

Corporate Sustainability Practices in Asian Countries: Pattern of Disclosure and Impact on Financial Performance

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Abstract : The changing attitude of the corporate enterprises from maximizing economic benefit to corporate sustainability after the publication of Brundtland Report has attracted the interest of researchers to investigate the sustainability practices of firms and its impact on financial performance. To enrich the empirical literature in Asian context, this study examines the disclosure pattern of corporate sustainability and the influence of sustainability reporting on financial performance of firms from four Asian countries (Japan, South Korea, India and Indonesia) that are publishing sustainability report continuously from 2009 to 2016. The study has used content analysis technique based on Global Reporting Framework (3 and 3.1) reporting framework to compute the disclosure score of corporate sustainability and its components. While dichotomous coding system has been employed to compute overall quantitative disclosure score, a four-point scale has been used to assess the quality of the disclosure. For analysing the disclosure pattern of corporate sustainability, box plot has been used. Further, Pearson chi-square test has been used to examine whether there is any difference in the proportion of disclosure between the countries. Finally, quantile regression model has been employed to examine the influence of corporate sustainability reporting on the difference locations of the conditional distribution of firm performance. The findings of the study indicate that Japan has occupied first position in terms of disclosure of sustainability information followed by South Korea and India. In case of Indonesia, the quality of disclosure score is considerably less as compared to other three countries. Further, the gap between the quality and quantity of disclosure score is comparatively less in Japan and South Korea as compared to India and Indonesia. The same is evident in respect of the components of sustainability. The results of quantile regression indicate that a positive impact of corporate sustainability becomes stronger at upper quantiles in case of Japan and South Korea. But the study fails to extricate any definite pattern on the impact of corporate sustainability disclosure on the financial performance of firms from Indonesia and India.

Keywords : corporate sustainability, quality and quantity of disclosure, content analysis, quantile regression, Asian countries

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