. In empirical terms of the theme of social disclosure, like the UK, US and Australia, the most disclosed subject in Thai corporate annual reports is employee information. While community involvement is the second most reported social disclosure in the UK, US and Australia, environmental information is the second most disclosed issue in Thai annual reports. This may point to a more significant consciousness in Thailand of environmental issues over the wider community. With regard to the reporting methods, location and the amount of social disclosure, Thailand appears to share more similarities to the social reporting practice in Australia than those in the UK and US, in that the narrative form of social reporting predominates in social reporting in Thai annual reports of both 1993 and 1999 samples. Chairpersons' report/director report is not always the most important location for social disclosures, as social and environmental disclosure is spread across chairpersons' report, operational review and separate sections (Table IV). The latter, in particular, was prominent for environmental and community involvement disclosures in Thai annual reports. In fact, community involvement disclosure in 1993 and 1999 is primarily located in either operational review or separate sections in these Thai annual reports. Similar to Australia, the UK and US, however, the level of social disclosure of Thai companies is minimal. Hence, overall, while there are similarities between social disclosure practice in Thailand and those in Australia, the UK and US, social and environmental disclosure patterns in Thailand are not identical to any of those countries. The inconsistent and irregular social and environmental disclosure of Thai company annual reports suggests the need for this type of disclosure to be regulated to allow more meaningful assessment of corporate social and environmental performance, but this criticism might equally be leveled at Australian, UK and US reporting.

In theoretical terms, moreover, Guthrie and Parker (1990) also analyse their empirical evidence in relation to a socio-political economy theory of social disclosure and suggest that:

... a political economy theory of social disclosure is both viable and may contribute toward our understanding of observed developments in national reporting practices. Corporate social disclosures have appeared to reflect public social priorities, respond to government pressure, accommodate environmental pressures and sectional interests, and protect corporate prerogatives and projected corporate images (pp. 172-173).

This legislative or social pressure-driven disclosure is also evidenced in Adams and Kuasirikun's (2000) comparative social and ethical reporting study between the UK and Germany, where German companies appear to disclose more social and ethical information due to the longer established development of social regulation and more (pro)active social groups (Adams and Kuasirikun, 2000). Theoretically speaking, in the absence of an "accepted" theory to explain the phenomenon of social and environmental reporting, socio-political economy theory provides a framework for an understanding of this type of disclosure (Deegan, 2002, p. 288). Various researchers have illustrated their understanding of this framework in different ways. Within this socio-political theory, company behaviour is understood to be influenced by societal norms and structure (Cooper and Sherer, 1984; Tinker, 1980). Furthermore, within the remit of this theory, several researchers have argued that corporate social and environmental disclosure is a strategic management attempt to legitimise corporate activities so as to reassure the public that the organisation is conforming with societal norms and expectations (Adams *et al.*, 1998; Deegan *et al.*, 2002; Gray *et al.*, 1995a; Hogner, 1982). Legitimacy theory further elucidates that corporate management, to a certain extent, also perceives annual reports as an effective way of educating the public on such socially-concerned issues as the environment (O'Donovan, 1999) or even as a means of altering societal misperceptions of organisations (Deegan *et al.*, 2002). Others have also indicated that social and environmental information is disclosed so as to allow corporations to demonstrate their accountability and compliance with legislation (Gray *et al.*, 1991, 1992; Gray *et al.*, 1987, 1988). In relation to this current theoretical understanding of social and environmental reporting in the West, the study of Thailand certainly reveals interesting observations and contradictory insights with regard to factors which contribute to social and environmental disclosure patterns.

In light of the western socio-political economy theory of social disclosure, a precursory observation of this socio-political context and the social and environmental conditions of Thai society might suggest that the levels of social and environmental disclosure would respond to legislative and other social pressures. In this respect, this paper's elaboration of Thai society and, in particular, its worsening social and environmental conditions would lead to an expectation that there would be pressures for greater disclosure towards the latter part of the 1990s (Deegan *et al.*, 2002). In contrast to this expectation, the study of Thailand reveals a relative lack of disclosure regardless of the increasing pressures from social and environmental legislation, public scrutiny of corporate activities and deteriorating social and environmental conditions. Indeed, as conditions worsened, the number of companies disclosing their social and environmental information also decreased (86 per cent in 1993 to 77 per cent in 1999). Hence, from the Thai evidence, socio-political expectations in terms of social and environmental legislation and more severe public scrutiny do not appear to motivate or have a positive effect on corporate social and environmental disclosures.

The limited responsiveness to the socio-economic pressure of Thai companies in terms of corporate social and environmental disclosure might be in part elucidated in relation to the study by Adams and Kuasirikun (2000), where it was highlighted that such social factors as, the longer establishment/institutionalisation of social legislation and more proactive social pressure groups in Germany contributed to more extensive social and ethical reporting amongst German companies than that made by UK companies[7]. In a similar light, social and environmental legislation in Thailand was initiated in the

1990s, and as the elaboration of the Thai context has revealed, there appears to have been insufficiently rigorous application of mandatory legislation by companies possibly due to the absence of a stringent monitoring or inspection system, when economic downturn occurred. Moreover, although there are social and environmental pressure groups in Thailand, these groups are neither adequately proactive nor demanding in terms of corporate social and environmental information. These inhibiting factors, together with the absence of obligatory social and environmental performance disclosure, undoubtedly played their part in contributing to the minimalisation of social and environmental disclosure in Thai corporate annual reports in the late 1990s.

To date, little research has been undertaken on the social and environmental aspects of accounting in Thailand, and in this respect the main aim of this paper has been to describe and evaluate Thai corporate social and environmental disclosure practices. Further investigation of social and environmental reporting in the Thai context is however needed to examine the various dimensions of social and environmental reporting in Thailand, especially the factors determining ways in which corporations disclose their social and environmental information. Such further understanding of social and environmental accounting will contribute to the future development of accounting in fulfilling its role as a more meaningful communication process and representation of corporate accountability, not only to the financial interest parties, but also to the wider community. Further research is also necessary in this respect to explore how the Thai accounting profession and relevant governmental agencies might be engaged in exploring and developing a more enabling accounting practice which accommodates and provides balanced representation (in both numerical and narrative forms) of the financial and social aspects of company performance in the Thai context (Kuasirikun, 2004). In developing this more enabling accounting practice, it is important for relevant agencies to recognise that accounting in Thailand should be conducted in a way that is consistent with the needs of the Thai society. It is only by grounding the development of accounting in relation to its Thai social as well as economic context that its full potential as an instrument of social communication and development can be realised.

Notes

1. Compare the open and balanced critical theoretical approach of Laughlin (1995). The view that accounting is a socially conditioning as well as conditioned practice (Burchell *et al.*, 1980, 1985; Gray *et al.*, 1987; Tinker, 1980, 1985) and a medium of communication that might enable or disable is becoming increasingly accepted (Broadbent *et al.*, 1996; Laughlin, 1995).
2. Migrating to Bangkok for some people is regarded as moving into a more civilised environment since most development tends to take place in Bangkok. This way of thinking of rural migrants is especially characteristic of young women (Mill, 1999).
3. Some studies have been concerned with the relationship between firms' environmental performance and the voluntary environmental disclosures contained in the companies' annual reports (Freedman and Wasley, 1990; Ingram and Frazier, 1980; Wiseman, 1982).
4. A longitudinal study is not viable in this case as the SET does not keep a complete set of all listed companies' annual reports. A matter of further concern is also that most listed companies do not appear to keep and/or are reticent to provide a copy of their previous years' annual reports.
5. These companies were most likely to invest in social and environmental policies and/or disclose them in their annual reports (Cowen *et al.*, 1987). The names of the sample companies have been codified in the text in accordance with the industrial sector to which

they belong, for example, the three 1993 sample companies within Agricultural business sector are codified as Agriculture 1, 2, and 3 (Appendix — Table AI).

6. Non-monetary disclosure also encompasses other forms of quantitative disclosure.
7. It might be suggested that the reduced citation of corporate social and environmental policies in 1999 might be due to the institutionalisation of practices that were novel in 1993. However, it can be argued that, firstly, there is no requirement for this information to be audited and, secondly, considering the limited amount of disclosure currently available in the report, it is not costly in financial or business terms to include social and environmental disclosures. Given the above reasons, coupled with the fact that this type of disclosure often creates a good image of social and environmental responsibility of the company, it would appear that it is to the company's advantage to disclose their social and environmental policy/intention rather than omitting it from their corporate reports. Institutionalisation may play a part, but it is more likely in the present context to be the stringencies of the Thai economic downturn which has led to the relative reduction in the citation of policies that create a positive image for the company.

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Appendix

658

Industrial sector	1993	1999
Agricultural Business 1	/	
Agricultural Business 2	/	/
Agricultural Business 3	/	
Agricultural Business 4		/
Agricultural Business 5		/
Banking 1	/	/
Banking 2	/	
Banking 3	/	/
Building and Furnishing Materials 1	/	/
Building and Furnishing Materials 2	/	
Building and Furnishing Materials 3	/	/
Building and Furnishing Materials 4		/
Chemicals and Plastics 1	/	
Chemicals and Plastics 2	/	/
Chemicals and Plastics 3		/
Chemicals and Plastics 4		/
Commerce 1	/	
Commerce 2	/	/
Commerce 3	/	/
Commerce 4		/
Communication 1	/	/
Communication 2	/	/
Communication 3	/	
Communication 4		/
Electrical Products and Computers 1	/	/
Electrical Products and Computers 2	/	/
Electrical Products and Computers 3	/	/
Electronic Components 1	/	/
Electronic Components 2	/	/
Electronic Components 3	/	
Electronic Components 4		/
Energy 1	/	/
Energy 2		/
Energy 3		/
Entertainment and Recreation 1	/	
Entertainment and Recreation 2		/
Entertainment and Recreation 3		/
Entertainment and Recreation 4		/
Finance 1	/	
Finance 2	/	
Finance 3		/
Finance 4		/
Finance 5		/
Foods and Beverages 1	/	/
Foods and Beverages 2	/	/
Foods and Beverages 3	/	
Foods and Beverages 4		/

Table AI.
The sample companies
by industrial sector

(continued)

Industrial sector	1993	1999	Corporate social accounting disclosure
Health Care Services 1	/	/	
Health Care Services 2	/	/	
Health Care Services 3	/	/	
Health Care Services 4	/	/	
Hotel and Travel Services 1	/	/	
Hotel and Travel Services 2	/	/	
Hotel and Travel Services 3	/	/	
Household Goods 1	/	/	
Household Goods 2	/	/	
Household Goods 3	/	/	
Household Goods 4	/	/	
Insurance 1	/	/	
Insurance 2	/	/	
Insurance 3	/	/	
Insurance 4	/	/	
Jewellery and Ornaments 1	/	/	
Jewellery and Ornaments 2	/	/	
Machinery and equipment ^a 1	/	/	
Machinery and equipment 2	/	/	
Machinery and equipment 3	/	/	
Mining 1	/	/	
Mining 2	/	/	
Packaging 1	/	/	
Packaging 2	/	/	
Packaging 3	/	/	
Pharmaceutical Products and Cosmetics 1	/	/	
Pharmaceutical Products and Cosmetics 2	/	/	
Printing and Publishing 1	/	/	
Printing and Publishing 2	/	/	
Printing and Publishing 3	/	/	
Professional Services 1	/	/	
Professional Services 2	/	/	
Property and Development 1	/	/	
Property and Development 2	/	/	
Property and Development 3	/	/	
Property and Development 4	/	/	
Pulp and Paper 1	/	/	
Pulp and Paper 2	/	/	
Pulp and Paper 3	/	/	
Textile Clothing and Footwear 1	/	/	
Textile Clothing and Footwear 2	/	/	
Textile Clothing and Footwear 3	/	/	
Textile Clothing and Footwear 4	/	/	
Transportation 1	/	/	
Transportation 2	/	/	
Transportation 3	/	/	
Vehicles and Parts 1	/	/	
Vehicles and Parts 2	/	/	
Vehicles and Parts 3	/	/	
Vehicles and Parts 4	/	/	

659

(continued)

Table AI.

AAAJ 17,4	Industrial sector	1993	1999
	Warehouse and Silo 1	/	/
	Warehouse and Silo 2	/	/
	Warehouse and Silo 3	/	/
	Others ^a 1	/	/
660	Others ^a 2		/
	Others ^a 3		/
	Others ^a 4		/
		63	84

Table AI.

^aThis category is to accommodate the companies that do not fit in any of the sectors