CSR TOWARDS WORKPLACE AND HUMAN RESOURCE DISCLOSURE: EMPLOYEES' PERSPECTIVES

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ABSTRACT

This paper explores employee's understanding on the concepts of Corporate Social Responsibility (CSR) and their perceptions towards disclosure of workplace and human resource information. Twenty-three employees from various levels and functions from eight Public Listed Companies (PLCs) in Malaysia were interviewed to gain their understanding on the concepts of CSR and their perceptions on the importance of company's workplace and human resource disclosure. The results show that employees' understanding of CSR are more on the involvement of company in society, community and environmental activities. The study also revealed a large potential of good positive effects for company to voluntarily disclose workplace and human resource information such as increased company image to the public as well as good recruitment policy and strategy for the company in getting and retaining talented staffs. As for social responsibility disclosure (SRD), employees did not really appreciate disclosure in annual reports as they fully utilised the information through the medium of internal communication such as email, company portal, bulletin and magazine.

Keywords: *Corporate social responsibility, workplace and human resource, employee expectations*

Introduction

The citizens and public nowadays have greater awareness and demand for more information and have shown a growing interest in the social dimension of business activities. With the increase of awareness among citizens, companies have responded to the demand of their stakeholders by engaging in corporate social responsibility (CSR) actions and go beyond their traditional activities of focusing on profit and generating value for their shareholders.

The concept of CSR in current business environment focused on the voluntary involvement of companies in social and environmental activities and integrated this spirit in their operations and interaction with stakeholders. Bursa Malaysia defines CSR as "*an open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. It is designed to deliver sustainable value to society at large*' (Bursa Malaysia CSR Framework, 2006, p.1). Bursa Malaysia has introduced CSR Framework which covers four dimensions of company responsibility; responsibility towards marketplace, community, environment and workplace. Thus, CSR not only focuses on community and product but it is also related to several issues such as the issues of human resource management, health and safety at workplace, industrial relation and environmental protection and community development.

The concept of CSR and CSR reporting (disclosure) still remains an emergent and developing concept (Windsor, 2006) and has become the subject of debate within the academic literature since the last three decades (Owen, 2008) in developed countries. The development of CSR as one of the Social and Environmental Accounting Research (SEAR) branches in developed country started as early as 1970s. During this period, the reporting structure is more descriptive and focused on labour issues. Very few attempts were made to investigate corporate motives for disclosure (Owen, 2008). However, starting from 1980s and early 1990s period, SEAR has given greater attention towards methodological issues with the use of content analysis method (Gray, Owen, and Maunders, 1987; Cowen, Ferreri, and Parker, 1987). Further, studies in CSR field also seek not only from managerial perspective but also from the stakeholder and political economy

perspectives by utilising the legitimacy theory to explain managerial motives rather than only describing CSR practices (Deegan, Rankin and Tobin, 2002). In 2000, SEAR shows an increasing number of researches focusing on environmental management accounting issues, examinations of NGO perceptions and the role of web-based discourse in promoting corporate accountability.

In Malaysia, formal academic discussion on CSR started in early 1980s. Teoh and Thong (1984) examined company's social commitments to fulfil social responsibilities by focusing on the nature and extent of CSR disclosure through four social objectives: social awareness, social involvement, social reporting and social audit. It was then followed by Andrew, Gul, Guthrie and Teoh (1989) who compared the incidence of CSR reporting between Malaysia and its neighbouring country; Singapore. These two studies focused on the extent of CSR disclosure and determinant of disclosures which showed that larger companies tend to disclose more information about CSR activities compared to smaller companies. It was reported that the extent of information disclosed in annual reports was mostly about employees' related information (Teoh and Thong, 1984; Andrew et al., 1989; Mohamed-Zain, Mohammad and Ibrahim, 2006a; Thompson and Zarina, 2004).

The number of researches devoted to CSR and its disclosure has been focusing on external factors for external stakeholders in investigating the relationship of company characteristics with the extent of disclosure (Nik Nazli and Maliah, 2004; Amran and Susela Devi, 2008; Amran and Siti-Nabiha, 2009). In addition, growing attention on CSR and its disclosure has focused on environmental and community issues for many years (Elijido-Ten, Kloot and Clarkson, 2008, Mohd-Said, 2011). There were a limited studies that focused and emphasised on the issues of human resource, the perception of employees on the concept of CSR toward workplace, as well as the impact of the information to the internal users. Thus, this paper explores this neglected aspect of social responsibility disclosure (SRD) research which examined employees' views and perspectives towards the importance of SRD for human resource and workplace.

CSR has been discussed from various perspectives and theories; from stakeholder theory, institutional theory, legitimacy theory and resource-

based theory. The stakeholder theory which often traced back to the work of Freeman sees an organisation as not only responsible to shareholders but it also has responsibility towards other stakeholders (Freeman, 1984). Institutional theory views that organisational response to its environment based on three pillars; coercive, mimetic and normative (DiMaggio and Powell, 1983) while legitimacy theory is based on social contract between a business as a social institution and its environment and society where it operates (Deegan, 2002). Legitimacy theory aims to explain the limits of acceptable interaction between organisations within society and community. Resource-based theory on the other hand suggests that organisations will manage, control and manipulate their valuable resources in order to generate sustainable competitive advantages (Russo and Fouts, 1997).

Many studies have reported the advantages of CSR and the benefits it brings to companies particularly in enhancing corporate culture, corporate image and reputation. Balabanis, Phillips and Lyall (1998) and Orlitzky, Schmidt and Rynes (2003) discuss the relationship between CSR and financial performance. They argue that CSR provides internal and external benefits towards company financial performance and different types of CSR activities may give different values to external and internal stakeholders. Companies may engage in CSR activities for several reasons such as to comply with legal requirement, to be more accountable and responsible towards stakeholders, to comply with community expectation, to legitimise activities and behaviour on the eyes of stakeholders, to attract in investment funds in to have more competitive advantages (Deegan, 2002). These reasons basically relates to external factors for the company to sustain as a business entity in the future. On the other hand, a company may also engage in CSR activities for internal reasons related to their human resource management practices. It is argued that the involvement of companies in CSR activities and having good disclosure practices helps to maintain employee morale and to attract and retain talented employees in the company (Turban and Greening, 1997; Vountisjarvi, 2006).

The aim of the paper is to help and gain an understanding on the acceptance and the reaction of employees towards company's CSR disclosure, particularly responsibility of company towards workplace and human resource. Employees' acceptance and understanding toward the disclosure practice of information will help in the development of better communication

and relationship between employees and employer. Thus, this study explores the employees' perception towards CSR concept and their views towards disclosure of the information through in-depth interviews with employees from various levels and functions in eight Public Listed Companies (PLCs).

CSR for Workplace and Human Resource

CSR covers a wide range of practices as stated in CSR Framework by Bursa Malaysia (2006). It discusses the responsibility of corporation towards the marketplace, respect for the environment and community and also responsibility towards workplace issues. However, the understanding of CSR among organisations, citizens and public is more towards the community and philanthropy activities (Lu and Castka, 2009) and it can be seen through the disclosure of CSR activities in annual reports which highlights and reports more information on donation, the involvement of companies in community programmes and sponsoring education, arts and sport events.

In today's business environment, many corporations claim that employees or human capital or human resource are the most valuable resources that can improve and enhance competitiveness of a corporation and they are willing to put a huge amount of investment on them. Disclosure of workplace and human resource information in annual reports is seen as an indicator to the public on the importance of human resources to a company (Subbarao and Zeghal, 1997). This is one of the basic aspects of CSR which is increasingly gaining importance besides environmental and community aspects. In a workplace and human resource dimension, CSR includes a wide range of issues and can vary between the minimum requirements of respecting the employees' basic human rights and the implementation of policies that help them to achieve a work life balance (Fuentes-Garcia, Nunez-Tabales and Veroz-Herradon, 2008).

However, there was minimal disclosure of workplace and human resource information available for external stakeholders. It was claimed that disclosure of such information in annual reports was limited. Adams, Coutts and Harte (1995) study on corporate reporting on equal opportunities impact in organisations in Britain focused on discrimination and equal

opportunities in the workplace. The results show that the level of reporting of both mandatory and voluntary equal opportunities information is very low. Reporting on equal opportunities in Britain is mainly voluntary in nature. The only mandatory reporting is focused on the employment of disabled persons. Most companies disclosed their employment of disabled people in response to legislation but very few take the opportunity to disclose the breakdown of employees by number. Another study by Pocock (2005) focused on the limited, progress and prospect of work-life balance in Australia. The growing interest in work-life balance issues in Australia emerged when there was a greater entry of women into paid work. The study reports that due to greater attention of work-life balance issues, Australian employers are taking action to meet the pressures affecting their employees such as concentrating on improving paid leave , paid maternity leave or more flexible work opportunities.

Effective workplace and human resource management can enhance employees' productivity, increase employees' morale and lead to reduced employee turnover, cost of recruitment and cost of training new employee. Disclosure of a company's behaviour towards its human resource help the company to retain and attract new employees (Turban and Greening, 1997) as well as build a positive image with employees and increase reputation of good relationship between employer and employees (Branco and Rodrigues, 2009).

According to Peterson (2004), employees who believe highly in the importance of social responsibility of businesses will demonstrate higher organisational commitment than the others. They will show positive work attitudes and behaviours and accordingly increase company's productivity and performance. Employees' attitude and behaviours also related to a company's reputation. In addition, Riordan, Gatewood and Bill (1997) suggest that employees' reaction to company's actions is based on how external stakeholders portray the company's image. Good and positive image and reputation will lead to better job satisfaction and will influence employees' intention to stay with or leave the organisation. If and employee views the company to have poor reputation or portray a bad image, this will lead to a lower job satisfaction and higher probability that they will look for another job at other organisations.

Dominguez (2011) reported that image, reputation and innovation was one of the reasons a company demonstrates its commitment to its employees, increases different interest groups' confidence and develops its competence to obtain competitive advantages. This is further supported by Branco and Rodrigues (2009) who stated that disclosure of information on company's behaviour and outcomes from social responsibility activities helps in building a positive image, not only with external interest groups but also with the employees. Furthermore, disclosure of human resource information in annual reports has been reported to have a positive effect on corporate value and market capitalisation. Ousama, Abdul Hamid and Abdul Rashid, (2011) examined the effect of intellectual capital disclosure (part of the disclosure is human resource information) on market capitalisation and found a positive significant relationship. This result indicates that intellectual capital information is valued by the market thus increases the importance of the workplace human resource disclosure.

In Malaysia, studies on workplace and human resource disclosure were mainly looking at amount and types of disclosure (Huang and Zubaidah, 2008), determinants (Saad and Mohd-Salleh, 2010) and relationship with firm performance and market capitalisation (Marimuthu and Kolandaisamy, 2009; Ousama et al., 2011). To the best of our knowledge, there was no study in Malaysia that looked employees' perception towards the information and its disclosure. Thus, it is important to explore employees' perception in order to understand their behaviour towards the information.

Theoretical Perspectives

The concept of CSR is no longer seen as something that can damage a companies profitability, but it is considered as a way that can give advantages and bring benefits to a companies reputation and images. CSR provides benefits either internally or externally or both to a company (Branco and Rodrigues, 2009). From stakeholders' perspective, CSR should focus on the benefits to all stakeholders of a business either directly or indirectly and companies should act and respond to the demand from various groups of stakeholders. Stakeholder is defined as '*any group or individual who can affect, or is affected by, the achievement of the organisation's objectives*' (Freeman, 1984, p.46). According to Clarkson (1995) stakeholders refer to

groups who have a legitimate claim on or interest in a corporation and its activities, whether on the past, present, or in the future. Stakeholders can be grouped into primary and secondary stakeholders (Clarkson, 1995). Primary stakeholders are important because an organisation cannot survive as a going concern without continuous participation from these groups (shareholders, employees, customers, supplier, government and community that provided direct sources to organisation). Meanwhile, secondary stakeholders are groups that are not essential for the survival of the organisation and do not have any direct transaction with the organisation. However, they can influence or are influenced by the organisation's activities and existence. Such groups are the media, Non-government Organisation (NGOs) and special interest groups that can give pressures to an organisation and can cause significant damage to that organisation.

All stakeholders have different expectations regarding the types of disclosures a company should make and they can impose different influence strategy towards the company on certain issues.   Elijido-Ten et al. (2010) highlighted four possible strategies that stakeholders can adopt with regards to company disclosure policy; ignore the issue and continue support the company, say something and continue to support, say something and stop support and stop support and influence others. However, this influence strategy depends on the power of dependency between stakeholders and company (Frooman, 1999). Frooman (1999) introduces a typology of resource relationship with four types of power-dependence relationship; low interdependence, firm power, stakeholder power and high interdependence. Low interdependence is when neither the firm nor the stakeholder are dependent on each other, firm power is when the stakeholder is dependent upon the firm, stakeholder power is when the firm is dependent on the stakeholder and high interdependence is when the firm and the stakeholder are interdependent on each other.

The number of CSR studies, which adopt stakeholder theory combined with other theoretical perspectives include legitimacy, resource based and institutional perspectives has been increasing. Companies engaged in CSR activities because of the benefits and advantages that they can get from such activities. The involvement of companies in CSR activity are primarily influenced by participation and commitment from employees and top management. CSR activity should not focus only on the external, but

internal community (employee) as well. Nowadays, companies have shown their high appreciation towards employees and recognise employees as their valuable asset in business. Employees, which is one of the stakeholders group, are directly attached to the CSR activities and are affected by company's behaviour and action. This is confirmed by many empirical researches (such as Turban and Greening, 1997; Greening and Turban, 2000; Branco and Rodrigues, 2009) which reported that employees are concerned with company's CSR actions and they can influence company's performance. However in the Malaysian environment, employees rarely exercise their right to question management decision therefore, power seems to lie mainly with the firm management (Elijido-Ten et al., 2010). Further exploration from the internal stakeholders themselves will provide better indication whether employees have any influence in designing company CSR practices.

CSR will affect employees' behaviour towards organisation and employees also can influence the organisation's CSR activities and programmes. The achievement of CSR activity depends on the employees' involvement and acceptance with company practices. It has been demonstrated that individuals prefer to work for socially responsible companies as it will enhance their self-esteem, morale value and their commitment to the company (Branco and Rodrigues, 2009). Socially responsible employment such as fair pay, clean and safe working environment, career development and training opportunity, flexible working hours, and opportunity to have a work life balance can bring benefits to companies. At the same time, the company can reduce and save cost from low staff turnover and training new employees. Companies rely on employees as its scare resources to run the business and without contribution from employees, companies could not survive. However, from stakeholders' perspective, the company has more power towards employees because employees are more likely to depend on it for their survival (Elijido-Ten et al., 2010). Even though the power is limited, employees still can exercise their power to influence CSR practices (Rowley, 1997) as they have a legitimate relationship with the company and company will responds based on the level of urgency (Mitchell, Agle, and Wood, 1997) of the demand.

Research Method

In understanding employees' views and perception towards social responsibility disclosure especially disclosure, on workplace and human resource information, a total of 23 semi-structured interviews were conducted with employees from different levels and functions from eight Public Listed Companies (PLCs). Those eight PLCs are selected from 30 companies that have won and received certificate of merit from National Annual Corporate Report Awards (NACRA) and Prime Minister CSR Reporting Award in 2008 and 2009. Interviews were deemed to be the best way to obtain information from employees' perspective about their perception and reaction towards the disclosure of information. Table 1 summarised the respondents' profile. From the 23 interviewees, nine hold a position of manager or senior manager, 11 are executives or senior executives and three are from non-executives level whereby one of them is a Vice-President of the Malaysian Trade Union Council (MTUC) (Table 2). The employees were selected by the management of the companies that are willing to cooperate in this study. All interviews, except five were tape recorded. Consent from interviewees was put forward at beginning of each interview. All the tape-recorded interviews were transcribed verbatim. In the context of the unrecorded interviews, interviewer applies an intensive note-taking method to capture and grab information from the interviewees. All interviews were conducted individually except for the interview with two employees from one company who were conducted simultaneously. The time allocated for the interviews was between twenty minutes to one hour, with an average time of approximately 25 minutes each.

The main issues addressed as part of the interviews was centred on the three research aims that are to obtain perceptions regarding: 1) employees understanding on the concepts of CSR and disclosure of workplace and human resource information, 2) the importance of workplace and human resource disclosure and 3) medium to disseminate information about workplace and human resources to internal and external stakeholders. The researcher followed interview the protocol and interview guide (Table 3) to increase the validity and reliability of the interview data. Furthermore, the interview questions were open-ended and supported with a list of probing questions to enable the researcher to take active control of the interview. The researcher takes notes during the interview process when request to tape the interview was not permitted.

The analysis of empirical data from employees was carried out according to normal qualitative approach. The recorded interviews were transcribed word for word then the transcribed interviews data were coded to generate categories, themes and patterns. The study employs In Vivo Coding which is a manual analysis process. In vivo used terms and phrases from the actual language found in the interviewees as a code (Saldana, 2009). The next stage after the initial coding is to give a theme to the coded data. Theme is an outcome of coding that is a *'phrase or sentence that identifies what a unit of data is about or/and what it means'* (Saldana, 2009, p.139).

Findings and Discussion

Overview of Findings

The interview evidence reported in this paper relates to the employees' perceptions of the importance and the advantages of workplace and human resource disclosure as part of the CSR disclosure in annual reports and in other medium of communication. Throughout the interviews, it was apparent that respondents realised the importance of the disclosure; however, some of the respondents perceived that workplace and human resource disclosure in annual reports was not designed for them. The information disclosed in annual reports is more to attract shareholders and potential investors' attention (Mohamed-Zain et al., 2006). Though annual report is a report prepared for internal and external stakeholders, its significance from employees' perspective is low. Employees were more comfortable with internal communication in gathering and accessing for information about their organisation. Furthermore, employees perceived that internal communication is more convenient and practical to them and it provides more detailed information about workplace and human resource compared to annual reports.

Understanding of the Concept of CSR and CSR Towards Workplace

The first question addressed to the employees during the interview was about their understanding on the CSR concept. All of the respondents indicated that CSR is the responsibility of corporation towards outsiders and the primary focus was on corporate donation, philanthropy and sponsorship activities.

The respondents perceived that CSR is more directed to the involvement of organisation towards the community and society. This is conveyed by the following quotes:

> *CSR is how company can contribute back to the society, donation to the welfare foundation and usually what we heard is about donation. (EX2- Corporate Planning Department).*

> *From my understanding CSR is about donation, society and philanthropy. It is about responsibility of the organisation towards other people. It is not about staff. Responsibility for staff is more towards staff benefits, but when we talk about CSR, my understanding, I'm more towards CR towards community and environment, but for workplace I'm not really aware about it (EX3- Purchasing).*

> *Obviously we are profit corporation, but then we don't just make money for ourselves, but we have to be responsible to our society, to external parties, do charities, people in need. In C8, we focus on medical care and education and low income people and also we have responsibility towards internal staffs our people as well. We do both; external and internal too. (EX9- Corporate Communication).*

The managers, the executives and non-executives views were the same. The focus of CSR was mainly towards the community outside the organisation. Excerpts below come from the managers and non-executives' respondents:

> *Not sure about the concept [CSR], for me it is more towards community and employees. As what I knew, in C4 we have CSR for internal and also for outsiders, for example flood, how C4 staffs can help the flood victims (M3- Human Capital).*

> *My understanding of CSR is where corporate identity basically gives back (the profit) to the society by taking various initiatives to share their profits or share in good gesture to support the society and the country. Good examples of CSR initiatives is, you can see where by most of the large corporation in Malaysia will provide scholarship and various types of funding for the people, Malaysian citizens (M8- Marketing).*

> *What I understand is that company give job and something that involves external parties like donation, sponsorship and adopt school. Some things like that. (Non- Executive 1).*

The excerpts above were received from respondents from different functions with different levels of position and from different companies. It shows that there is lack of awareness and the same outline of understanding about CSR among employees. CSR is perceived as a responsibility of company towards community and outsiders. Employees are aware of the current trend that most organisations do implement CSR but they do not really understand the overall concept of CSR. Even though the understanding of the CSR concepts might not be high among the respondents, especially with regards to the CSR dimensions, it should not be mistaken that they do not know and are not aware about their company's CSR activities. Employees understanding were in line with what the experts understand about CSR based on Lu and Castka (2009) study. Majority of the experts in Lu and Castha study agreed that Malaysian organisations generally concentrate on philanthropy and Public Relation aspect of CSR.

While the understanding from the executives and managers about CSR focused on community and society, MTUC representatives clearly stated workplace dimension in their comments. They focused more on the issue directly related to employees like terms and conditions for employment, employees' rights and safety issues. MTUC Vice-President, who is a staff of Energy Company, strongly emphasised on the issues of terms and conditions for employment especially on the issue of "minimum salary". His comment is as below:

> *If we talk about CSR, actually it discuss on the public. For staff, we did not call it CSR. CSR is only for the public, in terms of staff, they are more concern on terms and conditions to work... if you asked what's employees' expectation towards CSR, there is nothing more except they will look at terms and conditions of the employment (MTUC Vice President).*

Additionally, the MTUC executive discussed CSR from the perspective of International Labour Organisation (ILO). He argued that CSR for organisation is different with CSR for ILO. ILO perceived CSR as how

companies comply with Labour Law. He also mentioned the right of employees to be involved in unionisation. MTUC will always ensure and fight for the members' rights in relation to the employment policy and working environment.

Elaborating on the concept of CSR towards workplace, the question further addressed the respondents' awareness on CSR towards workplace and issues in the workplace that should be emphasised by companies. As mentioned, majority of the respondents did not realise that what companies did and provided for their employees are part of the company's social responsibility. To them, CSR is more towards community and environment. As for company's responsibility towards workplace and human resource, majority of the respondents mentioned staff benefits and welfare in terms of monetary and salary. Excerpts below illustrate what managers perceived about corporate responsibility towards workplace:

> *What company provide for is the benefit of their staffs, how the company shows it's caring towards its staff. For example, C4 has child care centre for staff's children, we provide food court for staff to have lunch near the office. (M3).*

> *For me, CSR is more towards welfare of staff not only in terms of monetary, but also staff awareness about health and wellness and work life balance. I believe in work life balance. That is very important. (M6).*

Manager of Risk Management department from Energy Company (M2) mentioned about health and safety issues as part of the company's CSR. Being in the department for more than three years, and having worked at the power plant unit for more than ten years before joining the new department, she is really concerned with the health and safety issue in the workplace. The safety issues for human resource are the most important issues that the company should prioritise. Executive of Risk Management and Internal audit from construction company (E7) also mentioned health and safety issues that the company should focus on. The study found that employees' benefits, health and safety are the most important issues from employees' views that the company should emphasise.

Employees' Awareness on Disclosure of Workplace Information

Further question was asked about employees' awareness on the reporting and disclosure practices in their organisation, especially disclosure related to workplace and human resources information. Most of the interviewees were aware of CSR disclosure; however, they were not sure about the types of workplace and human resource information being externally disclosed. Most of the interviewees referred to the disclosure of environmental issues and the involvement of their company in community activities as part of CSR disclosure in annual reports. As for workplace and human resources information, all interviewees stated that they were informed with such information through internal communication (Table 4) especially through company's email and on-line portal. Email is the most important communication channel in any organisation in the current business environments. The online communication will inform members of company about future activities and also report the results from such activities. Information related to company policy and activities are also available in company's portal where each employee usually has authority to access them within the organisation server. Thus, employees basically should not have any reasons for not knowing what is happening in their organisation (M2). Besides online communication and company's portal, employees are also notified of current issues in organisation from notice board and company's bulletin and magazine. Usually the printed version of information is historical in nature which reported activities that were carried out in the organisation.

With regards to the disclosure, respondents were also asked whether they have any influence or involvement in preparing the company's annual report. Responses to this question indicated that the responsibility to prepare the annual report usually lies on the corporate communication department with the help from other departments in providing the required information. Usually, the information has been determined earlier by the corporate communication or corporate affair department and this department will decide on what information on CSR will be included (in the annual report). Employees have no say in the process and are only provided within the information. However, they can give opinions on what to be disclosed.

Interviewees were asked about their perception on the targeted audience for workplace information in annual reports. Majority of them expressed agreement that workplace information in annual report is basically targeted to the shareholders and the public rather than for employees. When asked whether they read the annual report, most of them responded that they did not really read the report and indicated that annual report is actually for the management and the shareholders. Executives Exec 3 from purchasing department mentioned:

> *Information about employees' performance is more for Human Resource Department and it is not supposed to be put in annual report. It is more meant for internal users" (Exec3).*

Further probing is conducted in order to investigate on the reasons why they do not read the annual report. The analysis shows that there are various reasons pointed out by the respondents. Exec 3 and Exec 4 pointed out that they did not really understand the report and the report is too thick. Their appreciation toward the annual report was low. Exec 3 said:

> *Actually I don't have interest in reading annual report. Usually the annual report is thick. I never finished reading it. Just go straight to the information that I interested in especially the financial information. (Exec 3)*

> *The annual report is too thick, so I just go through it, looking at the pictures. If I read (annual report), I just read on the Board of Directors and top management information and the profit. The rest of the information I don't read, do not really understand it and don't know what to look at (Exec 4).*

This finding is supported by another respondent. The Vice-President of MTUC responded that annual report presents comprehensive result of the company, but it fails to give the true situation in the company. He claimed that an annual report usually presents and discloses positive result of the company but the negative thing is hidden. However, two managers from corporate communication department, who were directly involved in preparing the annual report (Plantation Company and Oil and Gas Company), show their greater appreciation towards workplace information in the annual report and claimed that:

> *Disclosure of information (workplace information) was good and I think that some information about labour relation need further explanation in order to keep us updated on the latest development (M1).*

> *Sustainability Report and the annual report give a comprehensive look at the company and what it stands for in a broad scope of things which is sufficient and relevant to a broad range of stakeholders' (Exec5).*

The above responses indicate that there are few categories of employees' attitude towards workplace and human resource information disclosed in the annual report. The first category were those one who did not appreciate the information in annual report as they did not have an interest to read and did not understand the report itself. The second category were employees who appreciated and read the annual report but were dissatisfied with the information provided. They claimed that only good information is reported and disclosed in corporate annual reports. The third category were employees who were directly involved in preparing the annual report. This group of employees show a high appreciation towards the annual reports and read the report to update their knowledge on the latest development issues in workplace.

Throughout the interviews, it became evident that when the interviewees spoke about information in the annual report, they will focus on the financial information and information related to top management and the chairman statement. They will look and read about future direction of the company in the chairman statement. Only a few will look for information related to workplace and basically, those people were involved in the preparation (providing information) of the report. Majority of the interviewees were not involved in preparing the annual report. Only five out of the 23 interviewees were directly involved in preparing the annual report; four from corporate communication and one from finance and account department. A manager from the risk management department in Energy Company indicated that disclosure about health and safety is very important especially to employees for them to take precautionary measures to avoid any accident from happening.

A more general question was addressed to the interviewees whether information about workplace and human resource should be externally disclosed. A few respondents agreed that workplace and human resource information should be disclosed to both external and internal stakeholders. However, information about internal affair should be kept only for internal users. Other interviewees mentioned that the company should only share positive information with the public but not the negative news. The variations in responses were quoted below:

> *I think there is no harm in sharing all this (workplace and HR) information because it will shows how much the company cares about their employees (M8)*

> *If it is positive (news), it is important to disclose in annual report, but if it does not give benefits to staff, may be no need to highlight in the annual report (Exec2).*

> *At the moment, internal disclosure is sufficient. To the public it depends on the beneficial to the company and if there is a demand for the information (Exec9).*

> *If you are talking about the benefits, the remuneration, can we disclose it to public? I don't think so. If the company have good and impressive benefits and remuneration for their employees, then it might attract people. In my personal opinion I don't see anything great about telling outsider what we offer to employees (Exec10).*

Majority of the respondents were on the opinion that disclosing workplace and human resource information to external stakeholder need to be seen whether it brings benefits to the company. If disclosing the information will give an advantage to the company, such as attracting new investors and increase corporate image to public, then it should be disclosed to both external and internal users. But if disclosure of the information gives disadvantages more than advantages, then it should only be disclosed to internal stakeholders.

Employees' Perceptions on the Importance of Workplace Disclosure

Employees were also asked question about the importance and the advantages for the company to disclose workplace and human resource information to external stakeholders through annual report, corporate website and other stand-alone reports. Employees' answers are summarised in Table 5. 11 interviewees who perceived information should be disclosed to external stakeholders stated that it give benefits and advantages to the company by disclosing such information.

Most often mentioned benefits from disclosure of workplace and human resources information were that it could create, build and increase good image to the company in the eyes of public as well as increased transparency. Employees stressed that by disclosing positive information on how companies treat their staffs and provide good and conducive working environment will imply that the companies are responsible and really appreciate their staff's contribution to the success of the company. Typical responses from managers and executive staff included:

> *One is actually on the image aspect. Because C2 is going global by year 2025, we want to move forward. We want to sell (make known to other) our company so it is a branding. We want to have a brand. Basically when we talk about brand we will have like it has to be a whole package, have a good financial, have to have good customers-stakeholder programme, have a good in terms of Occupational Health and Safety (OSH). So I would say that one of the things is the branding image (M2).*

> *Usually those who read annual report are shareholders and analysts, so when they noticed that company give emphasis on employees welfare, meaning that staffs are happy working with the company and then they will perform better and further increased productivity, so that the shareholders will become more confident to invest in the company (Exec2).*

Marketing manager (M8) from a Property Company mentioned that management can take advantages from disclosure practices of workplace

and human resource information as recruitment policy and strategy. A good disclosure on how the company treats employees and good working culture in organisation can become a good strategy to attract new talents as well as retain existing talents. In addition, Assistant General Manager (M4) from Programme Management Office of Telecommunication Company stated that disclosing information to outsiders will give advantages to the company by signalling to the public about working culture of the organisation giving the public a better understanding about the company thus increasing the image and value of corporation.

The above views were supported by Branco and Rodrigues' (2009) study that stated information about employee morale, employee training, employee profiles and employee health and safety are the themes which appear to be of greater importance to influence the potential employees' perception towards organisation social performance. Dominguez (2011) also reported that human resource disclosure explains the relationship between company and its employees. The way a company demonstrates its commitment to its employee are one of the elements which contributes to a company's image and value creation in the company. Ousama et al. (2011) further supported that intellectual capital information in annual report where human resource information is one of the components have a significant effect on market capitalisation which measures organisation's value.

Nevertheless, there were few executives interviewees who state that workplace and HR information should not be disclosed to the outsider, especially information that will not give a positive impact to company. The representative responses included:

> *Information about employee performance is more for Human Resource Management. It is not supposed to be put in annual report. It is more meant for internal users and for HR Department. For me annual report is basically to disclose information that external want to know like financial condition, number of employees, but on employees activities, it is not necessary to be disclose in annual report (Exec3).*

> *To employees, it is important (to disclose), to the public not necessary because it is internal information. Internal matters, better not disclosed it to the public (Exec4).*

> *It is enough to disclose what activities that we have during the year, what we do for our staffs. Information about benefits to employees, we don't have to disclose to the public. But it is important for staffs to know where to get and find for the information (M3).*

The question about the benefits and advantages of disclosure has been put forward to respondents, followed by asking about disadvantages that company can face from disclosing information about their workplace and human resources. Majority of the employees interviewed expressed that too much disclosure of information which is not important and unnecessary can expose organisation to competitive threats. Some information is not very informative and just for the sake of reporting and sometimes does not portray the real situation in the organisation. Thus, management has to be aware and selective in their disclosure practices and should be concerned not to create information overload for users when disclosing human resource and workplace information to public.

Conclusions and Limitations

The principal purpose of this paper is to examine employees' perception of the importance of CSR disclosure about workplace and human resource. The study focus on perceptions of both disclosure of information to external and internal stakeholders as it is contended that CSR disclosure in annual report was meant only for external users/stakeholders but not for employees. This is one of the few studies (if any) to look at employees perspectives in understanding the importance of CSR disclosure especially disclosure about workplace and human resource information. This study reports on the views of 23 employees (managers, executives and non-executives) and therefore any reflection of the findings can only be attributed to these individuals.

Based on the stakeholder perspective, employees are the internal stakeholders that are affected and can affect the organisation practices. Thus, organisation has to meet employees' expectation and make their employees aware of their engagement in CSR in order to obtain or enhance a good social responsibility reputation (Branco and Rodrigues, 2009). However in this study, their (employees) awareness of CSR concepts is relatively low especially related to the concepts of CSR towards workplace. Some of the

respondents have not even heard, understood or know the responsibility of company towards workplace. It is expected that there were significant variations in employees' views and perspectives as the interviewees come from different levels and from different industries (Plantation, Energy, Oil and Gas, Telecommunication, Finance, Construction and Property). The perspectives gained suggest that while the understanding and the awareness of CSR concept may increase among employees, there is still confusion about the meaning of CSR.

As for disclosure of information about workplace and human resource, employees more appreciate internal disclosure and reporting instead of disclosure in annual report. As internal stakeholders, they have more access of the information compared to external stakeholders who merely rely on annual report which is publicly available for them. As internal stakeholders who have limited power towards firm practices (Elijido-Ten, Kloot, and Clarkson, 2010), the finding from interviews also proved that employees have no influence on the disclosure practices. As what M2 said,

> *"We only provide the information indirectly, which is not really seen. We are just the information provider but the decision [to disclose] is on them (Corporate communication department)"*.

Furthermore, employees who are not from the department directly involved in preparing annual report do not seem to appreciate workplace disclosure in the report. For them, such information is available internally and is much more detailed from what is being reported in the annual report. Moreover, disclosure of workplace and human resource in annual report does not target employees as the users because the information is more on summarisation and reports the positive things only.

The study also revealed a large potential of good positive effects for company to voluntarily disclose workplace and human resource information. The most often mentioned positive effect by employees were that the disclosure of workplace and human resource information would lead to the increased image of the company to the public eyes as well as it can be a good recruitment policy and strategy for the company in getting and retaining talented staffs. Furthermore, disclosures about workplace and human resource have the potential to reduce information asymmetry by reducing

the information gap between company and the user of the information (Rimmel, 2003). As for internal effects, disclosure of workplace information would create mutual trust between the management and employees and can increase employees' motivation and commitment towards the company.

Besides the positive effects from the disclosures, employees were also mentioned the negative effects by disclosing too much information to the public. The company needs to be more selective with regards to information disclosed as unimportant information could harm the company. Therefore the company should be careful in selecting information to be disclosed that could create a negative impression to the public and the users. Emphasis should be put on the important details that can enhance the quality of the information disclosed that can meet the users' expectations.

The empirical evidence from this study also suggests that employees really appreciate disclosure of workplace and human resource information internally. Internal communication channels provide employees with more information about the company situation and activities. As for disclosure in annual report, they would appreciate more structured and standardised information to make better comparison with other companies.

The findings of the study are subject to some limitations that provide initiatives for future research. First, the study only managed to interview 23 employees from eight companies who were willing to participate in this study and the respondents have been determined and chosen by the management. Interviews should cover a large number of participants with a balanced distribution among employees from different levels and functions. It is rather interesting to investigate whether other employees would provide similar responses. Second, the study employs qualitative methods with the aims to explore and understand employees' views and perception with regards to workplace and human resource disclosure. Future studies could employ quantitative techniques such as questionnaires to investigate employees' perceptions on issues associated with workplace disclosure. For example, questionnaires can be used to measure the importance of selected issues in workplace to enhance findings of this study.

Table 1: Respondents' Demographic Profile

Gander:	Male	12
	Female	11
Ethnic Group	Malay	14
	Chinese	4
	Indian	5
Position	Manager/senior manager	9
	Executive/senior executive	11
	Non-executive	3
Age	21-30	6
	31-40	13
	41-50	3
	51-60	1

Table 2: Interviewees' Working Position and Industry Sector

Manager1 (M1)	Manager (Corporate Communication)	Plantation
Manager2 (M2)	Manager (Risk Management)	Energy
Manager3 (M3)	Assistant General Manager (Human Capital)	Telecommunication
Manager4 (M4)	Assistant General Manager (Program Management Office)	Telecommunication
Manager5 (M5)	Manager (Information System)	Telecommunication
Manager6 (M6)	Senior Manager (Finance and Account)	Construction
Manager7 (M7)	Senior Manager (Sales and Marketing)	Construction
Manager8 (M8)	Senior Manager (Marketing)	Property
Manager9 (M9)	Manager (Business Development)	Property
Executive1(Exec1)	Executive (Corporate Communication)	Finance
Executive2(Exec2)	Executive (Corporate Planning)	Finance
Executive3(Exec3)	Executive (Purchasing)	Finance
Executive4(Exec4)	Executive (IT Department)	Finance
Executive5(Exec5)	Executive (Corporate Communication)	Gas and Oil
Executive6(Exec6)	Executive (Admin and HR)	Construction
Executive7(Exec7)	Senior Executive (Risk and Internal Audit)	Construction
Executive8(Exec8)	Executive (Human Resource)	Construction
Executive9(Exec9)	Executive (Corporate Communication)	Property
Executive10(Exec10)	Executive (Legal)	Property
Non-executive 1 (NE1)	Human Capital	Telecommunication
Non-executive 2 (NE2)	Human Capital	Telecommunication
Union 1	MTUC Executive	
Union 2	Vice-President (Private sector)	

Table 3: Interview Guide Applied to the Respondents

1.	What do you understand about CSR?
2.	Are you aware that your company disclosed workplace and HR information to employees and other stakeholders?
3.	What medium is usually used by your company to inform employees and other stakeholder about workplace and HR information?
4.	Do you ever read social and workplace report of your company? Yes or no? Why?
5.	If yes, which part of the report do you consider to be the most important for you?
6.	How important do you perceive the items disclosed in the workplace report?
7.	How do you consider the items to be treated in the report? Good or poor?
8.	On which items of workplace information do you see need for further explanation?
9.	What is your general appreciation towards workplace reports produced by your company?
10.	Are you involved in the preparation of your company's workplace and human resource report?
11.	In your opinion, does workplace and human resource report issued is directed to the employees? Or it is meant for other stakeholders?

Table 4: Medium of Internal Communication

1.	Electronic mail (e-mail).
2.	Staff portal.
3.	Life wire system /e-news letter.
4.	Bulletin /magazine.
5.	High tea session with top management.

Table 5: Benefits and Advantages to Have Workplace and HR Disclosure

1.	Good image and good brand.
2.	Increase public expectation.
3.	Good recruitment policy and strategy.
4.	Attract new talents.
5.	Retain existing talents.
6.	Appreciation and reward for employees.
7.	Increase employees' loyalty.
8.	Mutual trust.
9.	Increase stakeholders (employees) awareness.
10.	Comply with regulation.
11.	Award Competition.

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