Available online at www.sciencedirect.com
ScienceDirect
Procedia Economics and Finance 39 (2016) 737 – 745
Procedia Economics and Finance
www.elsevier.com/locate/procedia

3rd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM, 26-28 November 2015, Rome, Italy

Corporate Social Responsibility Reporting: A Comparative Analysis of Tourism and Finance Sectors of G8 Countries

Halil Akmese[a]*, Huseyin Cetin[b], Kadriye Akmese[c]

[a]*Assistant Professor, Necmettin Erbakan University, Faculty of Tourism, Konya, Turkey*
[b]*Assistant Professor, Necmettin Erbakan University, Faculty of Tourism, Konya, Turkey*
[c]*Phd. Candidate, Necmettin Erbakan University, Social Sciences Institute, Konya, Turkey*

Abstract

Globalization, ease of information dissemination by means of various media, increasing social consciousness levels of consumers might be specified as the main drivers for corporate social responsibility activities and reporting efforts made by the corporations in order to inform their stakeholders. Corporate social responsibility activities are considered as volunteer efforts made by corporations whereby they satisfy their customers and other stakeholders socially and increase their firm value regarding to their community and social environment as a whole. Meeting the stakeholder expectations and maintaining firm sustainability are two major expected outcomes of social responsibility activities and reporting these efforts within the scope of non-financial indicators. Within the scope of this study tourism and finance industries of G8 countries which are considered as leaders about emerging issues and policy developers are going to be evaluated with respect to corporate social responsibility reporting levels. Recent standards set out by international authorities such as Global Reporting Initiative (GRI) are used as evaluation criteria in order to reveal the utmost efforts made by corporations included in tourism and finance industries.

Peer-review under responsibility of the Organizing Committee of BEMTUR- 2015
Keywords: Accounting, Corporate Social Responsibility (CSR), Corporate Social Responsibility Reporting (CSRR), Non-Financial Reporting

* Halil Akmese. Tel.: +903322362148 fax: +903322362150.
E-mail address: halilakmese@gmail.com

Peer-review under responsibility of the Organizing Committee of BEMTUR- 2015
doi:10.1016/S2212-5671(16)30273-8

1. Introduction

Corporate social responsibility has become an important issue upon the increase of worldwide integration regarding to trade and economic systems which led to various considerations about multinational corporations and results of operations related to these corporations. It might be observed that corporations are focusing on social responsibility activities and trying to respond the expectations of their stakeholders and achieve their sustainability and profitability as a final goal.

Efforts related to corporate social responsibility activities brought the need of dissemination of such activities in order to affect the perceptions of specific stakeholders and gain legal tax advantages. Information dissemination need led to the need for reporting corporate social responsibility activities additional to mandatory financial reports presented by these corporations. As a result, non-financial reporting issues including the corporate social responsibility reports have become as important as mandatory financial reporting.

Within the context of emerging non-financial reporting issues corporate social responsibility reporting applications and content of these reports are evaluated comparatively for the finance and tourism industries of G8 countries namely USA, Japan, Germany, United Kingdom, France, Italy, Canada and Russia. Global standards and framework prepared by Global Reporting Initiative which is accepted as the most efficacious and comprehensive organization related to CSR reporting are designated as comparison criteria within the scope of this study.

2. Concept of Corporate Social Responsibility and Historical Background

If it is to be stated succinctly corporate social responsibility might be defined as the engagement of corporations which are integral constituents of society related to their obligations regarding to compliance with ethical values (Yuksel, 2009: 4).

One of the representative definitions of CSR point out as “CSR is about how companies manage the business processes to produce an overall positive impact on society” on the other hand, it is said, “CSR theories apply when an enterprise integrates social demands into its strategies” (Hamid, 2010: 1).

Pelit et al. state that when the definitions related to corporate social responsibility are evaluated common points are policies, methods and actions aimed to relieve the negative impacts of corporations from research and development to after sales services on the society. Sometimes these policies, methods and actions might restrict the operations of corporations in favor of social considerations and even they might be enforcing the corporations to behave in a manner that improves the society economically, environmentally, socially or culturally (Pelit, Keles and Cakır, 2009: 20).

Industrialization brought a revelation for some people, namely trade, in order to meet the needs of other people additional to the traditional life style of production for their own needs. This development emerged in the end of 1800s and led to the constitution of awareness and responsibility foundations (Yuksel, 2009: 8). Dynamic economic cycle in 1900s ended due to the collapse of New York Stock Exchange in 1929. Economic depression spread among the world economies while the number of unemployed people was increasing dramatically and the purchasing power was decreasing. Corporations in various sizes were ending their operations if they were not lucky or strong enough to take stand by position. In those years American corporations were growing in number and especially in size but they were not responding to social demands and environmental issues as it is defended in one of the studies of Adam Smith, Wealth of Nations. After a series of sequential economic and social events corporations faced the outcomes of their operations on the society in various dimensions. Social responsibility concept which has been started in Europe found its expansion environment in North America. Regarding to the emergence of social responsibility concept Howard Bowen plays the key role. His study titled “Social Responsibilities of Businessman” settles the foundations of social responsibility concept and develops theoretical structure for social responsibility (Aydemir, 2012: 10). Bowen mentions the social dimensions related to the operations of corporations to be considered additional to economic dimensions related to the operations of same corporations. Additionally he defined the social responsibility as an obligation of favorable policies to be followed, decisions to be made and activities to be implemented with respect to the “social goals and values” (Yılmaz, 2010: 104).

Carrol defined social responsibility in four stages as to be economic, legal, ethical and philanthropic. Economic and legal stages are defined as the set of regulations and formal procedures to be complied by corporations while they are operating in accordance with the profit making purpose of entity. Ethical stage is defined as the set of favorable actions to be taken and meeting the social expectations of community regarding to the operations and operational results affective on community as a whole unless the situation is specified in economic and legal stages. Philanthropic responsibility refers to the set of activities performed voluntarily by the corporation and concentrates on all kind of activities which result in any kind of improvement with respect to living quality or improves living standards (Bakırtas and Erdogan, 2010: 101).

Table 1: Trang, (2011: 9)

Be a good corporate citizen	**Stage 4**: Philanthropic responsibilities	Contribute resources to the community; improve quality
Be ethical	**Stage 3**: Ethical Responsibilities	Obligation to do what is right, just and fair. Avoid harm.
Obey the law	**Stage 2**: Legal Responsibilities	Law is society's codification of right and wrong. Play by the rules of the game.
Be profitable	**Stage 1**: Economic Responsibilities	The foundation on which all other rest.

Classical views regarding to corporate social responsibility stand for stockholders and state that corporations should fulfill the expectations of their stockholders with respect to profitability and economic sustainability. Contemporary approach to social responsibility refers to the set of policies, strategies and applications which result in favorable outcomes regarding to the prosperity of society as a whole.

3. Corporate Social Responsibility Reporting and Historical Background

Increasing corporate social responsibility activities and efforts brought some inconveniences and trustworthiness problems. In this regard disseminating the information related to social responsibility activities or reporting these activities in a standardized manner among the non-financial information has become a necessity.

One of the previous researches indicates that stakeholders increasingly want to find out the corporations behind the brands and products they purchase and look for greater transparency and accountability. These efforts have resulted in the increased number of publications in the media devoted to this topic, development of global standards for non-financial reporting, as well as in initiatives from governments and international organizations aimed at facilitating or, in some cases, mandating CSR disclosure, such as regulations under the European Modernization Directive (Grosbois, 2012: 897).

Social responsibility reports might be defined as part or supplements of annual reports and these supplements are generally constituted of financial and non-financial aspects of economic, environmental and social dimensions of their activities related to intra organizational parties or the parties out of the organization (Basar and Basar, 2006: 213).

Transparent reporting is a key feature of sustainable business management. Not only to ensure familiarity with the own business' impact but also to allow criticism and feedback on the business operations. Convincingly, demonstrating CSR practices also yields benefits through stakeholder communications. Corporate Social Responsibility Reporting (CSRR) is a slowly emerging trend developed in Northern Europe and North American companies but spreading vastly (Bausch, 2012: 62).

Some of the countries encouraged and supported environmental and social reporting in 1970s. France is respected to be the pioneering country and enacted the legislation titled Bilan Social. This legislation has been put into force in 1977 and mandates the issuance of labor reports that reveal the labor and employment indicators for the corporations with more than 300 workers. Additionally these reports were to be prepared and issued in harmony and cooperation with labor unions or other labor organizations. At the end of 1980s two sequential legislations were enacted; one of them was in 1987 and was related to information need of society and the other was in 1990 and was related to environmental contamination. Social pressures additional to these regulations led to the development of reporting efforts by corporations. In 1990s corporate social responsibility reports were aimed to reveal the environmental issues related to production and other activities of corporations. After the year 2000 corporate social responsibility activities gained much more interest from the societies all over the world and became an inescapable issue for many corporations (Yıldız, 2012, 96).

4. Reasons for and Advantages of Issuing Corporate Social Responsibility Reports

Many reasons might be listed as encouraging factors for corporations about reporting their environmental and social impact performances voluntarily. It might be stated that these factors are closely related to three theories mentioned below. First one is the legitimacy theory which claims that reporting social and environmental issues causes the formation of a positive perception on all stakeholders regarding to the operations and operational results of the corporation. In other words reporting social responsibility issues non-financially legitimates the operations and operational results of corporations on society and environment. Second one is the usefulness of decision theory which assumes that various interested parties need additional information on standard financial information included in corporate reports. Third one is the corporate marketing and communication theory. This approach mentions that the reputation and image of corporation are two important intangible assets and focuses on the improvement of communication strategies by means of social and environmental performance reports which are designed to improve the reputation and image of corporation (Basar and Basar, 2006: 216).

With respect to the European approach Bausch states that corporate social responsibility reports should meet the expectations of stakeholders to the extent necessary for an understanding of the company's development, performance or position and the analysis might include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters (Bausch, 2012: 62).

There are three benefits of analyzing audited CSR reports. Firstly, CSR reports are the most significant and common communication channel between companies and their stakeholders. The reports might include combined information abstracted or consolidated from all other information published by companies or third parties. Corporate social reporting has become a standard practice by which corporations disclosed their practices with regard to environmental protection, labor conditions and rights and other aspects not directly related to their financial performance. Secondly, if companies want any stakeholders to get easy access to information on social responsibility of companies, obviously, CSR reports would be the first choice. Previous researches revealed that communicating corporate social responsibility practices to consumers leads to positive attitudes and increased purchasing awareness. Thirdly, a CSR report reflects how the CSR concept and CSR reporting were understood and perceived by a company at a particular time. It might be claimed that the more information on a stakeholder is interpreted as that the more important that stakeholder to a company; on the contrary, if there is no information on certain stakeholders this might be interpreted as they are neglected or omitted by a company. Researchers have thus been studying corporate social reporting as a proxy of companies' actual CSR practices and their public relations strategies (Du, 2011:58).

5. CSRR Standards and the Extent of Global Reporting Initiative Standards

Increase of social responsibility activities and presentation of these activities in various formats led to the questionings related to the reputability of these reports. Additionally various formats and contents related to these reports presented by corporations affected the comparison abilities and decision making processes of stakeholders negatively. Differentiating report formats and contents might be confusing and might lead misunderstandings with respect to international stakeholders. These issues necessitated a series of standardization efforts in order to secure the information presentation abilities and reputation of these reports. Some of the most important and valid standards and regulations might be listed as follows:

5.1. ISO 14000 Environment Management Standards

Set of these standards are aimed to decrease the use of natural resources, minimize the harmful effects on soil, water and air. ISO 14000 standards are based on monitoring and improvement of environmental performances and enforce the corporations to comply with the regulations and standards set out by different authorities (www.belgelendirme.ctr.com.tr).

5.2. SA 8000 Standards

Social Accountability Organization, which is sited in New York and non-profit organization, is mainly interested in improvement of working conditions, monitoring and securing the application of labor standards in all working environments (Tutuncu, 2008, 176).

5.3. AccountAbility 1000 (AA 1000)

In order to facilitate the responsibility understanding in sustainable development AccountAbility Organization introduced the AA1000 standards to the system in 1999. Major aim of these standards might be stated as to increase the professional approaches about establishment, social auditing and reporting activities of corporations and finally to eliminate the poor confidence between society and corporations. In this regard AccountAbility organization struggles in order to aggregate accounting, auditing related standards and ethical issues in accountability. Within this context, organization developed a general framework about securing and rating the applications. (Yuksel, 2009, 25). Additionally, some standards were developed related to the good application examples of stakeholder relationships. AA100 standards are considered as the sole set of standards which proved international acceptance about the outcomes of mentioned directives (Yuksel, 2009, 25).

5.4 United Nations Global Compact

United Nations Global Compact (UNGC) which is initiated in year 2000 aims to make policies and implement these policies within the context of sustainability and corporate social responsibility and distinguished as the most comprehensive platform about social responsibility compliance. This organization is considered as the principles generating and innovative social responsibility developing institution in order to constitute a common development culture for the sake of corporate social responsibility understanding. UNGC is not only aimed to comprise United Nations members, it also aims to regulate and comprises all governmental and non-governmental organizations and private corporations. Global Compact is based on ten principles as follows (Aksoy, 2013, 45):

Table 2: The Ten Principles of Un Global Compact

Human rights
Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.
Labour
Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms or forced and compulsory labor;
Principle 5: the effective abolition of child labor; and
Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment
Principle 7: Business are asked to support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9 encourage the development and diffusion of environmentally friendly technologies
Anti-corruption
Principle 10: Business should work against corruption in all its forms, including extortion and bribery

Source: Trang, (2011: 14)

In compliance with these principles common goals are generated and the organizations embracing these principles and goals are expected to participate voluntarily and transparently both in strategy development and implementation stages.

5.5 Global Reporting Initiative (GRI)

It was founded in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environmental Programme (UNEP) and has been developed through multi-stakeholder engagement. The GRI's major aim is to develop universally suitable guidelines for CSR reporting on the economic, social and environmental activities of a company. Main objectives of the organization are to elevate sustainable reporting to an equal position with financial reporting; to publish and endorse standardized reporting practices, core measurement and customized sector-specific measurements; and to guarantee a lasting and efficient institution to support global reporting (Trang, 2011: 16). GRI is an international not-for-profit organization, with a network-based structure. Its activity involves thousands of professionals and organizations from many sectors, constituencies and regions. The Framework is developed collaboratively with their expert input: international working groups, stakeholder engagement, and due process – including Public Comment Periods – help make the Framework suitable and credible for all organizations (www.globalreporting.org).

Due to the general acceptance of GRI standards and supervision of applications based on these standards in the most comprehensive manner, GRI standards set is determined as the main criteria for the comparison of tourism and finance sectors of G8 countries within the context of this study.

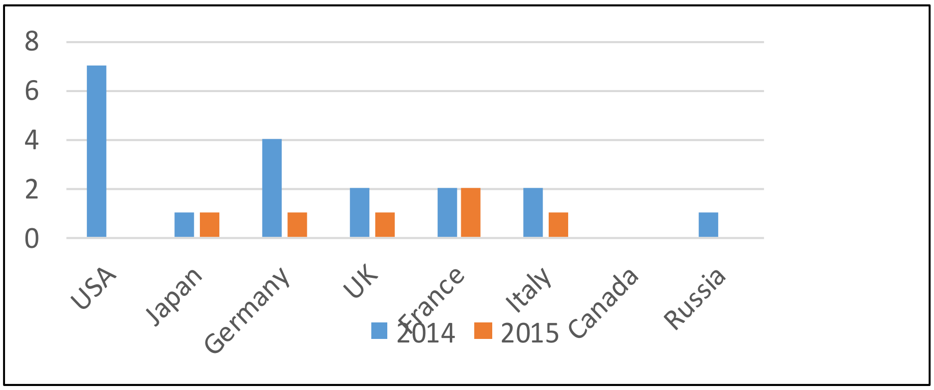
6. CSR Reports of Tourism and Finance Sectors in G8 Countries

Tourism is a dynamic industry which is highly interactive with environment and its importance as a revenue generating sector is increasing among national economies (http://www.istekobi.com.tr/). In today's economic environment corporate social responsibility gained much more interest because of the efforts on this subject aimed to achieve economic sustainability and gaining competitive advantage. Tourism might be evaluated as the leading service industry in the world economy. With respect to the magnitude of tourism industry and its growth potential taking preemptive actions in order to minimize the negative effects of tourism on environment and meeting the expectations of all stakeholders regarding to the environmental, social, cultural and other interests became a necessity rather than an option from the viewpoint of many corporations.

Finance sector is generally accepted as the leading and pioneering sector among the others. In this regard finance sector is considered to be the most important sector for the sake of a developed and organized economy. As the sustainability and stability of finance sector contribute to the development and growth of national economy directly organizations operating within the context of finance sector are expected to respond the expectations of their customers and stakeholders immediately. Due to their top priority about responding the expectations of stakeholders, finance corporations and other finance institutions are highly interested in non-financial reporting additional to mandatory financial reporting in order to create and sustain reputability. Hence finance sector is chosen as a comparison point.

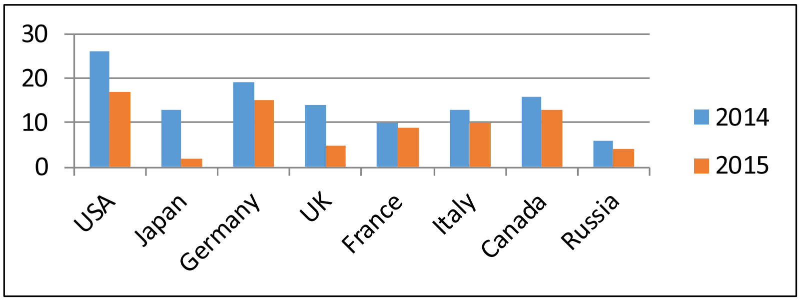
Within the scope of this study corporate social responsibility activities of finance and tourism industry corporations are analyzed for the year 2014 and 2015 and the figures gathered from their CSR reports are compared. It is obvious that 19 tourism corporations and 117 finance corporations issued reports in accordance with GRI standards for the year 2014. In 2015 it is observed that the numbers of CSR reports compatible with GRI standards are 6 tourism corporations and 75 finance corporations respectively.

Graph 1: Number of CSR Reporting Tourism Corporations in G8 Countries for the years 2014 and 2015



Regarding to the United States of America, which is said to be the leading country for G8 group, it might be said that only 7 corporations issued CSR reports for the year 2014. For the year 2015 (until the beginning of November) none of the Tourism corporations issued CSR reports. With respect to the Japan, listed as the second most developed among G8 countries, number of CSR reporting corporations for each year is 1. In Germany 4 corporations for the year 2014 and only 1 corporation for the year 2015 are engaged in CSR reporting activity. In United Kingdom number of CSR reporting tourism corporations is 2 and 1 for the years 2014 and 2015 respectively. In France, 2 tourism corporations made CSR reporting for both 2014 and 2015. Italy's situation is similar to United Kingdom. Number of CSR reporting corporations fell into 1 in 2014 while it was 2 in 2015. Canadian tourism corporations seem to be uninterested about CSR reporting compatible with GRI standards. For the years 2014 and 2015 there is not a tourism corporation issued CSR report in accordance with GRI standards. In Russia, which is the last country included in G8 countries, there is only 1 CSR report for the year 2014 and there is still not a CSR report for the year 2015. If the CSR reporting activities for 8 countries are evaluated aggregately it might be stated that the total number of CSR reports issued compatible with GRI standards falls into 6 in year 2015 while the total number is 19 in year 2014.

Graph 2: Number of CSR Reporting Tourism Corporations in G8 countries for the years 2014 and 2015



Regarding to finance corporations in USA it might be said that 26 finance sector corporations issued CSR reports for the year 2014 and 17 corporations issued CSR reports for the year 2015 (until the beginning of November). In Japan, 13 and 2 finance corporations seem to be engaged in CSR reporting within the context of GRI standards for the years of 2014 and 2015 respectively. With respect to Germany numbers of CSR reporting corporations are realized as 19 and 15 respectively for the years 2014 and 2015. It might be stated for United Kingdom that total number of CSR reports are 14 and 5 respectively for the years 2014 and 2015. Realized numbers about CSR reporting in France are 10 and 9 respectively while these figures are 13 and 10 respectively when the case is Italy. Regarding to Canada and Russia realizations are 16 and 6 respectively for the year 2014. With respect to year 2015 realizations are 13 and 4 respectively for Canada and Russia respectively.

7. Conclusions and Recommendations

Within the scope of this study tourism and finance sector corporations which are engaged in corporate social responsibility reporting compatible with Global Reporting Initiative standards in G8 countries are compared. Data subjected to evaluation are compiled from the official figures disseminated by GRI on its web site and comprehends the years 2014 and 2015 (until the beginning of November). It might be claimed that there is a significant difference between tourism and finance sectors regarding to the findings of study. Total number of corporations engaged in corporate social responsibility reporting activities is 192 regarding to the finance sector while it is 25 regarding to tourism corporations for the years of 2014 and 2015. Total number of CSR reports and their quality indication based on GRI might be evaluated as meaningful especially the reporting capabilities of finance and tourism sectors are compared. Due to the nature of finance sector total number of financial and non-financial reports compared to any other sector might be quite high but tourism sector seems to be slightly insensible about CSR reporting. Intense interaction of tourism industry and environment might be considered as an enforcing reason for CSR reporting. Labor intense nature of tourism industry might be considered as another enforcing reason about CSR reporting but compared to finance sector total number of CSR reports seems to be taken into consideration less than it deserves. In order to sustain tourism industry economically corporate social responsibility activities might be evaluated as a new way and could be considered as it deserves and as it is expected by all stakeholders. Increasing the level of awareness about corporate social responsibility activities and CSR reporting as a way of communicating activities related to caring the society might increase the rate of CSR activities and CSR reporting.

References

Aksoy, C. (2013). Surdurulebilirlik Performansının Degerlendirilmesine Yonelik Olcek Onerisi ve Turkiyede'ki İsletmelerde Uygulaması. Doktora Tezi. Marmara Universitesi Sosyal Bilimler Enstitusu, İstanbul.

Aydemir, E., (2012). Hastanelerde Kurumsal Sosyal Sorumluluk Raporlaması: Bir Vak'a Calısması. Yuksek Lisans Tezi. İstanbul Universitesi Sosyal Bilimler Enstitusu, İstanbul.

Bakırtas, H., and B.Z. Erdogan, (2010). İsletmelerde Sosyal Sorumluluk: Oteller Uzerine Bir İnceleme. *Eskisehir Osmangazi Universitesi İİBF Dergisi, 5* (1), 97-110.

Basar, A. B., and M. Basar, (2006). Sosyal Sorumluluk Raporlaması ve Turkiyede'ki Durumu. *Anadolu Universitesi Sosyal Bilimler Dergisi, 6,* 214-230.

Bausch, L., (2012). Hotel Management Beyond Economic Responsibilities: an Exploratory Research into CSR Views and Practices Among The Hotel Sector in Malta. Yuksek Lisans Tezi. Wageningen University Department of Environmental Science, Wageningen.

CTR Uluslararası Belgelendirme ve Denetim Ltd. Sti. Retrieved from: http://belgelendirme.ctr.com.tr, 08 December 2013.

Du, Y., (2011). Corporate Social Responsibility Reporting Mainland China. Doktora Tezi, St.Andrews University, Scotland.

Global Reporting Initiative. (2006). Retrieved from www.globalreporting.org, 15 October 2015.

Grosbois, de D., (2012). Corporate social responsibility reporting by the global hotel industry: Commitment, initiatives and performance. *International Journal of Hospitality Management, 31*, 896-905.

Hamid, M. A (2010). Social Science Reasarch Network. Retrieved from http://papers.ssrn.com/, 07 October 2015.

İs'te Kobi. Retrieved from http://www.istekobi.com.tr, 06 November 2015.

Pelit, E., Y. Keles, and M. Cakır., (2009). Otel İsletmelerinde Sosyal Sorumluluk Uygulamalarının Belirlenmesine Yonelik Bir Arastırma. *Yonetim ve Ekonomi*, *16* (2), 1-30.

Trang, T. T., (2011). Corporate Social Responsibility Reporting in Large Listed Vietnamese Companies. Doktora Tezi. Lahti University of Applied Science, Helsinki.

Tutuncu, O., (2008). SA 8000 Sosyal Sorumluluk Standardı ile İs Yasamı Kalitesi Arasındaki İliski. *Dokuz Eylul Universitesi Sosyal Bilimler Enstitusu Dergisi, 10* (2), 169-199.

Understanding the G8, (2015). Retrieved from http://www.g8.co.uk, 05 Novermber 2015.

Wikipedia. Retrieved from https://en.wikipedia.org, 02 November 2015.

Yıldız, Y., (2012). Kuresel İlkeler Sozlesmesi Isıgında Turkiye' de Kurumsal Sosyal Sorumluluk. Yuksek Lisans Tezi. İstanbul Universitesi Sosyal Bilimler Enstitusu, İstanbul.

Yılmaz, H., (2010). Havaalanı Sisteminde Kurumsal Sosyal Sorumluluk Algısı ve Raporlaması: TAV Havalimanları Holding A.S. Uygulaması.

Yuksek Lisans Tezi. Anadolu Universitesi Sosyal Bilimler Enstitusu, Eskisehir.
Yuksel, M., (2009). Kurumsal Sosyal Sorumluluk Kapsamında Derecelendirilmeye Tabi Tutulan İsletmelerin Finansal Gostergeleri Uzerine Bir Arastırma. Yuksek Lisans Tezi. Dumlupınar Universitesi Sosyal Bilimler Enstitusu, Kutahya.