Voluntary Environmental
and
Social Accounting Disclosure Practices
in the
Asia-Pacific Region

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Abstract

Through the juxtaposition of political economy theory and an in-depth empirical analysis, this study provides further insights into the understanding of variables that explain variations in voluntary environmental and social accounting disclosures (VESAD) across national and regional boundaries. Factors from three classes of Thomas (1991) classification schema, the organizational attribute (organizational size and economic performance), business environment (industry type) and societal variable (culture, political and civil, system, legal system, level of economic development and equity market) categories, were included in this project.

Listed companies’ annual reports were surveyed using content analysis and disclosure index from seven countries in the Asia-Pacific region: Australia, Singapore, Hong Kong, the Philippines, Thailand, Indonesia and Malaysia. The dependent variable, the extent of VESAD information, was measured by four different measurement bases; these were number pages, sentences and words and disclosure index score. Different measurement bases were used to compare and contrast findings from statistical tests to examine if this lead to conflicting or comparable conclusions.

Descriptive and univariate analysis indicated that under all four measurement bases the country of origin was an important determinant of VESAD practices in the Asia-Pacific region. Multiple regression and path analysis showed that organizational size, industry type, culture, political and civil, and legal systems were statistically significant in explaining variations both directly and indirectly. The level of economic development was also found to be of important but only indirectly. It is concluded from these findings that social and political pressures placed on companies by the interaction of these significant variables compel firms to provide VESAD information to meet social expectations and to avoid possible government regulation to preserve their own self interests and survival. Economic performance and equity market factors were of no significant statistical influence.

Empirical results using data measured by the three units of measurement for content analysis were minimal. Differences were noted however when contrasted against disclosure index scores. It was concluded from these results that content analysis and disclosure indices measured different concepts, the latter measuring largely a subset of the former. The consequence of this finding, is that researchers, when deciding on whether to measure the dependent variable by content analysis or a disclosure index, will need to define more the relevance of the measurement to be adopted to the research question underlying the study. Determination of the unit of analysis to utilize when adopting content analysis is less complicated as each technique provides essentially the same results.
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