

Relation Between Company Features And Environmental Statement Within Corporate Social Responsibility: An Application In Chemistry, Petroleum, Rubber And Plastics Products Industry

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Extensive Summary

In the recent years, importance of environmental accounting and environmental reporting has increased due to the demand of information of the related parties on corporate environment activities and responsibilities. Nowadays, the challenging competition conditions in the business world makes the companies more sensitive against the environment for continuing their existence in parallel with sustainable growth and profitability targets. Because the community in which the businesses live request them to act more within social responsibility awareness, to give importance on activities bringing social benefits, to make less emission release by not polluting the environment and not using harmful technologies, to make better energy consumption and to make production by making better waste management.

In the presentation to be made with the stakeholders regarding completion of expectations in order to be sustainable, transparent and accountable companies, annual activity reports or environmental reports can be used as important tools. In these reports, information is given on environmental impacts of business activities such as companies' environmental policies, environmental management and environmental impact assessment systems, environmental costs and investments within corporate social responsibility.

This kind of voluntary environmental statements can be effective for increasing the companies' financial performance, market and brand value, corporate image and reputation in long term. For this reason, the companies give importance to this subject by themselves even without any legal obligations.

In this study, the reason of differentiation between companies regarding the environmental statement amounts which can be accepted as the indicator of

environmental sensitivity and environmental performance of the companies for creating a better environment. It is thought that the results of study will be beneficial for investors and other stakeholder groups as well as it will be encouraging for business managers in making environment reporting by increasing the voluntary environmental statement amounts and for law makers in making it obligatory to include environmental information in financial tables. Again, due to the increasing importance of environmental statements, it is expected that it will contribute to the researches made in subjects such as environmental reporting and sustainability.

In this respect, the purpose of research is to review the relation between environmental statements levels and company features. To this end, activity reports of 19 companies making business in chemistry, petroleum, rubber and plastic products industry in Borsa Istanbul were inspected with content analysis method for 2008 - 2014. Environmental statement levels of companies are variables which are created as result of counting the words within the activity reports with content analysis method. As the features of company, size, equity profitability, asset profitability, leverage ratio, stock market listing date and foundation date variables are used. In this study, it was not found that the stock market listing date was used as a variable in the previous studies in the literature. At this point, this study is important for determination of impacts of the company's public offering date on the environment statements. In this research, annual activity reports and financial tables of 19 companies were used for calculating the related variables by taking environmental statements as base. The relation between variables were reviewed with panel regression analysis. Panel data analyses and environmental statement levels belonging to more than one companies can be related with the company features for more than one years. According to this, the model used in the research was created as follows.

$$CAM_i = \alpha + \beta_1 SIZE_{it} + \beta_2 DEBTS_{it} + \beta_3 AGE OF COMP_{it} + \beta_4 LISTING AGE_{it} + \beta_5 ROA_{it} + \beta_6 ROE_{it} + \epsilon_{it}$$

Panel unit root analyses were made with Levini Lin, Chu (LLC) before reviewing panel regression models. Hausmann (1978) test was applied for panel regression model estimation. With Hausmann (1978) test, it is decided whether to select random effects or fixed effects for the panel regression model. According to the results of Hausmann (1978), fixed effects panel regression model was decided.

According to the analysis results, negative and statistically meaningful relation was found between company size and environmental statement level. Positive and statistically meaningful relation was found between debt level and environmental statement level.

In this study, the age variable was quoted in two aspects as age of the organization and listing age. According to the analysis results, positive relation was found between company's age and environmental statement level while negative and statistically meaningful relation was found between stock market listing date and environmental statement level. No statistically meaningful relation was found between equity profitability and asset profitability variables and the environmental statement level.

In future studies, more companies from different sectors can be included in the analysis. Thus, the results obtained can be grouped with sectoral basis. In addition,

features such as stock market listing date, which are not in the studies existing in literature, can be added to the model to be applied.