



THE IMPORTANCE OF WORKPLACE DISCLOSURE: PERSPECTIVES OF MANAGEMENT AND EMPLOYEES

Dr Yusniyati Yusri (UPM)

Prof. Dr Azlan Amran (USM)

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Introduction : Workplace Disclosure

- A disclosure of information related to, among others;
 - Information about employee welfare,
 - Information about workplace diversity
 - Information on health and safety in workplace environment,
 - Training and development, for employees
 - Equal employment opportunity and human resources and also
 - Quality of work-life balance (ACCA, 2008).
- A study of workplace disclosure can be viewed from 3 different perspectives:
 - Human resources perspective (Rimmel, 2004)
 - Intellectual capital perspective (Ousama, 2009)
 - Corporate social responsibility (CSR) perspective (Turban & Greening, 1997)

Introduction

- The concept of CSR and CSR reporting has become a topic of interest in business and academic research since early 1970s (Owen, 2008)
- It is still continue to gain attention in the corporate agenda (Bhattacharya, Korschun & Sen, 2009).
- The corporate scandals and the increase in demands for more transparent information and accountability have triggered corporations to be more responsible for their actions, not only to their shareholders but to the society at large (Janggu, Joseph & Madi, 2007).




Introduction

- CSR reporting is seen as a way to promote and acknowledge corporate accountability and transparency towards multiple stakeholders (Janggu et al., 2007; Johansen, 2008).
- CSR reporting also helps corporations manage their internal relationship with their employees as well as their relationship with external stakeholders (KPMG, 2008).

Introduction

- In Malaysian context, the involvement of Co. in CSR activities is voluntary.
- But in terms of disclosure, effective on 31 December 2007 - all PLCs are required to state a description of their CSR activities in annual report or if there are none, a statement to that effect (Listing requirement, Chapter 9: Continuing disclosure).
- In 2006, Bursa Malaysia has come out with CSR framework emphasises on 4 dimensions: responsibility towards the marketplace, environment, community and responsibility towards a better workplace environment.



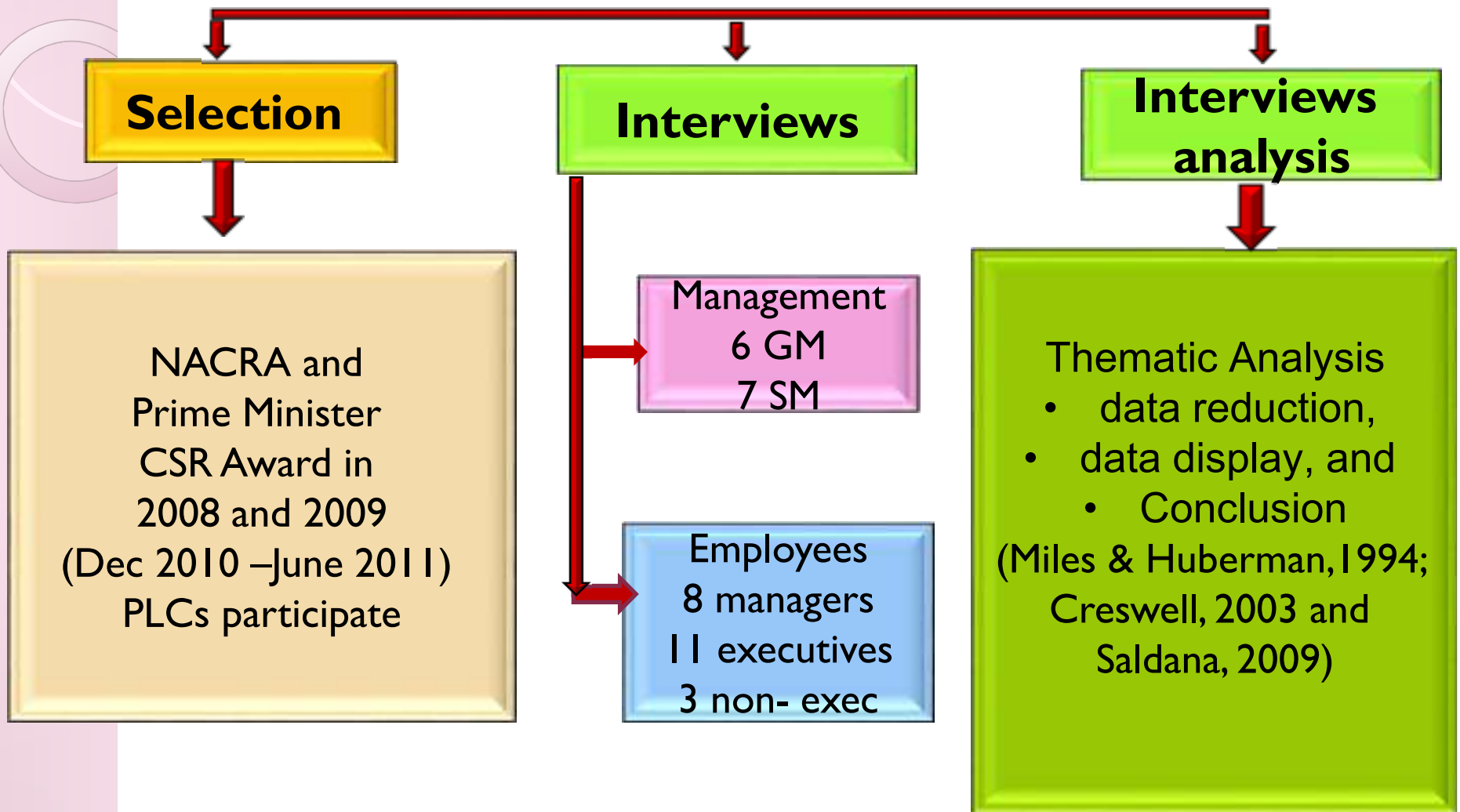
Research problem

- Workplace and human resource information has been reported to be the most disclosed theme in corporate annual reports (Thompson & Zakaria, 2004) compared to other CSR themes – product, community and environment.
- However, whether this information is being used and important to the stakeholders is still in question.

Research Objectives

- This study focuses on the workplace and human capital dimension of the CSR reporting framework, as it is the most popular theme disclosed by companies (Wan Abd Rahman et al., 2011; KPMG, 2008; Amran, 2006; Haniffa & Cooke, 2005; Mohamed-Zain, 1999).
- This study seeks to explore the understanding and the perception of employees and management towards the importance of workplace and human capital disclosure.

DATA COLLECTION and ANALYSIS



FINDINGS:

- **Management perspective**
- **Employees' perspective**

Management perspective

- CSR - responsibilities toward the outsiders and how organisation involved and take part in CSR activities and programmes.
- Majority of the manager from management group aware of CSR towards workplace as part of 4 components of CSR dimensions .
- 3 managers were not aware and respond negatively.
- Annual report – targeted to all stakeholders group but the most important is for shareholders

It is known that annual report is for the external, for our shareholders and investors. Now students also read annual report and they can access to the information. But for our employees, they can get the information (workplace and HR information) and access it internally. They can access the information in the office within the company server..

(Director of Human resource Department C4)

Management perspective

- Workplace and sustainability report also targeted to all stakeholders group but focus to the public, management and employees.
- Employees are the most important asset in organisation but have no influence toward disclosure practice.
- Employees individually did not give any pressure for disclosure, but for company that have unionisation, they received the pressure from union and acknowledge union power to influence people in organisation

(manager of Risk Management C2)

we receive pressure from union especially on the issue of bonus, salary increment and when we want to renew our collective agreement. Those days in 2005 company see union as a threat and the management does not like to see and meet union regularly. But the same management now has changed their paradigm towards union and see the important of union because union can eventually influence the people. (Human resource manager C2)

Employees' perspective and expectation

- CSR – responsibility toward the outsiders; focus on donation, philanthropy and sponsorship.
- CSR towards workplace- focus on employees benefits and employment term and conditions and work-life balance issues.
- Annual report is for shareholders. CSR disclosure in annual report merely focused on disclosure of environmental issues and employees involvement in community activities.
- Employees get/accessed workplace and human capital information through internal medium.

Employees' perspective and expectation

- Appreciate internal disclosure; company portal, e-mail/memos, company's blog, bulletin and magazine and face to face communication with management.
- Majority of the employee expressed the effectiveness of the dialog session for them to voice up their opinion to the management.

We have a session that we call 'high tea with CEO'. During this time, executives and all staffs will be gathering together and have the opportunity to speak and throw opinion and suggestion to the CEO. We asked and he answer

(Em4: Executive Purchasing Department C3)

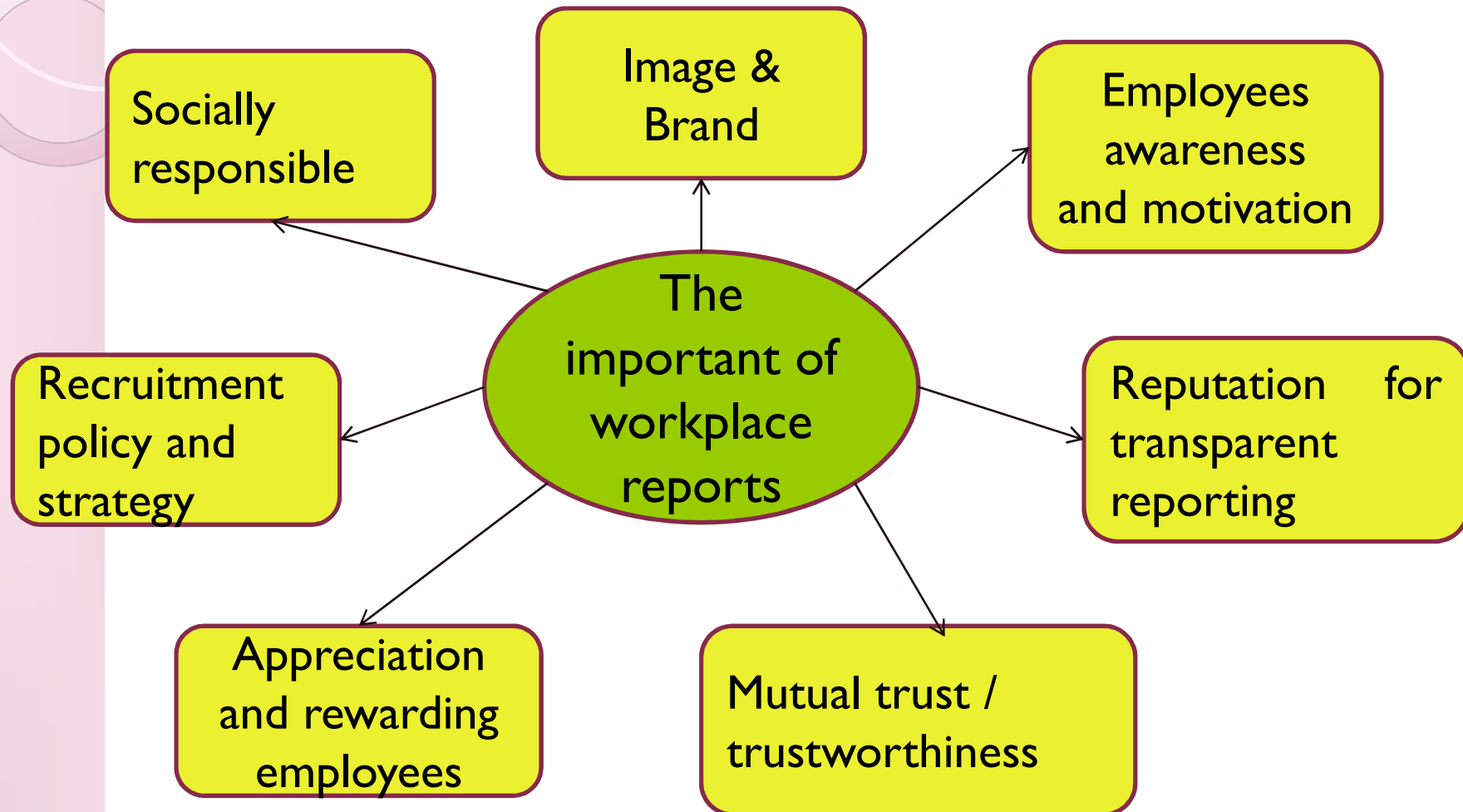
Employees' attitude towards information in annual report

- Employees did not really appreciate/read annual report.
- If read- focus on chairman statement- info about company future direction and company's profit.
- Reasons:
 - Annual report is too thick
 - Too much information
 - Don't really understand the report

3 categories of employees attitudes`:

- 1) Low appreciation- not read the company annual report
- 2) Medium appreciation- read but dissatisfied with the information disclosed.
- 3) High appreciation – read the report and satisfied with the information.
(directly involved in the preparation of the report)

The important of workplace disclosure from management and employees views



Workplace Disclosure Preference

employees training and development

health and safety issues of their employees

Managerial perspective

employees' benefits, staff engagement and work-life balance issues.

employees' benefits, staff engagement and work-life balance issues.

Employees perspective

employees' benefits, staff engagement and work-life balance issues.

Conclusion

- there were less significant differences between the management and employees concerning their understanding with respect to CSR and workplace disclosure.
- Little significant difference in the opinion was also discovered concerning certain issues comprising the importance of workplace information and the reason for disclosure.
- The interviewees perceived that disclosure of workplace information is important and gives advantages to the company but that too much disclosure can create a competitive threat to the company.
- However, the findings revealed that although the interviewees were aware about the CSR concept, their understanding was limited to the company's responsibility towards the community and the environment.
- Initially, they could not relate CSR to the workplace and employees until it was explained to them.

Conclusion

- workplace information reported in the annual report was targeted at the shareholder and to the general public.
- It is also considered that employees are the most important internal stakeholder for the workplace information.
- Employees appreciate internal disclosure of workplace and human capital information such as company's portal, website, emails, bulletins and magazines.
- employees do not have any influence on the process,, however their opinions and requests for information are always given priority by the management.
- Employees have the opportunity to voice their opinion and request information through many channels, and really valued the opportunity for face-to-face events with the top management level.
- Indeed, the voice of the employees through unionization is seen as a threat to the organisation.

LIMITATION AND SUGGESTION

No	Limitation	Suggestion
1	Small number of respondents- 35 interviewees consist of 13 from management team and 22 on behalf of the employee from 10 PLCs	<p>Interviews should cover a large number of participants which includes different level/position and function of employees in a company.</p> <p>This will give more concrete and various respond from the respondents.</p>
2	Interview method	Used also questionnaire to investigate employees perception from different level.



Thank You