“An analysis of the effects that CSR awards and firm size have on the CSR reporting disclosures in the annual reports of Irish business operations.”

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MSc in Management (Part Time) Dissertation

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Abstract:

The importance of corporate social responsibility (CSR) has grown significantly in Ireland in recent years. With that has seen a rise in the extent of CSR reporting in company annual reports. Conversely, CSR awards which recognize the CSR efforts and achievements of companies have become more and more prominent. This work aims to discover whether there is a link between the extent of CSR reporting, and the attainment of CSR award. The study also endeavors to determine if the extent of CSR award is linked to the size of the company. This work takes a global study examining this topic for Malaysian businesses, and puts an Irish context on it in order to see how Ireland compares on the global field.

The study examined a series of annual reports for Irish business and indexed the data to form an overall composite score for the CSR reporting. The data was then analyzed against the two dependent variables stated – the firm size and the winning of a CSR award. Regression analyses were then performed to test the dependence of the award variable on firm size and the strength of the reporting score.

The study found there to be a link between the strength of the reporting score, and the size of the firm. The data, although not conclusive, showed s strong indicator for this correlation. The study did not see a conclusive link between the extent of CSR reporting and the attainment of CSR award. Although the data showed links between the two, it also showed links between award and other inputted variables which were ultimately no less significant than the results on the extent of reporting.

Introduction:

The objective of this dissertation to seek to fill a gap in existing literature by looking through an Irish lens at the effect that corporate social responsibility (CSR) awards have on the reporting disclosures made in the annual reports of Irish business operations. The study further seeks to examine whether the reporting improves depending on the size of the organization. The study seeks to examine the Irish business environment to see what impact that CSR awards are having on the reporting and disclosures made by Irish businesses, or the Irish operations of multinational businesses, where available reporting exists. The awards which were examined were the Chambers awards for CSR and the Green Awards for sustainable business. Both of these awards have sub categories to recognize excellence in specific fields. The annual reports of the companies who were nominated for awards were analyzed, subject to the availability of an Irish specific annual report in the case of non Irish multinationals. Companies who were not nominated, but are similar in profile and industry to those nominated, are also analyzed to contrast the study.

What this research is seeking to examine is the link between corporate governance quality and CSR disclosures, and the influence of award on these CSR disclosures from the unique perspective of Irish businesses. The ultimate goal is to test the quality of CSR reporting in Ireland relative to the study done by Anas et al (2015), to then compare the quality of CSR reporting of Malaysian PLC's and to then provide an Irish context and viewpoint in which to place Irish PLCs in terms of the international perspective on existing literature in the field.

Literature Review:

Introduction:

The purpose of this literature review is to examine the current research on the wider topic of CSR first, and then to look more closely at the area of CSR award and whether or not there is a connection between CSR award and the extent of CSR reporting on the annual reports of businesses. A specific examination into what exactly is the meaning of CSR will be undertaken to lay the foundations for this study. The origins and history of CSR will be looked at to build additional context on the evolution of CSR and its reporting. The impact of CSR on profits and bottom line in business performance will be examined with a view to understanding the value of CSR as an activity for businesses to engage in, as well as understanding the link between CSR activities and the overall financial performance of the business. Finally, an examination of the current literature in the field of CSR will be undertaken. The existing literature surrounding the quality of corporate governance and its links to CSR disclosures were reviewed, as well as the additional studies looking at the effect that awards have on the CSR disclosures in the annual reports of businesses in the wider business environment.

What Is Corporate Social Responsibility:

Corporate social responsibility (CSR) has become more significant and popular in recent years. Despite initial skepticism, many corporations now report on their CSR activities in their annual reports. This reporting is seen as a means to improve their business; Beal (2014).

Defining CSR has never been easy as there is no one accepted definition that covers all. Beal (2014) took the five most prominent definitions of CSR and summarized that "defining CSR requires making the role of business in society explicit by enumerating societal obligations". With all five definitions considered, Beal sought to offer the following definition of CSR:

"CSR, broadly defined, is the moral and practical obligation of market participants to consider the effect of their actions on collective or system-level outcomes and to then regulate their behavior in order to contribute to bringing those outcomes into congruence with societal expectations."

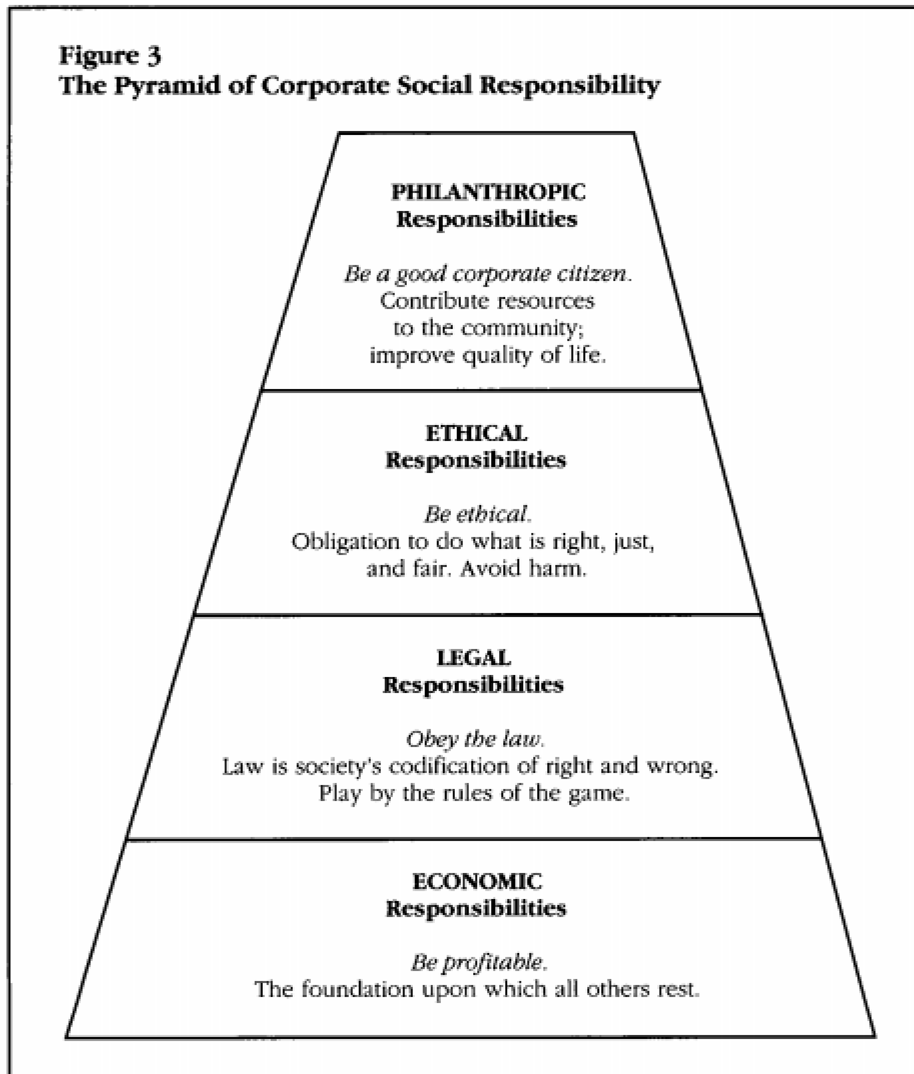
Perhaps the most significant writings on CSR has been undertaken by Archie Carroll, who has written extensively on the topic of CSR over a prolonged period of time. In Carroll (1983), he offered a definition that "corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent."

A History of Corporate Social Responsibility:

Corporate social responsibility has existed as a formalized concept since the 1950's (Beal, 2014). A generally accepted starting point for modern CSR is the 1953 publication of the book *Social Responsibilities of the Businessman* by Howard R. Bowen. He asked a number of questions related to the areas in which businesses are giving back to society and how they can do more in this regard.

Beal also suggests that a perfect market will automatically look after societal interests more effectively if market participants are looking after their own interests. This is by virtue of the "invisible hand". However, as Beal points out, most markets operate imperfectly and therefore, whilst CSR goes against market logic, it is a necessary provision to ensure proper market behaviors are observed. In summary, businesses "have a responsibility to contribute to economic outcomes that meet societal expectations." CSR in a way acts as an unofficial regulator for the market to behave in an ethical way.

Carroll developed his theory on CSR into a system that was reflected in a pyramid as illustrated in Figure 3 below. He divided CSR into 4 basic layers – economic, legal, ethical and philanthropic.



- *Carroll (1991).*

Economic performance in the cornerstone that must be in place for the rest to work. It is the bottom of the pyramid, the building block which lays the foundation of CSR

strategies, without which the other blocks will fail. For this reason, economic performance and CSR are deeply entwined. This also provides a reason to look more deeply into the relationship between CSR and the financial performance of businesses.

Whilst economic performance is of paramount importance to the business and the pyramid model, the company is also expected to obey the law whilst doing so. Legal responsibility makes up the second block of the pyramid. Law is described by Carroll as “society's codification of acceptable and unacceptable behavior”. Essentially, it demands that companies “play by the rules of the game” whilst engaging in CSR.

The third block of the pyramid is the ethical consideration. This requires the company to behave in a way that is “right, just and fair, and to avoid or minimize harm to stakeholders (employees, consumers, the environment and others).”

The final layer of the model is the responsibility around philanthropy. The business “is expected to contribute financial and human resources to the community and to improve quality of life.” These layers are designed to guide managers on the different obligations that are expected of the business by society.

Carroll’s pyramid has formed a central foundation block for modern CSR theory. It is a cornerstone of the field, and in order to properly understand CSR, it must be closely considered.

It is, however, not without its critics. Visser (2007) famously questioned the model. He specifically used Africa as a basis for his criticism. He pointed out that philanthropic activities are highly-regulated in Europe whereas it is more of a discretionary aspect of the African marketplace. He observed that it is unrealistic to expect firms to engage in these activities without adequate incentive. He pointed out that African governments are much more dependent on individual firms thereby making which makes sanctions or legal actions unlikely, rendering this aspect of the model unworkable. Visser also notes how the philanthropic aspect of the model is the last of the facets of the pyramid,

implying that it is of a lesser importance to the others. Not only that, but Visser also suggests that the model fails to offer an adequate description of what exactly companies should be doing in relation to philanthropy. In addition, Visser was also critical of the legal aspect of the pyramid. As he pointed out, the legal systems in Africa are not only underdeveloped but prone to corruption as they are neither mature nor independent enough to stand up to pressure from larger companies who hold a lot of influence over them. He also cites the damning statistics around corruption in the continent of Africa and suggests that Carroll's demand for ethics is unrealistic and fanciful. He claims that by trying to shoehorn all of these values into the model, in spite of very different landscapes in the real-life business environments, that Carroll ends up with a model that is out of touch with the problems of the environment and ultimately ends up bein disjointed. Visser himself stated that ethics should be a far higher priority in his own model. Ultimately, he claims that CSR should be a guideline to encourage businesses to act ethically and philanthropically as they will always seek to be efficient economically as that is ultimately the nature of a business.

Petrović-Ranđelović et al (2015) discuss how "the liberalization of international trade and investment flows has contributed to the spread of the effects of technological progress and influenced development in many countries, but also raised a number of limitations in opportunities for achieving sustainable development." This has been an issue throughout the globalization process due to a lack of regulation in the area. In recent years, this area has become considerably more regulated due to the pressures placed on the environment by pollutants, dirty manufacturing processes and production techniques and the uncontrolled use of non-renewable natural resources. Companies are now taking measures to abide by the regulatory guidelines.

In the Petrović-Ranđelović et al (2015) paper, it was also noted that whilst some companies pay mere lip service to sustainable development, others have integrated it into their corporate strategies in order to seek competitive advantage in the marketplace. In addition to this, any long-term neglect of the non-financial aspects of the business can have multiple negative side effects on both the performance of the

business financially as well as the deterioration of the company's reputation among their key stakeholders, which adversely affects the company's competitive advantage.

Social responsibility is the cornerstone and guiding element for corporate activities, according to Petrović-Ranđelović et al (2015). They also suggest that the exclusive orientation towards maximum profits does not constitute a favorable long term strategic focus for multinational companies. Efforts need to be made by corporations to improve in many areas, not just CSR. Companies need to look at other activities that are aimed at improving the quality of working and living conditions. In addition to that, for long term favorable performance realization, it is necessary to direct activities towards improving the conditions in the communities in which the company is operating as well as developing partnerships in these regions.

Boulouta et al (2014) note that the concept of corporate social responsibility and competitiveness are "elusive and controversial", when applied at a macro level. They note that consensus on a definition of CSR is difficult to achieve due to the complexity of having CSR define not only what corporations are doing, but what they should be doing. Consumers are now demanding more "responsible" products and therefore companies are being incentivized to implement these strategies in order to increase their bottom line. They conclude0d that CSR can make a "significant positive contribution to national competitiveness, as measured by national living standards." Countries with a low or poor innovation record will benefit more from CSR than countries that are already highly innovative.

Hopkins (2003) stated that the aim of CSR should be to "create higher and higher standards of living while preserving the profitability of the corporation". Turyakira et al (2013) note that CSR has become increasingly important to the competitiveness of businesses. It is a strategy that is increasingly being seen as much as a revenue driving behavior as it is a compliance behavior. Peter Drucker, as cited in Cooperider (2008) stated that "every single social and global issue of our day is a business opportunity in disguise".

In 1991 Michael Porter stated that the increasing restrictions of environmental regulations were not hindering companies, but helping them in their quest for competitive advantage. This went heavily against the conventional opinion of the time. However, he was vindicated when Gupta et al (2011) found that “stricter environmental regulations lead to modest gains in productivity, particularly when measured over a period of several years.”

The argument against the Porter theory has always been that if opportunities were in place to reduce pollution in a profitable manner without the presence of government regulation, the firms whose strategies involve profit maximization would already have sought to gain competitive advantage from these opportunities. (Ambec et al, 2010). However, a growing number of multinational firms are making the realization that this strategy gives them greater value and enhances competitiveness.

What is the Value of CSR:

In order for CSR to be seen by firms as a valuable activity in which to engage, the objectives of CSR need to be explicitly defined (Beal, 2014). Bowen (1953) listed eleven macroeconomic objectives which form a starting point for the value development of CSR - high standard of living, economic progress, economic stability, personal security, order, justice, freedom, development of the individual person, community improvement, national security and personal integrity. Davis and Blomstrom (1966) further expanded on these ideas by listing specific areas of potential social involvement - “ecology and environmental quality, consumerism, community needs, governmental relations, business giving, minorities and disadvantaged persons, labor relations, stockholder relations and economic activities.”

These lists have formed the basis of what we now recognize as CSR in the modern business environment. Modern laws and directives for CSR incorporate these tenets and they are central to how companies build their CSR strategies. Beal (2014) points

out that while there may be disagreement on specific items within these lists, the overall objectives serve to anchor the overall concept of CSR. Essentially, “the heart of CSR is the notion that individual firms have a responsibility to behave in a manner that contributes to the realization of desired economic outcomes”. However, whilst there are clear objectives of CSR, there has always been debate about the means of getting there. Beal also questioned whether the best interests of the community and the economy are the same as the best interests of the individual - the aforementioned “invisible hand” is in play again in this case. Beal (2014)concludes that “unless businesses are able to establish a reliable link between their behavior and these outcomes, businesses cannot be expected to effectively contribute to their realization”. Therefore, CSR is intrinsically linked to optimizing business financial performance.

CSR has been debated as both a positive and negative force in business. Milton Friedman (cited in Beal, 2014). wrote in the *New York Times* that a business's primary objective is to increase its profits and therefore that when a business has “social responsibility” there will be times when a CEO must act outside of the interests of their employers. This, he says, equates to spending someone else’s money for general social interest. He concludes that “there is only one social responsibility of business - to use its resources to engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud”. Friedman had previously described CSR as a “fundamentally subversive doctrine” as it put pressure on businesses to be obligated to solve persistent social problems. Beal himself noted that Friedman’s view of CSR differs to the view of CSR that “emphasizes the link between the actions of individual businesses and outcomes for which they - considered as a group - are directly responsible”. Beal did note however that Friedman’s statement about staying “within the rules of the game” suggested that his position was more supportive of a contemporary understanding of CSR than perhaps is acknowledged by critics of his article. This in itself shows that CSR can suffer somewhat when viewed with ambiguity. The objectives of CSR need to be clear and relate back to improving the financial performance of the business in order for them to be accepted by the business and therefore be successful

in their application. The value of CSR can be seen when the pure financial performance is viewed beside the changes that come from engaging in CSR activities. For this, it is important that businesses understand when their pursuit of profit is likely to contribute to social good and when it is equally unlikely to do so.

Beal (2014) goes on to state that market failure will occur when markets cease to deliver efficient outcomes. It will occur when externalities or spillovers create effects. These are costs or benefits that are not reflected in the price of a product that affects a third party that is not related to the main transaction or market. The example used refers to the hypothetical manufacturing process which leads to a significant amount of pollution but the cost of the pollution is not reflected in the price of the product, then the price of the product does not accurately reflect the value of the resources inputting into the production of that product. Market failure can also occur when public good is involved. Beal defined a public good as a good whose consumption will not decrease its availability to others and whose benefits are difficult to restrict to those who contributed to its production. A typical example of public good is the safety and security on offer to a country by its military. This makes it both non-excludable and non-rival. And finally, public good will occur if there are "monopolies or oligopolies, natural monopolies, network externalities, information problems or other structural idiosyncrasies that impede competition or create other incentive problems".

In terms of value creation, where does Beal suggest that CSR comes into the value chain of a business? Simply put, the business should be committed to creating economic value as that is what is expected from the economy. When talking about individual businesses specifically, the objectives are more complex. This can depend on the type of company, the industry, the market conditions, information issues and whether or not there exists a conflict between the interests of the company and the interests of the collective within the economy. It will also depend on the performance of the market. If the market is properly structured and performing as it should, in a competitive fashion, then profit maximization is a good goal for the common social good. However, if the market is experiencing market failure then a focus on profit

maximization could be inefficient, and perhaps dangerous both to the market and the environment. In this kind of scenario, CSR may require businesses to put their individual interests behind them and instead focus on the greater good of the social context in order to avoid “collective irrationality” (Beal, 2014). Nonetheless, whichever the context, gaining buy in to CSR requires commitment to value creation.

Orlitzky et al (2003) suggested that CSR was more beneficial to a business from the perspective of impact on a business’s corporate social performance (CSP). They defined CSP as “a business organization’s configuration of principles of social responsibility, processes of social responsiveness, and policies, programs and observable outcomes as they relate to the firm’s societal relationships”. They suggest that the “value” of CSR are the benefits to a business in terms of its reputation in the market and with the public. Specifically, they suggest that CSP “may help to build a positive image with customers, investors, bankers and suppliers.” They also suggested that businesses who are engaging in activities to improve their CSP will have the ability to attract better employees. However, they did not seek a financial connection between CSR and the profits of the businesses that they looked at.

Relationship between CSR and financial performance:

Blodgett et al (2014) examined the association between CSR and the value of the firm. This angle of research is important as there have been significant gaps in research on the link between CSR and financial performance. Despite admitting to significant challenges in linking the two, they noted that there is a growing trend in “doing good while making a profit”. This, they note, is becoming the popularly accepted conception of CSR. They found it difficult to find definitive and statistical associations between what companies are saying in their CSR statements and their financial results and outcomes. This suggests that there exists a discrepancy between what firms are saying and what they are doing. They also note that establishing a link between financial performance and CSR has been an ongoing challenge for over forty years.

Blomgren (2011) stated that the empirical research on the relationship between CSR and profits was inconclusive, and offered some reasons why this could be the case. First of all, there are many cases of financially respectable performances from "non-CSR companies", specializing in "sin industries like defence, gambling, tobacco and alcohol". It is speculated that CSR may be linked to profits merely as a "casual mechanism" rather than a reason for profits in the business. It is also noted that "a consensus on how executives perceive the relationship between CSR and profits has yet to be reached." Blomgren states that if differences in profit levels across different industries are not controlled for, then a relationship between CSR and profits could simply mean that CSR companies are clustered in the most profitable industries. The most interesting reason suggested, which is relevant to this study is that the inconclusive nature of the existing research is because the intensity of reporting of CSR varies from company to company. Some companies offer extensive insights into their CSR programs while others only offer limited information which does not allow for conclusions either way. Overall Blomgren (2010) surmised that "the tendency is for CSR to be more related to profits when measured by factors liable to be influenced by the companies (charitable contributions, reputational ratings etc.) than when measured by factors less liable to be influenced by the company (third party audits, transparency, etc.)".

Drews (2010) examined the beneficial impacts that CSR had from the point of view of society and business. She suggested that "a single focus on shareholder optimization can endanger company competitiveness and survival". She said that companies need to redefine their role in society as they realize the need to be more proactive in managing their complex set of stakeholder relations. She defined CSR as "voluntary corporate activities to tackle social and environmental aspects". This in itself shows one of the main pitfalls of CSR reporting. The definitions vary from paper to paper and this ambiguity could be a reason why there is no agreed consensus on the topic. With that said, Drews stated that despite finding mixed results, there exists a predominantly positive relationship between CSR and corporate financial performance. Drews also clarified the "correlation" between CSR and financial performance by providing a

definition of financial performance, describing it as “direct financial effects such as revenue increases and cost decreases”. She added to that definition by including “benefits that do not directly lead to cash flows but can nevertheless be measured in monetary terms such as a reduction of CSR-induced risks or an increase in brand value”. Brand value, when looked at purely as a financial metric, reflects the financial value of a brand to the company. Drews concluded that more insights are needed into the “concrete measurement and isolation of individual indicators to support a quantitative assessment of the business benefits”.

Tang (2012) suggests that profits are shaped by *how* firms engage with CSR. They looked at firms seeking to maximize their financial returns from CSR engagement. Knowledge acquired from performance of CSR tasks help to ensure that the next time these actions are performed in a more competent and efficient way, and therefore an ongoing learning is applied whereby the company becomes more efficient as internal expertise on CSR is acquired. Tang also argued that CSR has established a favorable response amongst its key stakeholders - employees, regulators, customers and the media. This is because it is generally accepted that CSR leads to improvements in the reputation of the business as well as the favorable relationships between these stakeholders. Further to this, it has been assumed that this effect will ultimately lead to improved financial performance (Surroca et al, 2010). They also suggest that the relationship between CSR and financial performance is “intangible”. Such intangible benefits would include better reputation for the firm, attracting better human capital due to this reputational improvement, strengthening the market differentiation of the firm and the product.

Corporate Governance Quality and CSR Disclosure:

Chan et al (2014) state that there is an increasing importance between CSR and corporate governance. They found that firms providing more CSR information “have better corporate governance ratings; are larger; belong to higher profile industries; and are more highly leveraged”. They suggest that there is a link between corporate governance quality and CSR disclosure in company annual reports. They cite corporate

scandals such as Enron for having "increased society's expectations in relation to companies' environmental, social and ethical responsibilities (Money and Schepers, 2007). They add that there has been a significant increase in the funds invested in socially responsible investments and suggest that this has caused companies to pay significantly more attention to their CSR activities. They suggest that CSR is "good for business" as it offers "cost savings from continuous improvements". Therefore, they suggest that it is in a business's interests to demonstrate that it acts "in a socially and environmentally responsible manner". Adams and Zutshi (2004) suggest that by demonstrating this, a business can avail of four major benefits: "improved corporate image and relations with stakeholders; better recruitment and retention of employees; improved internal decision making and cost savings; and improved financial returns". Chan et al (2014) surmise that a key assumption to made is that "the amount of CSR disclosure provided by a company signifies the importance the company attaches to such matters".

Chan et al (2014) also found that there has been an association between certain corporate characteristics (such as firm size, profitability and industry classification) and the amount of CSR disclosure offered by these firms that fit those characteristics.

Research Methodology:

Theory Development

This study will stay consistent with the approach adopted by Anas et al (2015). In order to try to replicate the study in as close a way as possible, the only difference will be that it will seek to analyze Irish firms in the same way that the Anas study analyzed Malaysian PLCs. The study, therefore, will utilize the two specific theoretical arguments that are at the forefront of much research in CSR, and are the foundation of the Anas et al study. These arguments are *stakeholder theory* and *legitimacy theory.*

1. *Stakeholder Theory*

Stakeholder theory was defined by Freeman (1984) as "any group or individual who can affect, or is affected by, firm's operations and activities". It promotes a way of managing organizations in a "practical, effective and ethical way". The theory suggests that CSR activities transcend profit making strategies as they can impact a wider group of stakeholders, including the general public. Chan et al (2014) stated that stakeholder theory will be used by organizations to run the business – with the primary goal of the theory being to balance the varying, and sometimes conflicting, demands of the stakeholders in any given firm. Chan et al (2014) continued by suggesting that a firm may put in place a "strategic plan" for managing this complex relationship between a firm and its numerous stakeholders. They suggested that one approach that a firm can take is to develop the firm's reputation as "socially responsible" through "performing and disclosing CSR activities; and they cited de Villiers et al (2011) when they said that there is a "positive relationship between strong environmental performance and shareholder wealth". Stakeholder theory therefore provides a theoretical framework for examining the relationship between the various firm characteristics, and their CSR disclosure. Harrison et al (2015) mentioned that this theory encourages that all shareholders are treated with "fairness, honesty and generosity". They stated that treating all stakeholders well creates a synergy inside the company. The theory is that treating customers well will positively influence employees, and behaving well towards the communities in which it operates, will positively influence the relationship with its suppliers and consumers. This is called the "generalized exchange" which Harrison et al (2015) stated is a "core differentiating aspect" of stakeholder theory.

2. *Legitimacy Theory*

This theory is based on the notion of a "social contract" that exists between an organization and society (Anas et al, 2015). Chan et al (2014) stated that legitimacy theory will consider interactions with "society as a whole" as opposed to stakeholder theory which focuses on "how an organization interacts with particular stakeholders".

Essentially a firm exists with society's approval (Deegan, 2002). If society determines that an organization is not behaving and operating in an ethical and legitimate manner, then the organization's contract is threatened by society in the form of consumer boycotts. People simply stop buying products or services that the organization sells. This theory "relies on the assumption that managers will adopt strategies to demonstrate to society that the organization is attempting to comply with society's expectations" (Chan et al, 2014). They continued by pointing out that organizations need to constantly show that they are living up to these expectations. One of the key aspects of this theory is disclosure. The reason for this is that the entire premise of the theory is perception. Deegan (2002) noted that disclosure is a peak strategic element to include in a company's annual reports. Any action that is not reported is subsequently not effective in changing perceptions and therefore ineffective. Deegan (2002) also noted that best medium for firms to disclose and communicate their CSR activities to the public in a positive light is through their annual reports. Deegan and Rankin (1996) also made the point that when a firm wants to improve its legitimacy, it is likely to limit any reporting and disclosures solely to "good" news. One method of disclosure strategy that firms can utilize is the attainment of awards (Anas et al, 2015). The attainment of awards can lessen the legitimacy gap between the firm and society.

The two theories that have been discussed above will be central to the study and were used to develop the hypothesis.

Hypothesis Development:

This section aims to retain as much consistency as possible with the original hypotheses and methods of the Anas et al (2015) study into Malaysian PLCs, while looking at the Irish context. In their study, they presented with three specific hypotheses:

H1: The extent and quality of CSR disclosure in annual reports is positively related to firm size.

H2: The extent and quality of CSR disclosure in annual reports are positively related to company's profitability.

H3: The extent and quality of CSR disclosure of companies are positively related to award.

One area of immediate concern is the smaller number of companies available and eligible for this study compared to the Malaysian study. As will be detailed below, the number of nominated accounts in Ireland, with available reports, was significantly lower compared to the study conducted by Anas et al (2015). Due to the lack of available information specifically related to the profitability of Irish companies, this study removed H2 above from the comparison, and therefore, the hypothesis for this study needed to be redefined. Therefore, this study presents two hypotheses:

H1: The extent and quality of CSR disclosure in annual reports is positively related to firm size.

H2: The extent and quality of CSR disclosure of companies are positively related to award.

Research Method:

This section goes through the sample selection method, the data collection process used, the development of the CSR checklist and finally, how the variables were measured.

Sample Selection:

In order to give the research a measurable aspect, the annual reports of the companies were used. This is justified in the above section, as the most comprehensive reporting on CSR activities released by companies is through their annual reports.

The research also sought to contextualize the data obtained from the annual reports and to frame them in an attempt to measure the impacts that CSR reporting is having on individual company's attainment of awards in the field.

The Anas et al (2015) study divided the sample companies into four distinct industry definitions. They are finance industry, consumer products industry, industrial products industry and trade and services industry. In an effort to ensure close comparison, this categorization was used to segregate the companies in this study also.

The selection process for the companies was as follows. Two prominent Irish CSR awards are given to businesses operating in Ireland for their CSR activities. These awards are the Chambers awards for CSR, and the Green Awards for sustainable business. Both of these awards have sub categories in which they award businesses for excellence in specific fields. Companies who were nominated for awards were analyzed, subject to the availability of an Irish specific annual report in the case of non-Irish multinationals. In total, there were forty companies nominated in Ireland for CSR awards. All firms on this list were considered as eligible for the study. The companies needed to make a sufficient volume of information available to the public domain through their annual reports in order for there to be a sufficient volume of data to compare and contrast. The lack of an available annual report ruled out an initial nine companies.

On top of this, for multinational companies operating in Ireland, the nomination was based on their activities in Ireland, and therefore the reports also needed to be specific to their Irish operations. This ruled out a further nineteen companies as there was insufficient distinction in their annual reports of CSR activities related to their Irish operations. A further impediment to the study was that multinational companies would release "cover all" versions of their annual reports based on their global operations which did not specify their activities in Ireland. This issue surfaced again with the non award nominated companies in which a further fourteen companies were ruled out due

to vague and ambiguous global annual reports. Those companies were excluded from this study due to insufficient information about their Irish activities.

It was not required for all of the companies to be in the same industry as each other for accurate comparisons to be relevant, as this study was not comparing the actions themselves, rather the degree of reporting being provided by these companies, and how this reporting was being influenced by CSR awards. However, the nominated companies were categorized into four separate categories based on their industry in order to further determine if there was any correlation between quality and extent of reporting and the industry in which the company belongs. The four industries are finance industry, consumer products industry, industrial products industry and trade and services industry.

In order to seek to balance the study, companies who were not nominated for awards were also analyzed against the same criteria in order to help strengthen the model towards statistical significance. The intention here is to see if the non-nominated accounts show any differences or similarities to the nominated accounts in terms of how they are reporting about CSR and their CSR activities. For further balance, companies who were not nominated were still selected from the four industries associated to this study - finance industry, consumer products industry, industrial products industry and trade and services industry.

All in all, between the two awards, there were forty-one individual companies nominated for awards. The selection criteria eliminated twenty-eight of these companies due to lack of available reporting or non-Irish specific reports. That left us with twelve nominated companies to analyze and contrast for this study. This is a relatively small sample size but is justified by VanVoorhis and Morgan (2007) when they suggest that “an absolute minimum of ten participants per predictor variable is appropriate”. For non-nominated companies, it was sought to have companies that were across the same various industry segments so that there would be a wider balance to the study. A further four companies were analyzed against the nominated companies. Again, availability of reporting was a significant challenge here as mentioned above, and fourteen companies

were excluded due to non-Irish specific reporting. In total, the study analyzed sixteen companies.

Data collection:

The use of the annual report itself can vary in terms of availability, frequency of release and useful information available about CSR. The justification for the use of the annual report comes from Bouten et al (2011). They point out that the annual report is one of the main platforms used by the company to communicate with the stakeholders. They also cite the use of separate environmental reports as secondary sources of information for CSR activities. These reports are more frequent than the company's annual report and therefore must be examined as a secondary source of information for this study.

Anas et al (2015) stated concerns around relying purely on annual reports, as they claimed that this could result in failure to capture the overall picture. However, as the aim of this research is to research the effects that reporting is having on CSR award in Irish companies, the annual reports are the essential measure of reporting. Furthermore, the annual reports offer the direct comparison between the extent of CSR reporting and the size of the firm.

The study focuses on only the CSR reporting section of the annual report, the chairperson statement and the operations review sections of the annual reports, as is consistent with Anas et al (2015) and their study. This was suggested and justified in their report by Nik Ahmad et al (2003).

CSR Disclosure Index and Measurement of Variables:

In order to remain consistent with the Anas et al (2015) study, the companies were analyzed and scored according to the BMB CSR framework. According to Anas et al (2015), the BMB CSR framework with which all PLC's are required to comply contains requirements in terms of reporting on CSR themes and items, namely environment,

community, marketplace and the workplace. The BMB framework contains a list of checklist items by which companies are advised to report. They are:

Environment:

1. Efficiently using the energy.
2. How to reduce the way its emissions damage the climate.
3. The use of biofuels.
4. The essential needs to protect flora and fauna.

Community:

1. Contributions to children.
2. Contributions to youth development.
3. Contribution to underprivileged.
4. Supporting employee involvement in community.
5. Supporting education.

Workplace:

1. Health and safety.
2. Human rights issues.
3. Gender issues – equal employment opportunity.
4. Quality of work environment.

Marketplace:

1. Supporting green products.
2. Ethical procurement practices.
3. Helping to develop suppliers and other vendors.
4. Corporate Governance standards.

A scoring system was then implemented by which the companies were measured on their reporting of each of the above checklist items. A maximum score of 3 could be given to a company for each measure, and a minimum score of 0. A score of 3 could be awarded if the company reported qualitative and/or monetary information. A score of 2 was awarded if there was specific CSR information given without quantitative or monetary information. A score of 1 was awarded if the report contained only general information on the given item. A score of 0 was given for non disclosure of the given item.

The items mentioned in the BMB framework were examined by the various required measures, and an overall composite score was collated to determine each company's strength across the four aforementioned measures of environment, community marketplace and workplace. The study sought to examine each company against each composite score and group them to see if there were any patterns whereby certain industries performed more strongly than others against the various composite scores. The composite scores were calculated by compiling the total scores for each industry as a single score, and then comparing them to the grouped composite scores of other industries, in order to determine if certain industries scored better in reporting in the individual categories.

Findings and Results:

There were 5 linear regression models run against the data collected. A regression model was calculated for the overall award score, as well as for each of the composite scores - workplace, marketplace, environment and community. This was conducted in order to model the relationship between the variables. The findings are detailed below.

Index of Variables:

The variables that were used in this analysis were as follows:

- *AwardNominated:* Determines whether the company had been nominated for a CSR award.
- *Log of Total Assets:* The log of assets is used to determine the company size.
- *Indumm 1:* Companies in the finance industry
- *Indumm 2:* Companies in the consumer products industry
- *Indumm 3:* Companies in the industrial products industry
- *Indumm 4:* Companies in the trade and services industry
- *Return on Equity:* Profits divided by total equity

Appendix 1: Regression Model for Overall CSR Composite Score

The overall CSR composite score tests the nomination of award against the independent variables of industry, log of total assets and return on equity.

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1[b]	.	Enter

a. Dependent Variable: OverallCSRCompositeScore

b. Tolerance = .000 limits reached.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763[a]	.582	.080	9.21317

a. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

This table provides the R and R Square values. The R value represents the simple correlation and is 0.763, which indicates a high degree of correlation. The R Square value indicates how much of the total variation in the dependent variable, award nomination, can be explained by the independent variables. In this case, 8% can be explained which is very low.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	590.504	6	98.417	1.159	.445[b]
	Residual	424.413	5	84.883		
	Total	1014.917	11			

a. Dependent Variable: OverallCSRCompositeScore

b. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

The ANOVA table reports how well the regression equation predicts the dependent variable, in this case the award score. This table indicates that the regression model does not predict the dependent variable well. Here, $p > 0.05$ by a significant amount (0.445) which indicates that the regression model does not significantly predict the outcome variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	28.705	9.448		3.038	.029
	Log of Total Assets	2.006E-010	.000	.107	.319	.763
	Return on Equity	-.029	.103	-.128	-.281	.790
	Indum1	-10.385	10.757	-.489	-.965	.379
	Indum3	-3.774	7.736	-.193	-.488	.646
	Indum4	-20.612	9.342	-.835	-2.206	.078
	AwardNominated	-5.034	8.116	-.237	-.620	.562

a. Dependent Variable: OverallCSRCompositeScore

The coefficients table provides us with the necessary information to predict award from the log of total assets, return on equity and industry of a company; as well as determine award contributes statistically significantly to the model.

Using the model above we can present the regression equation as:

Award = 0.107(Log of Total Assets) – 0.128(Return on Equity) – 0.489(Indum 1) - 0.193(Indum 3) – 0.835(Indum4) – 0.237(Award Nominated)

The model is statistically insignificant. The only variable that comes close to statistical significance is indum4 which is trade and services.

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Indum2	.[b]	.	.	.	.000

a. Dependent Variable: OverallCSRCompositeScore

b. Predictors in the Model: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

Appendix 2: Workplace Composite Score

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1[b]	.	Enter

a. Dependent Variable: WorkplaceCompositeScore

b. Tolerance = .000 limits reached.

The workplace composite score tests the workplace measures against the independent variables of award nomination, industry, log of total assets and return on equity.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741[a]	.548	.007	3.56719

a. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

This table provides the R and R Square values. The R value represents the simple correlation and is 0.741, which indicates a high degree of correlation. The R Square value indicates how much of the total variation in the dependent variable, award nomination, can be explained by the independent variables. In this case, 7% can be explained which is very low.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.292	6	12.882	1.012	.505[b]
	Residual	63.624	5	12.725		
	Total	140.917	11			

a. Dependent Variable: WorkplaceCompositeScore

b. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

The ANOVA table reports how well the regression equation predicts the dependent variable, in this case the workplace composite score. This table indicates that the regression model does not predict the dependent variable well. Here, $p > 0.05$ by a significant amount (0.505) which indicates that the regression model does not significantly predict the outcome variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.288	3.658		1.992	.103
	Log of Total Assets	5.932E-011	.000	.085	.243	.817
	Return on Equity	-.013	.040	-.157	-.331	.754
	Indum1	-4.463	4.165	-.564	-1.072	.333
	Indum3	-1.029	2.995	-.142	-.344	.745
	Indum4	-6.570	3.617	-.715	-1.816	.129
	AwardNominated	-1.358	3.142	-.172	-.432	.684

a. Dependent Variable: WorkplaceCompositeScore

The coefficients table provides us with the necessary information to predict the workplace composite score from the log of total assets, return on equity, industry of a company and whether they have been nominated for an award; as well as determine if the workplace composite score contributes statistically significantly to the model.

Using the model above we can present the regression equation as:

Workplace Composite Score = 0.085 (Log of Total Assets) – 0.157(Return on Equity) – 0.564(Indum 1) -0.142(Indum 3) – 0.715(Indum4) – 0.172(Award Nominated)

The model is statistically insignificant. There are no variable that satisfy the required $p<0.05$ significance variable.

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Indum2	.[b]	.	.	.	.000

a. Dependent Variable: WorkplaceCompositeScore

b. Predictors in the Model: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

Appendix 3: Marketplace Composite Score

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1[b]	.	Enter

a. Dependent Variable: MarketplaceCompositeScore

b. Tolerance = .000 limits reached.

The marketplace composite score tests the workplace measures against the independent variables of award nomination, industry, log of total assets and return on equity.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783[a]	.613	.148	3.32788

a. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

This table provides the R and R Square values. The R value represents the simple correlation and is 0.783, which indicates a high degree of correlation. The R Square value indicates how much of the total variation in the dependent variable, award nomination, can be explained by the independent variables. In this case, 14.8% can be explained which is very low.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.543	6	14.590	1.317	.390[b]
	Residual	55.374	5	11.075		
	Total	142.917	11			

a. Dependent Variable: MarketplaceCompositeScore

b. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

The ANOVA table reports how well the regression equation predicts the dependent variable, in this case the marketplace composite score. This table indicates that the regression model does not predict the dependent variable well. Here, $p > 0.05$ by a significant amount (0.390) which indicates that the regression model does not significantly predict the outcome variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.939	3.413		2.619	.047
	Log of Total Assets	-1.759E-010	.000	-.249	-.773	.474
	Return on Equity	-.018	.037	-.215	-.492	.644
	Indum1	-2.239	3.885	-.281	-.576	.589
	Indum3	-1.222	2.794	-.167	-.437	.680
	Indum4	-7.820	3.374	-.845	-2.318	.068
	AwardNominated	-.059	2.931	-.007	-.020	.985

a. Dependent Variable: MarketplaceCompositeScore

The coefficients table provides us with the necessary information to predict the marketplace composite score from the log of total assets, return on equity, industry of a company and whether they have been nominated for an award; as well as determine if the marketplace composite score contributes statistically significantly to the model.

Using the model above we can present the regression equation as:

Marketplace Composite Score = -0.249 (Log of Total Assets) – 0.215(Return on Equity) – 0.281(Indum 1) -0.167(Indum 3) – 0.845(Indum4) – 0.007(Award Nominated)

The model is statistically insignificant. There are no variable that satisfy the required $p<0.05$ significance variable.

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Indum2	.[b]	.	.	.	.000

a. Dependent Variable: MarketplaceCompositeScore

b. Predictors in the Model: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

Appendix 4: Environment Composite Score

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1[b]	.	Enter

a. Dependent Variable: EnvironmentCompositeScore

b. Tolerance = .000 limits reached.

The environment composite score tests the workplace measures against the independent variables of award nomination, industry, log of total assets and return on equity.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795[a]	.633	.192	2.09378

a. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

This table provides the R and R Square values. The R value represents the simple correlation and is 0.795, which indicates a high degree of correlation. The R Square value indicates how much of the total variation in the dependent variable, award nomination, can be explained by the independent variables. In this case, 19.2% can be explained which is very low.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.747	6	6.291	1.435	.354[b]
	Residual	21.920	5	4.384		
	Total	59.667	11			

a. Dependent Variable: EnvironmentCompositeScore

b. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

The ANOVA table reports how well the regression equation predicts the dependent variable, in this case the environment composite score. This table indicates that the regression model does not predict the dependent variable well. Here, $p > 0.05$ by a

significant amount (0.354) which indicates that the regression model does not significantly predict the outcome variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.229	2.147		1.969	.106
	Log of Total Assets	1.950E-010	.000	.427	1.363	.231
	Return on Equity	.002	.023	.033	.076	.942
	Indum1	-1.198	2.445	-.233	-.490	.645
	Indum3	-.366	1.758	-.077	-.208	.843
	Indum4	-3.732	2.123	-.624	-1.758	.139
	AwardNominated	-.058	1.844	-.011	-.032	.976

a. Dependent Variable: EnvironmentCompositeScore

The coefficients table provides us with the necessary information to predict the environment composite score from the log of total assets, return on equity, industry of a company and whether they have been nominated for an award; as well as determine if the environment composite score contributes statistically significantly to the model.

Using the model above we can present the regression equation as:

Marketplace Composite Score = 0.427 (Log of Total Assets) + 0.033(Return on Equity) – 0.233 (Indum 1) -0.077(Indum 3) – 0.624 (Indum4) – 0.011(Award Nominated)

The model is statistically insignificant. There are no variable that satisfy the required $p<0.05$ significance variable.

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Indum2	.[b]	.	.	.	.000

a. Dependent Variable: EnvironmentCompositeScore

b. Predictors in the Model: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

Appendix 5: Community Composite Score

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1[b]	.	Enter

a. Dependent Variable: CommunityCompositeScore

b. Tolerance = .000 limits reached.

The community composite score tests the workplace measures against the independent variables of award nomination, industry, log of total assets and return on equity.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678[a]	.460	-.188	2.43521

a. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

This table provides the R and R Square values. The R value represents the simple correlation and is 0.678, which indicates a medium degree of correlation. The R Square value indicates how much of the total variation in the dependent variable, award nomination, can be explained by the independent variables. In this case, 46% can be explained which is of medium strength.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	25.265	6	4.211	.710	.659[b]
1	Residual	29.651	5	5.930		
	Total	54.917	11			

a. Dependent Variable: CommunityCompositeScore

b. Predictors: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

The ANOVA table reports how well the regression equation predicts the dependent variable, in this case the community composite score. This table indicates that the regression model does not predict the dependent variable well. Here, $p > 0.05$ by a significant amount (0.659) which indicas that the regression model does not significantly predict the outcome variable.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.250	2.497		3.303	.021
	Log of Total Assets	1.222E-010	.000	.279	.735	.496
	Return on Equity	.001	.027	.014	.028	.979
	Indum1	-2.485	2.843	-.503	-.874	.422
	Indum3	-1.157	2.045	-.255	-.566	.596
	Indum4	-2.490	2.469	-.434	-1.008	.360
	AwardNominated	-3.559	2.145	-.720	-1.659	.158

a. Dependent Variable: CommunityCompositeScore

The coefficients table provides us with the necessary information to predict the community composite score from the log of total assets, return on equity, industry of a company and whether they have been nominated for an award; as well as determine if the community composite score contributes statistically significantly to the model.

Using the model above we can present the regression equation as:

Community Composite Score = 0.279 (Log of Total Assets) + 0.014(Return on Equity) – 0.503 (Indum 1) -0.255(Indum 3) – 0.434 (Indum4) – 0.720(Award Nominated)

The model is statistically insignificant. There are no variable that satisfy the required $p<0.05$ significance variable.

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Indum2	.[b]	.	.	.	.000

a. Dependent Variable: CommunityCompositeScore

b. Predictors in the Model: (Constant), AwardNominated, Indum3, Log of Total Assets, Indum4, Return on Equity, Indum1

Discussion:

The results were ultimately inconclusive due to the consistent lack of statistical significance across the analyses. As such, none of the findings can be regarded as definitive. With that said, the results show a number of conclusions that can be determined, with the caveat that further research would be necessary in order to achieve statistical significance.

According to the coefficients tables in Appendix 1, Appendix 2, Appendix 4 and Appendix 5, the research found that the quality of CSR reporting by Irish companies is more closely linked to companies with a higher log of total assets than any of the other data variables. The higher the total assets column, the more extensive the CSR reporting was in the companies examined in this study. It would be useful to examine the reporting of a larger number of non-award nominated larger companies in order to ascertain if there is a significance to this. This study compared award nominated firms with firms who had not been nominated, but the focus was not specifically on comparing companies of closely similar logs of assets.

The one composite score that showed a positive correlation between the nomination for award and the extent of their reporting, was the marketplace composite score. This could be related to criteria in the CSR award structure in Ireland. Further analysis of this could help move the study towards statistical significance. By trying to compare this directly to the Malaysian analysis conducted by Anas et al (2015), it may have limited the extent to which the marketplace composite score is linked to the Irish CSR environment. Whilst the CSR framework is standardized, the focus of awarding bodies may vary. This could be an area for deeper analysis.

Another variable which was significant within the context of these results was the return on equity in each company. It is worth noting that complete information regarding the return on equity was not available for every company that was analyzed and therefore this data is potentially skewed by that. This would require further research, and perhaps a content analysis and / or a questionnaire would be required in order to ascertain a complete value for the return on equity for each and every firm on the study.

With that said, the study shows a significant drive in the overall scores by the firm size variables – log of total assets and the return on equity. This gives weight to the argument that firm size is the primary driver of extent of CSR reporting. This would suggest that the larger a firm is, the more comprehensive the CSR reporting, and therefore the more likely the firm is to be in contention to win a CSR award.

While none of the overall models achieve statistical significance, there are three of them which are much closer to it than the others. They are the “Overall CSR Composite Score”, the “Marketplace Composite Score” and the “Community Composite Score”. There is potential to focus closer on these variable in order to determine if there is a factor in the Irish CSR landscape that is driving that.

The community composite score was the most significant driver on the results found in this study. It came very close to statistical significance and was closer than any of the other variables. This was consistent with one of the findings in Anas et al (2015) study on Malaysian businesses. They found a strong significance to the community composite score, as well as the environmental composite score. It would be interesting to see if this pattern would continue with further study of more companies, and if so, would the environment composite score rise in significance for Irish firms. Anas et al (2015) speculated that government incentives may have driven the significance of those results in their studies.

Conclusion:

The objective of this study was to test two core hypotheses:

H1: The extent and quality of CSR disclosure in annual reports is positively related to firm size

The study did not achieve statistical significance. With that said, the strongest indicator that this study was able to achieve was establishing a link between the overall composite score, which measures the strength of the reporting as a whole, and the log

of total assets. Across the whole study this was the strongest correlation that was achieved by the data. In order to prove the theory, the research would need a significantly larger sample size to examine. The log of assets was the strongest driver of the overall composite score. It also was the highest driver of three of the four separate composite scores. It was the primary driver of the workplace composite score, the environment composite score and the community composite score. The only score that did not primarily correlate was the marketplace composite score, which turned out to be most closely linked to the award variable. Overall the data indicated that it is very possible that there is a strong link between the extent of CSR disclosure in annual reports and the size of the firm that is reporting.

H2: The extent and quality of CSR disclosure of companies are positively related to award

Statistical significance was not achieved on this hypothesis. The results showed that there is inconclusive data around this theory and further research would be required to prove the theory. While the log of total assets was the most significant driver on the overall CSR composite score, which examined the driving factors linked to the extent and quality of reporting, the coefficient for award ranked comparably to other drivers in this index. This would indicate that, in the context of this statistically insignificant study, award could be closely linked to the extent and quality of CSR reporting, but significantly more sample companies would be needed in order to determine for sure. As it was, with the data available, award was no more significant a driver of the overall composite score than the industry or return on equity variables. As such, further research is needed to draw any conclusion.

The study had some limitations. First of all, and most important to note, the study was statistically insignificant. Ultimately in order to have a study that achieves statistical significance, a significantly larger sample size is necessary. Secondly, the disclosure index which was used, can be argued to be subjective in nature. Every effort was made to ensure coding accuracy and validity but the determination of each variable could be argued as interpretative. Third of all, the categories that were used were limited by

those used in the Anas et al (2015) study. Their study specified the limitations as they were “contained in the BMB’s CSR framework guidelines”. In order to complete a more thorough study, a wider categorization could be utilized. Future research could also center around a more client focused approach using alternative research methods such as questionnaires with a larger sample size. This would potentially allow an examination of the companies who had not made it through the elimination process due to their non-Irish specific annual reporting.

Ultimately, the business landscape in Ireland is not necessarily comparable to the business landscape in Malaysia. According to a KPMG report on CSR reporting (King and Bartels, 2015), publically owned companies are legally obliged to publish specific CSR information in their annual reports. Further to that, the Malaysian Stock Exchange mandates that listed companies describe how their material, economic, environmental and social risks and opportunities are being managed. The same report cited low reporting rates in Ireland. It also cannot be ignored that the European Union is likely to have a significant driving effect on the business environment of Irish based businesses. Further study may require closer analysis of the differences that these conditions would create for both the CSR focus and requirements of the businesses. One glaring difference in the two studies was that there was not one single mention of “the essential needs to protect flora and fauna” in any of the Irish reports. This was one such example of the differences between the Irish and Malaysian marketplaces.

Whilst the overall goal of the study was concerned with establishing an effect of CSR award on the quality and extent of CSR reporting, the evidence that was collected seems to indicate that there is a strong connection between the extent of CSR reporting and the firm size. This could be an area for further study. There are a variety of factors which may drive this, not least the larger budgets which may be allocated to the relevant internal departments, as well as the annual reporting process itself, which would allow a more extensive and comprehensive report to be compiled. It would require a larger sample size as well as a more in depth look at the financial results of the companies to establish a more accurate and comprehensive comparative rating based on the overall firm size.

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