

Expectations on Labour-related CSR Reporting: Voices from Labour Unions in Indonesia and Thailand

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Acknowledgements

This work was supported by Universitas Islam Indonesia under the International Collaboration Research Grant Number 001/Dir/DPPM/70/Pen.KI/PII/VIII/2016. The authors are grateful to participants of the 2018 British Accounting and Finance Association (BAFA) Conference in London, England, for their most valuable feedback on an earlier version of this paper. The authors also appreciate the research assistance from Bhayu Wijaya, Tidaporn Boonmen, and Abhichart Srisin.

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Abstract

This paper examines the viewpoints of labour unions' leaders in Indonesia and Thailand regarding labour-related corporate social responsibility (CSR) reporting. Fifteen respondents representing leaders from seven labour unions in Indonesia and Thailand were interviewed using semi-structured questions. The results revealed that Indonesian labour unions expected companies to provide a clearly specific section about labour-related CSR in annual reports whereas Thai labour unions expected companies to keep on providing oral disclosures through, for example, meetings in addition to written reports such as annual reports. *Employment, Occupational Health and Safety, and Training and Education* were considered the most important labour issues to be reported. *Equal Remuneration for Women and Men* was another issue which was deemed critical to be disclosed in Indonesia. From the lens of ethical stakeholder theory, it appeared that labour unions in the two countries attempted to voice workers' concerns and facilitate the fulfillment of workers' information rights. The labour union leaders' views seemed to be shaped by their ethical belief in how companies should be accountable to workers. The findings of this study can be used by regulators in Indonesia and Thailand as a reference for developing laws which specifically require companies to communicate relevant labour-related CSR information.

Keywords: Ethical stakeholder theory; labour disclosures; labour union; Indonesia; Thailand

Introduction

There is a growing literature about labour-related corporate social responsibility (CSR) disclosure practices (see Kent and Zunker 2013; Alvarez 2015; Cahaya et al. 2015; Bowrin 2018; Parsa et al. 2018; Islam and van Staden 2018; Alawi and Belfaqih 2019; Christ et al. 2019). Most of these studies analyze the level and the content of disclosures. Some recent studies such as Maji (2022) attempt to expand the research focus by examining the possible impact of labour disclosures on corporate financial performance. Research on stakeholders' views on labour-related CSR disclosures, however, has been ignored. In fact, some scholars such as O'Dwyer et al. (2005) Momin (2013), and Yu and Rowe (2017) have called for an exploration of stakeholders' perspectives on CSR disclosures, particularly labour unions' perspectives. This is because labour unions potentially influence companies to determine material topics to be reported in certain media such as annual reports, especially when companies adopt certain reporting standards (e.g. Global Reporting Initiative (GRI)) which require companies to include key stakeholders in preparing CSR disclosures (see Momin 2013; Kaur and Lodhia 2018; Global Reporting Initiative 2018; Bellucci et al. 2019).

Arguably, in business operations, workers and labour unions are considered as important stakeholders who significantly contribute to the future development of companies and can influence companies' CSR practices and reporting (Johnston 2001; Epstein and Buhovac 2014; Rinaldi et al. 2014). Workers can also contribute to the preparation of national labour-related regulations and sustainability agenda through their systematic roles in labour unions. In Indonesia, for example, labour unions, which are represented by SPSI (All Indonesian Labourers' Union), are involved in the issuance of many joint decrees such as Act No.3/1992 about Workers' Social Security Program with the Indonesian government (Tambunan and Purwoko 2002). In the UK, national policy and investment strategies are affected by the Trade Union Congress (Rinaldi et al. 2014). Corporate managers are therefore expected to treat their workers well through labour-related CSR activities in order to sustain their companies' operations (Johnston 2001; Kent and Zunker 2013; Rinaldi et al. 2014). If workers are happy with the benefits offered by companies, they will work productively and be loyal to companies.

In order to gain a continuous support from workers, labour-related CSR activities need to be well communicated to workers. A study by Spence (2009) shows that workers

(along with investors) are by far the main audiences of CSR reporting targeted by companies' CSR directors, highlighting not only the importance of workers in corporate accountability but also the importance of labour-related CSR reporting in the corporate sustainability agenda. Through labour-related CSR reporting, companies' CSR to workers, including whether employee benefits have been given to eligible workers, can be communicated to workers. Workers themselves have rights to be provided with information which is relevant to them (see Wicks et al. 1994). Labour-related CSR reporting is thus an important tool for determining or establishing the sustainable relationship between companies and their workers as well as the sustainability of companies' operations.

It appears from the above overview that workers and labour unions (organized groups of workers) are important stakeholders whose relationships with companies need to be well managed but their views on labour-related CSR reporting have not been investigated in previous studies. This paper sheds light on this issue by examining the expectations of key labour unions on CSR reporting in two Southeast Asian countries which are generally considered as a major 'exporter' of workers (Indonesia) and a major 'importer' of workers (Thailand) through the lens of ethical stakeholder theory. According to Rinaldi et al. (2014), labour unions' expectations on CSR reporting are closely linked to companies' prospects. These expectations can be captured through interviews with leaders of key labour unions, a data collection technique used in this study. The interviews can also capture opinions which may reflect the labour union leaders' intrinsic values. As noted in the literature, in addition to instrumental or performative values (e.g. workers' contributions to companies through their roles, duties, or activities in accordance with their job descriptions), individual's rights may also have intrinsic values (e.g. freedom and liberty) which may be valuable for their own sake (see Bartling et al 2014). Both instrumental and intrinsic values may provide comprehensive insights regarding labour union leaders' views. To achieve the objective of this paper, the following research question is therefore posed:

What are the expectations of key labour unions in Indonesia and Thailand on companies' labour-related CSR reporting?

This research brings at least two major contributions to the existing literature. Firstly, this study explores responses from labour unions, a stakeholder group which has not been sufficiently examined in the social accounting literature. Prior studies have attempted to capture views on CSR practices and reporting from a variety of stakeholder groups such as accountants, government officials, environmental groups, business people, sustainability advisors, international agencies, trade/professional bodies, members of parliament, socially responsible investment practitioners, consumers, and community members (see Suhardjanto et al. 2008; Islam and Dellaportas 2011; Lodhia and Martin 2012; Belal et al. 2015; Byrch et al. 2015; Williams 2015; Diouf and Boiral 2017; Abdulrazak and Amran 2018; Odera et al. 2018) but have largely ignored voices from labour unions. Secondly, this study provides in-depth insights into the expectations of labour unions on labour-related CSR reporting in Indonesia and Thailand. These insights can be used by companies and policy makers in these countries as a reference for taking appropriate actions in improving labour-related CSR reporting.

The remainder of this paper is organized as follows. The next section reviews previous literature. This is followed by the theoretical framework and the research methodology. The results are then presented and discussed. The final section concludes the paper.

Literature review

As acknowledged in the previous section, most past labour-related CSR reporting studies focus the analyses on disclosures, not on stakeholders' views (see Cahaya et al. 2012; Kent and Zunker 2013; Williams and Adams 2013; Alvarez 2015; Cahaya et al. 2015; Bowrin 2018; Parsa et al. 2018; Islam and van Staden 2018; Christ et al. 2019; Li and Haque 2019; Kent et al. 2021; Vithana et al. 2021). Bowrin (2018), for instance, investigates the level of human resources disclosures by African and Caribbean companies for the 2013 financial year. The findings reveal that the level of human resource disclosures is relatively low and the variability of this disclosure level is influenced by organizational culture, company size, industry affiliation, national governance environment, and foreign influence. Christ et al. (2019) examine large Australian listed companies' supply chain disclosures on modern

slavery. The results show that the quantity and the quality of disclosures are low. The most disclosed items are bribery and corruption and human rights issues.

There is also an extensive amount of literature containing interviews with various stakeholders but past studies do not examine the views of labour unions. Among these studies, managerial stakeholders² are mostly the target of the interviews since the main purpose of most prior research is to examine managerial motivations for CSR reporting. Hossain et al. (2017), for instance, explored the motivations for CSR reporting through interviews with senior managers from Bangladeshi companies. They found that companies in Bangladesh disclosed CSR information for responding to various stakeholders' pressures. It was highlighted that some powerful stakeholder groups such as international buyers pressed companies to pay standard salaries for workers and follow appropriate labour standards. Yu and Rowe (2017) interviewed senior managers from Chinese companies in a variety of industries, exploring the motivations underpinning evolving CSR reporting practices among companies in China. M. Khan et al. (2020) interviewed corporate managers who were responsible for CSR and its reporting in Pakistan. Both Yu and Rowe (2017) and M. Khan et al. (2020) found that public image was one of the main motivations for CSR reporting. It was highlighted that companies attempted to signal an image to various key stakeholders, including workers.

Studies investigating stakeholders' views on CSR reporting in the specific setting of Indonesia and Thailand have also been undertaken by previous researchers but, again, they mostly focus on managerial stakeholders' motivations for CSR reporting. Gunawan (2015) for example, examined Indonesian listed companies' motivation for CSR reporting through survey questionnaires which were distributed to upper level managers. Company visits and short interviews with some of the managers were also undertaken to obtain further information. The findings suggested that CSR information was provided for creating a positive image in front of the eyes of various influential stakeholders, including workers. Petcharat and Zaman (2019) examined Thai-listed companies' motivations for

² Managerial stakeholders are those who are involved in managerial decision making because they are members of managerial team within reporting entities (see Momin 2013; Diouf and Boiral 2017; H. Khan et al. 2020). Examples of managerial stakeholders are business leaders and top managers. In contrast, non-managerial stakeholders are those who are not involved in managerial decision making because they are not members of the managerial team. Examples of non-managerial stakeholders are labour unions, consumers, and community members.

sustainability reporting through interviews with senior managers. The results indicated that sustainability reporting was provided for satisfying information needs to stakeholders by disclosing a number of important issues such as fair treatment of labour.

It can be seen from the brief literature review above that past studies, including those which were undertaken in Indonesia and Thailand, generally found that companies disclosed particular CSR information for creating a good image in front of the eyes of various key stakeholders, including workers. The results of past studies further highlighted that labour information is one of the important issues that companies need to address and disclose. However, views of labour unions (one of the main audiences of CSR reporting) on CSR reporting have not been examined in prior studies. The current study attempts to fill the existing literature gap by examining labour unions' expectations on companies' labour related CSR disclosures in the specific context of Indonesia and Thailand.

Theoretical framework

This study employs stakeholder theory as the underlying theoretical framework. Stakeholder theory is "an explicitly system-based view of the organization and its environment which recognizes the dynamic and complex nature of the interplay between them" (Gray et al. 1996, 45). In the context of corporate reporting, it explains disclosure practices within the scope of company and stakeholder relationships (Henderson et al. 2004). A stakeholder is defined by Freeman (1984, 46) as "any group or individual who can affect or is affected by the achievement of the firm's objectives" (e.g. creditors, labour unions, customers, suppliers, and governmental bodies). A good relationship between companies and stakeholders is important for successfully achieving companies' long-term objectives (Ullman 1985; Roberts 1992).

Stakeholders themselves can be classified into narrow and broad stakeholders (Clifton and Amran 2011). Narrow stakeholders include people or groups of people (e.g. organizations) that are of direct relevance to a company's economic interests such as shareholders and employees (Mitchell et al. 1997). Without these stakeholders' continuing contributions, companies are not able to survive (Dunphy et al. 2003). On the other hand, broad stakeholders include people or groups of people that in some way influence and/or are influenced by a company's activities in meeting its obligations to the beneficiaries (e.g.

consumers) (Clifton and Amran 2011). One of the examples of broad stakeholders is a local community. The definition of broad stakeholders was initially limited to humans or groups of humans (e.g. organizations) but it is now extended to non-human stakeholders such as animals (Dunphy et al. 2003). In the current study, stakeholder theory is used to explain views on reporting in the context of the relationship between companies and one of their narrow stakeholders, which is employees.

Stakeholder theory, which is a subset of a broad political economy framework (Van der Laan 2009), has two main branches namely ethical (accountability or sometimes known as normative) branch and a managerial (organization-centered) branch (Harrison and Freeman 1999; Frooman 1999; Guthrie et al. 2004; Wilmshurst 2004). The managerial branch of stakeholder theory postulates that firms identify important groups of stakeholders and seek to manage each group to benefit the firm through, for example, disclosure practices (Abeysekera 2006; Islam and Deegan 2008; Loh et al. 2014). The ethical branch of stakeholder theory postulates that, in the context of corporate reporting, all stakeholder groups have a right to be provided with information about how a firm affects them, even if they choose not to use that information, and even if they in turn cannot directly affect the firm (Belal 2008; Deegan 2014). One of the main differences between the two branches in explaining disclosure practices is related to stakeholder power. Managerial stakeholder theory considers stakeholder power (companies provide disclosure to satisfy certain powerful stakeholders) whereas ethical stakeholder theory does not consider stakeholder power as the primary determining factor in what information companies should provide (companies should provide disclosure to stakeholders regardless of their power as they think they are accountable to all stakeholders and, ethically, these stakeholders should be treated fairly) (Deegan 2014; Sian et al. 2020).

As indicated in the literature (see Kamal 2021), labour unions can be considered as a powerful stakeholder group. In Indonesia and Thailand, a number of cases suggest that labour unions use their power to put pressure on companies to manage their labour-related communication. In 2015, for instance, Thai Airways International Plc immediately announced that its rehab plan did not include pay cuts after rumours of a strike spread on social media (Mahitthirook 2015). The Thai Airways labour union planned to mobilize staff to strike and delay flights if the airline's rehab plan included pay cuts. The union

required the company to respond to this issue through reports. In 2021, PT Indomarco Prismatama (Indomaret), one of the major retail convenience stores in Indonesia, communicated and clarified some information through the Indonesia Stock Exchange (IDX)'s information transparency channel regarding Eid al-Fitr Allowance (THR) 2020 after a series of demonstrations done by its workers and threats from a number of labour unions to boycott products sold by Indomaret (Fernando 2021). In this communication, the management of Indomaret explained that THR had actually been paid by the company to its workers two weeks before Eid al-Fitr in accordance with the government regulation.

From the above explanation and illustration, managerial stakeholder theory may seem relevant to be adopted in the current study. However, as mentioned in introduction section, the purpose of the current study is to capture views on labour-related CSR reporting. This means that the issues asked, answered, and discussed are mainly related to workers' interests or benefits, not labour unions' own interests. Workers may be less powerful, particularly in developing countries, but, arguably, their position as stakeholders (individuals who can affect and/or be affected by companies' policies and/or practices) is clear (see Freeman 1984; Sian et al. 2020; Kamal 2021). The presence and contribution of workers are important as they provide critical resources in companies' daily operations (these are where workers can affect companies). On the other hand, worker's welfare, rights, and health and safety depend on how companies 'treat' them (these are where workers can be affected by companies' policies and practices and are concern to other influential stakeholders such as labour unions) (Belal 2008; Kamal 2021). In this situation, workers as narrow stakeholders have a moral claim on a company to have that company direct its attempts to addressing their interests (e.g. information needs) (Phillips et al. 2003; Walsh 2005; Clifton and Amran 2011). As such, in the current study, ethical stakeholder theory is arguably more appropriate (than managerial stakeholder theory) to be adopted as the underlying theoretical framework.

Momin (2013) notes that stakeholder theory is rarely used for exploring non-managerial stakeholders' views on CSR reporting. Most past studies use stakeholder theory to examine disclosure practices and managerial stakeholders' voices (e.g. Burrit et al. 2016; Hossain et al. 2017; Kaur and Lodhia 2018; Wicaksono and Setiawan 2022). Momin (2013, 152), however, highlights the importance of stakeholder theory to explore non-managerial

stakeholders' views such as labour unions' views, particularly in an emerging nation context in which CSR reporting "is often at an embryonic stage". This is because non-managerial stakeholders are considered as groups whose relationships with companies should be well managed and their presence may influence companies' moral/ethical practices through an accountability mechanism. It is also important to note that a labour union, which is a representative of workers, may contribute to the decision-making process through, for example, joint meetings, dialogues, and consultations. Within such a scenario, labour unions' behaviours, voices, and values certainly need to be understood (see Freeman 2020). Labour unions' views on CSR reporting potentially help companies understand labour issues that should be disclosed so that companies can treat their workers fairly and communicate ethically with them. Momin (2013) therefore recommends the use of stakeholder theory in research examining the views of non-managerial stakeholders such as labour unions on CSR reporting. To respond to this recommendation and to achieve the objective of the current study, ethical stakeholder theory is thus employed in this paper.

As indicated in the literature (see Dawkins 2010), voices of labour union leaders can be shaped by their belief regarding the unions' ethical obligation to workers. According to Budd (2014), labour unions help voice workers' concerns over the workers' rights (including rights to be provided with relevant information) since these unions have a moral obligation to workers to facilitate the fulfilment of workers' rights. In such facilitation, labour unions attempt to ensure that companies disclose relevant information to workers in their accountability agenda to fulfill workers' information rights (see Dawkins 2010). This facilitation role is well supported by empirical studies (Budd 2014) and resonates well with ethical stakeholder theory. As such, ethical stakeholder theory is considered helpful for explaining voices of labour union leaders examined in the current study.

Research methodology

Case-study context

This study investigates leaders from seven labour unions in Indonesia and Thailand. Companies in these countries have identified workers as one of their key stakeholder groups, placing workers on those companies' important stakeholder list. The results of this identification process are well documented in their annual reports and/or sustainability

reports. Examples of Indonesian companies placing workers on their influential stakeholder lists are Bank Rakyat Indonesia (BRI) and Medco Energi Internasional (see Medco Energi Internasional 2015; Bank Rakyat Indonesia 2017). Examples of Thai companies doing the same thing are Petroleum Authority of Thailand (PTT) and Thai Union (see Petroleum Authority Thailand 2016; Thai Union 2017). It is logical for Indonesian and Thai companies to place workers as their key stakeholders because workers arguably supply critical resources to companies. Without workers, companies will not be able to operate.

Indonesia and Thailand are members of the Association of Southeast Asian Nations (ASEAN), an association which is currently committed to have free movements of goods, services, skilled workers, investment, and capital across the member countries under a collaborative scheme called ASEAN Economic Community (AEC) (ASEAN 2013). Workers arguably contribute to the success of business operations within the AEC and are also impacted by companies' policies and intensive activities. Interestingly, there appears to be a difference between Indonesia and Thailand in the context of worker phenomenon. Indonesia, although it has the biggest economy in Southeast Asia (BBC 2018), 'exports' many workers to neighbouring countries such as Singapore and Malaysia (The World Bank 2017). On the other hand, Thailand is a key destination of migrant workers from neighbouring countries (International Labour Organization 2019).

There are some possible factors causing this labour migration. One of the possible factors is the level of companies' concern for workers, as indicated by the levels of labour disclosures in Thailand and Indonesia. It is evident from the literature that the level of labour disclosure in Thailand is high (Issarawornrawanich and Wuttichindanon 2019) whereas the level of this disclosure in Indonesia is low (Cahaya et al 2015; Wardhani and Rahadian 2021). While the level of disclosure is not necessarily a direct incentive, it may be an indication or a symptom of a higher level of companies' concern in the Thai context and a lower level of concern in the Indonesian context. The level of labour disclosure may also indicate the level of companies' accountability to workers (see Deegan 2014; Sian et al. 2020). A high level of disclosure suggests a high level of accountability whereas a low level of disclosure suggests a low level of accountability.

Based on the critical evaluation of ethical stakeholder theory in the theoretical framework section, companies' accountability efforts will not meet obligations to their workers if companies disclose information which is not a concern of workers. As such, interviews with key labour unions in Indonesia and Thailand are needed to best capture workers' information expectations. The results of the interviews will help understand labour issues that workers in Indonesia want so that, in the future, companies can provide this information. If workers are provided with the information they want, it is more likely that they will not leave the company and will not migrate to another country. In Indonesia, the government wants companies to keep employing skilled workers and continuously develop their skills to boost businesses and meet consumers' demands (Ariyanti 2017).

It is also important to know the expectations of labour unions in Thailand, the worker 'importing' country, and whether these expectations are the same as or different from Indonesian labour unions' expectations. In addition to the fact that car manufacturing sites of some major Japanese automotive companies such as Toyota are located in Thailand (see National News Bureau of Thailand 2016), corporate labour reporting may also be one of the factors motivating workers to migrate to Thailand and to continuously support companies' business operations. Companies and policy makers can therefore learn from the results of the current study about the views of labour unions in Thailand so that, in the future, relevant labour issues can be communicated to workers to best fulfill their information rights. Policy makers or regulators may also consider regulating some important issues captured in the current study to ensure the presence of companies' accountability to their workers. Indonesia and Thailand are therefore chosen as the research setting of the current study.

Data collection and analyses

The seven unions investigated in this study consist of four labour unions in Indonesia and three labour unions in Thailand. These labour unions were selected from a variety of sources or databases (such as the government's database) based on the easiness of access in approaching them and their availability for interviews. In Indonesia, the interviews were undertaken in Yogyakarta and Jakarta, interviewing eleven participants. In Thailand, the interviews were undertaken in Samut Prakan, Chonburi, and Bangkok, interviewing four

participants. The total number of respondents were therefore fifteen. Consistent with Hossain et al. (2017), a careful evaluation regarding the need for further interviews was undertaken after each interview to ensure that the saturation point was reached. In this evaluation, emerging themes across interviews were confronted and we deemed that the saturation point was reached when there were no significant new findings emerging from the respondents. Details of the data collection are presented in Table 1. The names of the respondents and the labour unions are not mentioned in this paper to protect their identities.

Table 1. Details of data collection

Country	Labour union	Code of respondents	Number of respondents
Indonesia	LUI1	LUI1a, LUI1b, LUI1c, LUI1d, LUI1e, LUI1f, LUI1g	7
Indonesia	LUI2	LUI2a	1
Indonesia	LUI3	LUI3a, LUI3b	2
Indonesia	LUI4	LUI4a	1
Thailand	LUT1	LUT1a	1
Thailand	LUT2	LUT2a, LUT2b	2
Thailand	LUT3	LUT3a	1
Total respondents			15

Legend: LUI = Labour Union in Indonesia; LUT = Labour Union in Thailand

To achieve the objectives of this paper, an exploratory approach was adopted. Such an adoption is consistent with previous studies exploring the views of stakeholders (e.g. Friedman and Miles 2001; Abdulrazak and Amran 2018). The data of this exploratory study were collected through semi-structured interviews with the selected labour unions' leaders presented in Table 1 on issues concerned with labour-related CSR reporting. In this interview technique, a list of key questions is asked to the interviewees to obtain possible answers to the research questions (see Saunders et al. 2016). Additional questions, however, can also be asked if necessary, depending on the flow of conversations (Saunders et al. 2016). The answers to these additional questions may help the researchers obtain more insights regarding the key issues asked and make final conclusions (Saunders et al. 2016). As the study aims to know the expectations of key labour unions regarding labour-related CSR reporting, a list of questions was prepared and asked to the interviewees. Semi-structured interviews, a data collection technique commonly used for obtaining detailed

insights into respondents' views of a certain phenomenon (see O'Dwyer 2002), are therefore considered appropriate to be employed and compatible with the research question. The use of semi-structured interviews is in line with previous studies exploring the views of stakeholders on CSR issues (e.g. Belal et al. 2015; Odera et al. 2018). In particular, the purpose of using semi-structured interviews in the current study is to best access respondents' internal narratives, including instrumental and intrinsic values, as previously explained in the introduction section of this paper. The interview guide used in this study can be seen in Appendix.

To obtain credible data, the interviews were recorded with the consents of the interviewees (see O'Sullivan and O'Dwyer 2015; Saunders et al. 2016; Sekaran and Bougie 2016). Audio-recording and note taking, however, may result in response bias (see Saunders et al. 2016). An interviewee, for instance, may not give true answers because he or she knows that his or her answers are recorded. To minimize the presence of such a bias, the interviewees were informed and convinced that their identities would not be shared with other parties and would not be mentioned in this paper. The interviewers and the interviewees in this study were from the same cultural and national background (Indonesian interviewees were interviewed by an Indonesian interviewer and Thai interviewees were interviewed by Thai interviewers) so that any possible form of bias from cross-national setting could be minimized (see Belal and Owen 2007; Saunders et al. 2016; Hossain et al. 2017). In line with Hossain et al. (2017), the same interview protocol was applied for each interview to ensure reliability. Each interview, for instance, was always started with an introduction of the research team members, followed by an overview of the research and an explanation of the procedure of the interview, including an explanation of audio-recording and the consent to record the interview. To ensure the implementation of the same interview protocol, one of the authors of this paper was involved in each interview.

The length of the interview ranged from 30 minutes to 90 minutes for each labour union. Interviews in Indonesia were undertaken in November 2016 whereas interviews in Thailand were undertaken in July and August 2017. The semi-structured questions were asked to obtain information regarding interviewees' thought towards labour-related CSR reporting. By undertaking such interviews, it is expected that this study can provide an in-depth analysis on labour unions' expectations on labour-related CSR reporting.

To help the respondents understand the topic and the scope of issues asked, labour-related indicators within G4 version of Global Reporting Initiative (GRI), the most widely accepted global sustainability reporting guidelines (see Gallego-Álvarez and Quina-Custodio 2016; Garcia-Sanchez et al. 2016; Shabana et al. 2017), were used as the interview guidelines. There are eight labour-related indicators in G4, consisting of *Employment, Labour/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Equal Remuneration for Women and Men, Supplier Assessment for Labour Practices, and Labour Practices Grievance Mechanisms* (Global Reporting Initiative 2013). In the interviews, these indicators were shown and explained to the interviewees so that they understood the context, the scope, and the CSR issues asked by the interviewers. GRI labour indicators themselves have been developed based on internationally recognized standards, including the International Labour Organization (ILO)'s standards (Global Reporting Initiative 2013). Therefore, the use of GRI guidelines in this study is considered relevant and appropriate.

Results of the interviews were then qualitatively analyzed. In line with previous qualitative studies using semi-structured interviews such as Diouf and Boiral (2017), the recorded interviews were transcribed verbatim in a word document. This transcription technique was employed to capture not only the answers from the interviewees but also the tones in which the answers were said (see Saunders et al. 2016). According to Saunders et al. (2016), the tones of the answers from interviewees may help the researchers obtain more insights in observing and analyzing qualitative data contained in the interviewees' answers. The transcribed answers were then carefully read and coded to search for themes or patterns related to the research question of this study. During the reading, any labels which might best describe a unit of data (e.g. words, sentences, and paragraphs) were developed into codes. Codes resulted from such a process are classified as data-driven codes (Saunders et al. 2016). The defined research question and the interview guide were then used to help select which data to code and identify emerging themes which were relevant to the codes. Such a procedure is considered as a generic approach in a qualitative data analysis (see Saunders et al. 2016). This procedure provided a means of interacting with and linking various units of data which reflected meanings relevant to particular codes and thereby

facilitated processes of reflection in order to find an answer to the research question (O'Dwyer 2002; Saunders et al. 2016).

Results

This section explores the research question of this study: What are the expectations of key labour unions in Indonesia and Thailand on companies' labour-related CSR reporting? The results of this exploration are presented under two key themes: presentation of labour disclosures and key labour disclosure items. These two themes arguably best describe the empirical findings of the current study.

Presentation of labour disclosures

There appeared to be a difference between Indonesian respondents' expectation and Thai respondents' expectation on the presentation of labour disclosures. Indonesian respondents expected that companies provided a specific section about labour-related CSR in their annual reports, highlighting that a written communication was deemed important as a medium of reporting. On the other hand, Thai respondents preferred to also receive labour-related CSR information from companies through meetings, not only through annual reports or website. This highlights that leaders of the examined labour unions in Thailand expected companies to further disclose information through oral communications in addition to written communications.

Indonesian respondents assumed that annual reports were provided mainly for shareholders and creditors as they were the main providers of companies' financial resources. Most of the Indonesian respondents argued that labour-related CSR reporting would truly reflect companies' commitment to workers if it was disclosed in a specific section within an annual report. They thought that disclosures in a specific section would not only help the readers quickly find information about labour-related CSR but also place workers in the similar 'level' as shareholders, a stakeholder group who supplied critical resources to companies. The use of annual report disclosures as the main corporate reporting medium in Indonesia itself has been identified in the literature and therefore most past studies on Indonesian CSR reporting focus on annual reports (see Gunawan and Tin 2019). Typical comments from the Indonesian respondents are as follows:

Labour-related CSR disclosures in a specific section within an annual report would be helpful for us to read and understand what the company has done to us [LUI2].

It would be an honour for us if labour issues are disclosed in a specific section within an annual report. This will place us in the similar position as other key stakeholder groups such as shareholders. Obviously, it would also be easier for us to read labour-related CSR information if it is disclosed in a specific section, not spread in several sections [LUI3].

Most of the Indonesian respondents further acknowledged that there had been companies' engagement with workers, particularly through labour unions, in the process of the preparation of labour-related CSR reporting. However, mostly, this engagement was undertaken only through questionnaires. Workers or representatives of labour unions were asked to complete structured questionnaires which contained options of labour-related CSR disclosure items to be reported by companies in their annual reports or sustainability reports. This means that there were no interactive communications between companies and their workers in determining labour-related CSR issues to be disclosed. The labour unions therefore did not have the opportunity to express their opinions and suggest companies to disclose all labour issues exclusively within one section. In general, they were not happy with the way companies engaged with them in the process of preparing labour-related CSR reporting.

Most Thai respondents, on the other hand, were engaged well with the management of companies in a number of joint activities. They said that they communicated and negotiated various labour issues with the management of companies, including labour issues to be reported. Labour-related CSR issues themselves were also communicated by the management of companies to labour union leaders through face-to-face forums such as meetings and presentations. The leaders of LUT2, for instance, stated that they usually met with the top management twice a year. Through meetings, labour union leaders could propose labour-related CSR aspects that were making sense to the company and corresponded to the real situation. Meetings also benefited the management team members as they could explain why, for instance, certain employee benefits could not be provided (e.g. because of decreases in sales during a particular financial year). Face-to-face meetings also facilitated discussions (questions and answers) between the management team

members and labour union leaders. Therefore, most Thai respondents were happy with such a method of engagement and expected companies to keep on communicating their labour-related CSR practices through oral or face-to-face forums to further clarify or explain the information that had been reported in annual reports. Oral communications may further help minimize the possible presence of conflicts between companies and their workers, as indicated in the following quotation:

Sometimes, the Human Resource manager and the union communicate with our workers clearly. At peak time, we can have up to 10-month bonus plus 20,000 baht. At down time, like now, the bonus has gone down to around 7-months plus 20,000 baht. In terms of welfares and benefits, we have been trying to make in the top 3, not lower than other automotive companies in Thailand. So, our workers basically understand the situation of the company. Every 3 months, the company communicates with the union through the Company Situation Communication system. The data will be aligned between the company and the union [LUT2].

Key labour disclosure items

Most respondents agreed with the eight GRI labour-related indicators, highlighting that these indicators were appropriate to be used as a disclosure benchmark for labour issues. Among the eight indicators, *Employment, Occupational Health and Safety, Training and Education* were perceived by most Indonesian and Thai respondents to be the most important issues to be disclosed. These issues were deemed complicated and thus detailed information regarding how companies attempted to address the issues would help workers understand the difficulties or challenges faced by the companies and motivate them to best contribute to the companies' sustainability agenda and daily operations. The following quotation describes the complexity of one of the above issues in Indonesia and highlights the importance of disclosing information regarding the issue to best sustain companies' operations:

Occupational Health and Safety is a complex problem. On one side, some companies do not provide safety protection equipment for their workers because it is costly. On the other side, in companies which can afford the cost of purchasing safety protection equipment such as helmets, some workers themselves do not use or wear that equipment for various reasons. It would therefore be helpful if companies clearly disclose how they deal with *Occupational Health and Safety*. For instance, a company discloses information about the availability of safety protection equipment, the policy regarding the use

of this equipment, and the number of work accidents during a year. I believe this information will not only inform workers but also educate them about the risk of not using the safety protection equipment. Importantly, workers have the rights to know all this information [LUI3a].

Most interviewees expected companies to acknowledge key labour problems they had (e.g. level of wages which might still be low) and how they attempted to solve this problem or improve the condition. Some respondents further viewed that statistical data might be helpful to support companies' explanations on key labour issues (e.g. number of workers treated in hospitals because of work accidents during a financial year and changes or trends in that number over the last couple of years). This information is very important for labour unions as a basis for negotiations with the management of companies to improve labour condition. By using such information, labour unions can even help companies convince workers about improvements companies have done. Once workers are convinced, they will usually be motivated to continuously and totally support companies through their productive works. In particular, such negotiation and communication potentially happen in Thailand in which there are face-to-face meetings between the management of companies and labour union representatives. The following quotes describe how labour union representatives helped voice workers' concerns over employee benefits and over workers' rights to be provided with more detailed employee benefit information, which is part of *Employment* indicator:

If the company has got more income, bonuses and salary will be re-negotiated. We have got much information from the company. The company will communicate with the union constantly so that we know everything. Then, we inform our workers of what is going on [LUT2].

Workers always want more benefits such as bigger living allowance but these depend on our negotiation with the management [LUT1].

LUI1b, an Indonesian interviewee, said that workers in Indonesia still had problems with the level of wages, which is low. This problem caused declining work ethics. Workers attempted to work in other projects or other companies outside office hours for earning additional money, causing them unable to focus on their main jobs. Clear disclosures on employee benefits other than wages would definitely help minimize the presence of such an unethical behaviour. The following quotation highlights this point:

I expect companies disclose information about employee benefits other than wages such as opportunities to join internal training, particularly if companies do not have sufficient financial resources to increase wages. This disclosure can help ensure workers' peace of mind and motivate them to focus on their job commitment [LUI1b].

Some Indonesian respondents further viewed that *Equal Remuneration for Women and Men* was also a critical issue to be disclosed, particularly in the plantation industry. This finding is in line with the result of a past study by Cahaya et al. (2012) which shows that very few companies in Indonesia disclosed information about *Equal Remuneration for Women and Men*. Gender might still be used to determine the amount of wages and therefore some female workers in this nation received lower wages than male workers (Cahaya et al. 2012). Disclosures on this issue, particularly on how companies gave equal rights to male and female workers, were seen by some Indonesian respondents as a helpful 'tool' for managing companies' relationships with female workers. Female workers would be motivated to work hard and contribute to companies' business activities if they knew that their rights were fulfilled.

Discussion

From the results of the interviews, there seemed to be closer engagement between the Thai respondents and the management of companies than the engagement between the Indonesian respondents and companies. Close engagement between companies and labour unions potentially results in effective disclosures (reporting which can fulfill workers' information rights in the context of ethical stakeholder theory) (see Momin 2013; Kaur and Lodhia 2018). This means that labour union leaders will decide to continuously support a company by, for instance, mobilizing workers to keep on working productively if particular information they expect is disclosed by the company. Evidence from the literature shows that Thai companies are intensively engaged with workers during the current decade (Issarawornrawanich and Wuttichindanon 2019). As stated by Wuttichindanon (2017), Thai companies are closely engaged with stakeholders and communicate CSR activities because they want to be accountable to their stakeholders.

As indicated from the interviews with the Thai respondents in the current study, there had been a number of face-to-face meetings between labour union representatives

and the management of companies. Through such meetings, there were interactive discussions, presentations, clarifications, negotiations, questions, and answers beyond the traditional written disclosures (annual reports). This explains why Thai interviewees enjoyed oral communications in addition to reading companies' annual reports. According to Kloppers and Fourie (2014), oral communications through presentations enable the management of companies to provide a comprehensive overview about the CSR activities the companies have done. An oral communication also provides an opportunity for a discussion. Such a communication is considered positive in the context of ethical stakeholder theory and best suited for discussing specific interests of particular stakeholder groups (see Kloppers and Fourie 2014), including labour unions. Oral communications provide more opportunities for labour union representatives to ensure whether or not workers' information rights are provided by companies.

From the perspective of ethical stakeholder theory, it is indicated that Thai interviewees' views were shaped by an ethical belief which saw a combination of written and oral communications as a critical tool that should always be used by companies in their accountability mechanism, particularly in the social accountability to their workers. Through the use of both communications, Thai respondents felt that labour unions were fairly treated and, more importantly, positioned as partners not only in the preparation of labour-related CSR disclosures but also in the process of labour-related policy making. As stated by Dawkins (2010), labour-related CSR can be well framed altogether if companies interact with labour unions in their activities (including policy making processes). In such an interaction, labour unions leaders whose belief is mainly influenced or shaped by workers' interests would normally voice concerns over workers' rights, including information rights (see Budd 2014).

The results regarding Indonesian respondents' views on labour-related CSR reporting signal Indonesian interviewees' dissatisfaction with companies' engagement and disclosure practices. There was engagement between companies and workers but the engagement was very limited through questionnaires without two-way communications. It appears that workers in Indonesia were positioned by companies as a secondary narrow stakeholder group compared to shareholders and creditors. The dissatisfaction highlights that the interviewees' views were truly shaped by their ethical belief in how companies

should be accountable to workers. Labour union leaders might see companies' unfair treatment to workers as they thought companies still focused on financial resource providers (e.g. shareholders) as the main target of disclosures. In the context of ethical stakeholder theory, such a practice is considered unethical given that workers are stakeholders who also provide critical resources to companies, although those resources are not in the form of money. This contribution should place workers in a similar position to financial resource providers. Moreover, workers themselves have rights to be provided with relevant information. All these factors arguably explain why Indonesian interviewees were dissatisfied with companies' disclosure practices and why they expected companies to provide 'more proper' labour-related reporting (disclosure in a specific section within an annual report).

In terms of key labour disclosure items, the Indonesian interviewees saw that the rights of workers to know information about *Occupational Health and Safety* were not well fulfilled. The high number of work accidents in Indonesia might become the labour union leaders' concern and shape this view. As documented in Cahaya et al. (2017), the number of work accidents in this country is around four times higher than the number of work accidents in developed countries. The interviews undertaken in the current study indicate that an information gap, which existed because workers' right to know information was not well fulfilled, might be one of the main factors causing the work accidents. This possible causal relation therefore needs further exploration in future research.

The method of stakeholder engagement in Indonesia which is considered limited might not be able to capture workers' expectations on the disclosures of *Equal Remuneration for Women and Men*. The results of the interviews reveal labour unions' efforts in demanding companies to disclose information which benefits workers' interests. If *Equal Remuneration for Women and Men* is finally disclosed and if it is found that female workers truly received lower wages than male workers did, labour unions will potentially negotiate with companies, demanding equal remuneration for female workers. Such potential negotiation and demand can be considered as an extended role of labour unions from only the readers of reports to an influential contributor not only in the process of reporting but also in the process of policy making (see Kaur and Lodhia 2018). Again, this contribution potentially helps companies avoid possible protests or strikes from workers

and negative media exposure in the future. This is because any decisions made (e.g. whether or not the wages for female workers are increased) reflect a joint agreement between employers and labour unions (Cao and Mukherjee 2018) and are disclosed to fulfill workers' information rights.

It appears from the interviews that Thai companies more seriously fulfill their workers' information rights than Indonesian companies do, particularly by thoroughly disclosing labour-related CSR information through written reports (e.g. annual reports) and oral reports (e.g. presentations), in order to gain continuous' supports from workers. This is in line with evidence in the literature which shows that Thai companies currently prioritize labour issues in their CSR practices and reporting (Issarawornrawanich and Wuttichindanon 2019). In Issarawornrawanich and Wuttichindanon (2019), for instance, it was found that many Thai companies disclosed information about human rights and labour laws as well as occupational health and safety (75.11% and 60.76% of sample companies respectively). The Thai interviewees might see what companies in Thailand had done in relation to labour information best fulfilled workers' information rights and therefore they expected companies to keep on communicating labour-related CSR information through written reports and oral disclosures.

Thai companies' efforts to further convince labour union leaders through oral communications look successful as Thai respondents in the current study were optimistic that companies would be able to handle existing labour problems in Thailand such as occupational safety. A combination of written and oral disclosures can therefore be considered as a unique way of reporting which more clearly shows companies' commitment and ability to deal with labour issues, shaping information recipients' belief that companies have done the right things. Oral disclosure may change an information recipient's perception (from a negative to positive perception) if information disclosed in an annual report is not clear. This is because the information provider can provide more explanations (by, for example, showing statistical data) and answer questions from the information recipients. The Thai interviewees' optimism might signal labour union leaders' spirit to continuously support companies' operations. As there is an indication of labour unions' continuous supports on companies, Thai companies' operations can be considered more sustainable than Indonesian companies' operations.

Conclusion

The aim of this study is to gain a deeper understanding of labour union leaders' expectations on labour-related CSR reporting in Indonesia and Thailand. Data were collected through semi-structured interviews with 15 respondents representing leaders from seven labour unions in Indonesia and Thailand. Several conclusions can be drawn from the results of the current study. The leaders of key Indonesian labour unions expected companies to provide a clearly specific section about labour-related CSR in the annual reports whereas the leaders of key Thai labour unions expected companies to keep on providing oral disclosures through, for example, meetings in addition to written reports such as annual reports. From the results of the interviews, it appears that companies in Thailand are more engaged with key labour unions in the development of labour-related CSR communication. It also appears that Thai companies' oral communication strategy (as an addition to written disclosure in annual reports) best fulfills workers' information rights and successfully results in gaining supports from labour unions. Most respondents saw that the eight GRI labour-related indicators represented relevant labour issues and therefore these indicators were appropriate to be used as a labour disclosure benchmark. Among the eight indicators, *Employment*, *Occupational Health and Safety*, and *Training and Education* were considered as the most important issues to be reported. *Equal Remuneration for Women and Men* was another GRI indicator which was deemed critical to be disclosed in Indonesia. Most respondents expected companies to disclose all these issues so that workers could know and understand how companies address the issues.

In the context of ethical stakeholder theory, it is considered important for companies in Indonesia and Thailand to fulfill workers' information rights by addressing key labour unions' expectations found in this study. In particular, Indonesian companies need to be more engaged with labour unions by implementing a more interactive communication technique such as dialogues so that workers' voices can be well captured and accommodated in companies' social responsibility activities and reporting. Indonesian companies should then provide comprehensive disclosures about these activities in a specific section in their annual reports. Unfavourable labour-related CSR performance should also be disclosed but, of course, companies need to carefully explain why this poor performance presents and how they will improve such performance. On the other hand,

companies operating in Thailand should further disclose how they address labour unions' expectations in formal meetings with the leaders of the unions, not only in corporate annual reports. Thai companies need to carefully explain their labour-related CSR to the leaders of labour unions in oral presentations. However, since each company in these two nations may have different circumstances in terms of labour problems and resources to address workers' expectations, particularly depending on its industry sector, decisions to follow this paper's recommendations should be made with caution.

The main contribution of this study is the exploration of opinions from labour unions, a key stakeholder group which has not been sufficiently examined in prior social accounting studies and whose voices are recommended by previous researchers to be explored (see O'Dwyer et al. 2005; Momin 2013). In particular, opinions captured in the current study can be used by regulators and policy makers in Indonesia and Thailand as a reference for developing laws which specifically require companies to disclose relevant labour-related CSR information such as *Occupational Health and Safety* issues. While these countries have a number of regulations in relation to labour (e.g. Act No. 13/2003 about manpower in Indonesia and Labour Relations Act 2518 (1975) in Thailand), there are no specific regulations requiring companies to disclose labour-related CSR information (see Cahaya et al. 2017; Suttawet and Bamber 2018). There are regulations about CSR reporting (e.g. Act No.40/2007 in Indonesia) but, again, there are no specific requirements for labour-related CSR disclosures (see Adhariani and du Toit 2020). To improve companies' accountability to their workers and ensure the fulfillment of workers' information rights, the development and issuance of labour-related CSR reporting regulations are arguably needed. The presence of such regulations also potentially contributes to the improvement of the two countries' economies because well informed workers are highly likely motivated to continuously support companies' operations without strike.

This study reveals that oral disclosure is an important communication medium that potentially helps companies to best fulfill workers' information rights (as an addition to formal written reports) but this medium is still under-examined in the social accounting literature. Future studies should explore companies' oral communication by examining the extent and determinants of this disclosure as well as how this disclosure best complements

written reporting within an accountability mechanism, particularly in the context of the relationship between companies and their workers. It is implied from the results of the interviews with Thai labour union leaders that written disclosures have limitations in fulfilling workers' information rights as they cannot fully address workers' curiosity and do not enable an interactive communication between companies and their workers. The absence of oral disclosure can be seen by workers and labour unions as an unethical practice since these stakeholder groups believe oral communication is one of the key practices that companies should do as part of their accountability to workers. This is one of the lessons that can be learned from the current study.

As also documented in several previous studies (e.g. Kaur and Lodhia 2018; Bellucci et al. 2019), this study further reveals that there are two types of stakeholder engagement that are possibly used by companies in meeting their accountability obligations to key stakeholders, particularly workers. These types are surveys and direct engagement. A company's decision to adopt one of these two types seems critical as this decision can determine the effectiveness of the company's effort in meeting its accountability obligation. The choice of a stakeholder engagement type (survey vs direct engagement) may also influence the extent and the quality of disclosures. This study, however, does not examine the impact of the choice of a stakeholder engagement type on the effectiveness of companies' attempts in meeting their accountability obligations to workers and does not investigate the effect of such a choice on labour disclosure practices. Therefore, future labour disclosure studies, particularly those using ethical stakeholder theory, should examine all these possible impacts.

As with all research, the current study has limitations. Firstly, this study does not specifically select labour unions from particular industries. This is because it was difficult to gain access in approaching labour unions representing particular industries and find respondents who were willing and available to participate in the interviews. Unions in different industries (e.g. unions in the agriculture industry vs unions in the mining industry) may have different pressures which can result in different views on labour-related CSR reporting. Such views may not be captured in this study. Secondly, the sample size of this study is small. The results of the interviews may not be able to be generalized to the overall context of Indonesia and Thailand. The findings, however, can provide preliminary insights

regarding labour unions' expectations in these two countries and indicate that further research by interviewing more respondents is needed. Interviews with more leaders of labour unions representing particular industries are therefore recommended to be undertaken in future research. Another research stream might triangulate these suggested interviews with published sources such as companies' annual reports, governmental reports and media reports so that a deeper understanding of labour-related CSR and reporting in Indonesia and Thailand can be gained. Future research examining whether and how Indonesian and Thai companies disclose their labour-related CSR information within annual reports could also be undertaken to know whether those disclosure practices meet the expectations of the labour unions captured in the current study.

Disclosure statement

No potential conflict of interest was reported by the authors.

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Appendix

Interview guide

1. As a leader of a labour union, what are your expectations on labour-related corporate social responsibility (CSR) reporting in Indonesia/Thailand? Please explain why companies are expected to do so.
2. In your opinion, how do companies engage with the union you lead to address labour issues in their reports so far?
3. To what extent do you think that companies have communicated their labour-related CSR practices so far?
4. Do you think labour-related Global Reporting Initiative (GRI) indicators are relevant to workers' rights and interest? Do you perceive that some of the indicators are more important to be addressed in labour-related CSR reporting? Please give comments and reasons why some of the indicators you mention need to be prioritized.
5. Do you have any other expectations other than the expectations mentioned above? If yes, please mention those expectations.