

SOCIAL REPORTING PRACTICES OF CORPORATE ENTITIES IN SRI LANKA

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ABSTRACT

The growth of the public expectations in the early 1990's, created the need for reporting on non-financial aspects such as corporate governance and environmental reporting etc. in addition to the financial aspects. The concept of social accounting and reporting was added by the businesses to their public reports from the late 1990's. This was done voluntarily. The concept of 'Sustainability Reporting', which includes reporting on environmental, social and economic impacts, was developed in around year 2000, and is currently used by many organizations worldwide. This study has been conducted in order to identify the reasons as to why the business entities has started to report about their social responsibility, to identify the problems and issues they have faced when reporting on social responsibility and also to identify the advantages they have gained through disclosing their social responsibility activities to the public. Three research sites were selected among six awardees of the competition, which conducted by the ACCA Sri Lanka branch for "Sustainable Reporting for Integration of Business with the Environment". Three theoretical perspectives of reporting on corporate social responsibility i.e. stakeholder theory, legitimacy theory and political economy theory were applied to drive the conclusion of the study. As researchers identified corporate entities report on CSR with the expectations such as to fulfill customer needs, to build the company image and to show that they are socially responsible. Further, they recognize stakeholders' right for information as well. Recognition, awards, enhancement of image, satisfied stakeholders and good relationship with the society are the advantages which they expect through CSR reporting.

Keywords: Corporate social responsibility, Environmental reporting, Stakeholders, Legitimacy theory, Political economy theory.

1. INTRODUCTION

Corporate public reporting has its origins in around 1850's, (ACCA 2004a) which only included financial accounting and reporting. Traditional accounting approaches focused on the view of the enterprises as an economic entity, with its main activities affecting the economy through its operations in markets. On that, until early 1970s, all early definitions of accounting have emphasized that accounting as a recording function, which can be used to measure profit/loss, assets, liabilities and investors wealth etc. Accordingly, accounting was treated as

planning and controlling technique rather than an information system. With the growth of the public expectations, in the early 1990's, non-financial aspects of corporate activities such as information of corporate governance practices, social and environmental impact and intellectual capital etc. were incorporate into the financial statements in addition to the financial nature information. Accordingly, the concept of social accounting and reporting was added by the corporate entities to their public reports from the late 1990's. But, the reporting of non-financial impact was not compulsory. It is a voluntary activity. Currently, many organizations worldwide produce such reports competitively.

In Sri Lanka however, the concept of social responsibility has not been much developed at present, even though there are some large business entities operating in Sri Lanka has given attention towards this concept. The research question address in this study is that, although the social reporting is a voluntary activity in Sri Lanka, why corporate entities are motivated to produce social reports? The researcher has studied the reasons as to why all these organizations have given attention on reporting on their social impacts? Do they gain anything out of it? Have they faced any difficulty when trying to be transparent and accountable to their stakeholders through this manner?

Further more this study expects to provide an understanding of, why the Sri Lankan organizations have focused on social reporting and what are the barriers and advantages they faced. As the objectives of doing this study, the researcher have given attention to identifying the reasons as to why they started to report about their social responsibility, identifying the problems and issues they have faced when reporting on social responsibility and identifying the advantages they have gained through disclosing their social responsibility activities to the public.

2. RELATED LITERATURE

2.1. CORPORATE SOCIAL REPORTING AT A GLANCE

The development of social and environmental accounting and accountability practices is still in its infancy (for example compared to the long historical practice of financial reporting). There is still much debate on various issues. For example, there is a lack of consensus on key issues such as the objectives of reporting; the qualitative characteristics the information should possess; the audience of reports; the “best” presentation formats, etc. (Deegan 2002a). Environmental disclosure remains a minority activity that can take diverse forms and is not confined solely to environmental reports and environmental information in annual reports and accounts. The larger companies that tend to disclose environmental information report upon their environmental performance with no clear policy statement in place. This leads to very diverse findings by researches. Future consideration of environmental disclosure needs to include the use of videos, site information and

visits and press releases to gain a fuller picture of the information that is disclosed and of what companies are doing with respect to environmental disclosure (Stray and Ballantine 2000).

Much of the confusion and controversy over CSR stem from a failure to distinguish among ethical, altruistic and strategic forms of CSR. On the basis of a thorough examination of the arguments for and against altruistic CSR, concurs with Milton Friedman that altruistic CSR is not a legitimate role of business. Proposes that ethical CSR grounded on, the concept of ethical duties and responsibilities are mandatory. Also concludes that strategic CSR is good for business and society and advises that marketing take a lead role in strategic CSR activities (Lantos 2001).

During the period 1990 to 1997, there was a significant rise in the number of environmental and social reports being issued. But, they were organization-specific and lacked the basic requirements such as consistency, verifiability, comparability etc. As a response, the Global Reporting Initiatives (GRI) guidelines were first published in year 2000 and were revised in year 2002 and are currently being used by over 500 organizations throughout the world (ACCA 2004b). GRI guidelines are a framework available for organizations in relation to sustainability reporting. But in the near future we may be able to get a standard for reporting on social responsibility by organizations. That is because the International Standards Organization (ISO) is now to develop an international standard for social responsibility. The objective is to produce a guidance document, written in plain language which is understandable and usable by non-specialists' and not intended for use in certification. In taking its decision, ISO acknowledges that social responsibility (SR) involves a number of subjects and issues that are qualitatively different from the subjects and issues that have traditionally been dealt with by ISO.

In deciding to develop a social responsibility guidance standard, ISO emphasizes that it is intended to add value to, and not to replace, existing inter-governmental agreements with relevance to social responsibility, such as the United Nations Universal Declaration of Human Rights, and those adopted by the International Labour Organization (ILO), and other UN conventions. Also, it recognizes the need to

develop an agreement with ILO on cooperation between the two organizations in the area of social responsibility (ACCA 2004c).

At present there is no exact framework of reporting the social responsibilities of an organization. But, GRI has introduced guidance on what to include in a sustainable report. According to it the main components of a ideal sustainability report are; CEO statement; Organizational profile; Scope; Key impacts; Governance; Sustainability-related policies; Management system and procedures; Stakeholder engagement; performance and compliance; Targets and achievements; and Independent verification statement. At the first instance it may be difficult to disclose all of these components. Organizations can take an incremental approach to reporting covering some elements at first and moving steadily towards fuller reporting overtime (ACCA 2004a).

2.2. CSR IN SRI LANKAN CONTEXT

In Sri Lanka, the industrial sector began to expand rapidly through local and foreign investments when it introduced liberalize open-economic policies in the late 1970s. During the last two decades, four free trade zones, namely, Katunayake, Koggala, Biyagama and Mehirigama, many foreign business entities including multi-national companies, and local manufacturing companies emerged resulting in large numbers of factories in various types of industries. Although expansion of industrial activities have really contributed to the economic growth of the country, operations of these factories largely caused damage to the physical environment and ecological balance of the country in numerous ways (by discharging waste material, polluted water and chemicals etc. into the environment). However, stakeholders' awareness of environmental impact on industrialization of Sri Lanka has increased during last few years.

Not only has the recent Governments, even by the colonial governments, there been introductions of various environmentally friendly Acts enabling to protect the environment. For example, Forest Ordinance, the Forest and Wildlife Conservation Ordinance, the Land Ordinance, the Irrigation Ordinance, and the Coastal Zone Conservation Act, the Mahaweli Authority Act, the Fisheries Ordinance, the Geological and Mining Act, the Natural Aquatic

and Resources Agency Act, the Town Development Act, the Town Council Act, the Municipal Council Act and the National Environmental Act etc. Although these Acts / Ordinances have emphasized the significance of the environmental protection within their scope, at the first time the environmental management regulations came into existence with the National Environmental Act of No. 47 of 1980. It has provided many provisions covering whole aspect of environmental protection of the country and from the section 15th of this Act Central Environmental Authority has empowered to monitor environment management activities of the country. Therefore, organizations are bound to perform the prescribed environmental management requirements in the above mentioned National Environmental Act of 1980 (Rajapakse 2005).

The significant increase in stakeholders' (society's) awareness of ecological, social and environmental matters, have been reflected in the proliferation of non-governmental organizations (NGOs) and other social movements. Consequently, there is an increasing trend of stakeholders' demand for environmental management and sustainable development information of business organizations. Public dissatisfaction about the inadequate disclosure of environmental information is also evident. But there is neither prescribed professional standard nor legal framework addressing the issues of environmental reporting. Thus, most business organizations in Sri Lanka, disclose only financial information although there is an increasing trend of stakeholders' concern and demand for environmental management and sustainable development information of their business organizations (Rajapakse 2003). Though there is an increase in the stakeholders' awareness of environmental impact on industrialization of Sri Lanka and an increase in the stakeholders' moral of environmental protection, there are no significant improvements in environmental disclosures in annual reports of listed public companies in Sri Lanka (Rajapakse, 2001). The stakeholders have a "right" to demand information on the environmental impact of the organizations' activities and the organization has a "responsibility" to provide such information as there is a "social contract" between an organizations and the society in which it operates. Business organizations in Sri Lanka do not perform their financial reporting functions to

communicate comprehensive information to users of financial reports. Thus, there is a gap between stakeholders' interest on information (demand) and extent of information disclosure (supply) by business organizations in Sri Lanka (Rajapakse 2001).

2.3. THEORETICAL PERSPECTIVES IN REPORTING ON CORPORATE SOCIAL RESPONSIBILITY

The Political Economy theory, Legitimacy theory and Stakeholder theory are systems-oriented theories can be used to explain why organization produce CSR reports even though it a voluntary activity (Deegan, 2002). Political economy theory says that financial, economic and social impact of organizational activities to be disclosed irrespective its nature, if there is an impact on society. Legitimacy theory emphasis that since there is a contact between the society and organization, it is a responsibility of the organization to reports its total impact to the society at large. Stakeholder theory emphasis that stakeholders have right to know what organizations are doing by consuming social resources.

3. METHODOLOGY

The researcher has done a qualitative research. To get the overall idea case study approach and contents analysis are being used. The reasons for social reporting, barriers when trying to initiate the process and when proceeding, the advantages they obtained are studied here. Therefore a qualitative research is preferred. Unlike quantitative research, qualitative research relies on reasons behind various aspects of behavior. It investigates the WHY and HOW of decision making, as compared to WHAT, WHERE AND WHEN of quantitative research. Hence, the need is for smaller but focused samples rather than large and random samples. Therefore, qualitative research is designed to reveal a target audience's range of behavior and the perceptions that drive it with reference to specific topics or issues.

The researcher visited a sample of three companies out of the six award winners of the competition held by the ACCA Sri Lanka for Sustainability Reporting for Integration of Business with the Environment in 2004 and 2005. The six award winners are, Ranweli Holiday Village Ltd., Ceylon Tobacco Company,

John Keels Holdings, DIMO, Nestlé, Kandalama Hotel. Among the award winners the researcher visited, Ranweli Holiday Village Ltd., DIMO and Nestlé. The researcher selected only three sites due to the limited time availability.

The basic methods used for data collection are interviews and study of documents. Information is collected from the ACCA award winners in Sri Lanka, who are reporting on company's social responsibility, and the staff members who are involved in doing the reporting on this matter of each of these companies [such as the CEOs, Accountants, Social reporting managers, Environmental Committee Members] are interviewed to get the relevant inputs for the research. They are interviewed based on a structured questionnaire as well as on related matters which arised while doing the interview. The past annual reports and the separate reports issued by Quoted Public Companies in Sri Lanka on CSR, the reports issued by the ACCA, reports issued by other organizations in relation to the practices of CSR in Sri Lanka, the web sites of companies and institutional bodies such as ACCA, World Bank etc. and other web sites which reports on this matter are being used as the secondary data sources.

The method the researcher adopted in this research was: Identifying the background and reasons as to why the selected organizations has started to report on corporate social responsibility (CSR) and then identifying the relationship between the theoretical aspects of reporting on CSR and the actual scenario at those research sites; Identifying problems and advantages of reporting on corporate social responsibility separately at each of the research sites and then trying to identify the similarities among the respondent's view points.

4. ANALYSIS

The different research sites revealed different facts about the reasons for reporting on CSR, the problems they faced and the advantages they got from reporting on this aspect. The findings at each research site are summarized separately and then an overall view point is presented based on all the information gathered discussing the relationship of them with the theories discussed in the related literature, i.e. in relation to the Political Economy theory, Legitimacy theory and Stakeholder theory

4.1. INDIVIDUAL VIEWPOINTS

4.1.1 RANWELI HOLIDAY VILLAGE

- *Why they started to report about their social responsibility*

Background to their corporate social reporting:

According to the data collected by the researcher, the company has been socially responsible from the initial stage of business. They have started to be socially responsible from the point they built up their resort. They have taken the material for building the hotel from the village itself (e.g. bricks); the CEO himself has studied about biology at the Open University because of the relationship they have with the environment; the fruits and vegetables are taken from the village; many of the villages are given employment opportunities. So they have tried to reduce the poverty in the village from the first step of building the resort.

Costs of reporting on CSR:

They are a resort which gives attention to the concept of Ecotourism, so they consider the entire business to be sustainable. In that regard they do not maintain a separate account for social responsibility expenses or social reporting expenses.

Why they are reporting:

They considered being socially responsible as a part of their business. They declare that they did not consider being socially responsible as a separate task, but it is inside the business and that it cannot be separated from the business. Therefore they have been including things related to the social impact from long time back, even though it was not given so much attention by different stakeholders at that time period. But with the development of the concepts such as “Sustainable Development”, “Corporate Social Responsibility (CSR)” etc in the world, they also have given attention to this concept of CSR and have given their attention further, to report relating to this matter in much detail at present. Since they have been reporting on their social impact from the early stages of their business they have been able to easily manage the current trends of reporting on CSR. They have prepared a separate broacher relating to their CSR in 2003/04 and also they have included certain facts relating to CSR in their Annual report. But in 2004/05 they have updated the broacher and reported in their Annual report about CSR.

- *The problems and issues they have faced when reporting on social responsibility*

From the early stages of its business the company has been reporting on CSR issues in their annual reports. So it is not a new practice for them to do it. Since it was gradually practiced and was done from long time back they do not feel that there is any difficulty in reporting such matters. They feel it as reporting about a part of their whole business. Also this company does not give much attention to the GRI guidelines or any other guideline when reporting on CSR; it is done according to their views agreed upon, at meetings of the management. This has made the reporting on CSR an easy task for them.

- *Advantages they have gained through disclosing their social responsibility activities to the public*

According to the CEO, the main advantage they have gained from reporting on CSR is that they have been able to be internationally known as an ethical business. So they have been able to make a good reputation or a company image both locally and internationally. Due to the fact that they have been able to communicate through reporting about their social responsibility, they have been able to get many awards and recognition nationally and internationally. They consider them as the advantages they got from reporting on CSR issues.

4.1.2 NESTLÉ LANKA LIMITED

- *Why they started to report about their social responsibility*

Background to their corporate social reporting:

The Nestlé’s approach to corporate social responsibility is very much broad and deep. It responses to unforeseen and traumatic events as well as they give attention to the social responsibility at all points of its business. At the very beginning they have not done reporting on the activities they do. Even the definition they give for social responsibility is very much broad. They include the promotional campaigns done for different brands as social responsibility activities. So as they say what they mean by social responsibility is different.

Costs of reporting on CSR:

The company does not maintain a separate account for social responsibility activities as well as for reporting expenses. The budget given for the annual report is being used for the reporting on CSR activities as well. So the amount spent for CSR reporting cannot be identified separately and they take the decision about the annual report cost budget at the management meetings.

Why they are reporting

The main reason is that they had identified the need of reporting on the social impact. Till the time they started to report on CSR they have not gone on to media in relation to this matter.

Also they had felt the need of letting the public know about what they do in relation to the benefit of the society. Public does not know about what the company is doing. They just think that the company is doing business for the purpose of making profits. But the company does lot more than that and they wanted to let the public be aware of the things they do towards the benefit of the society, economy and the environment. Therefore they started to report on CSR.

Another reason is that it is becoming a norm of the business environment to report on CSR. So to be inline with that norm Nestlé has started to do reporting. They also believe that they can build the company image much further by reporting how they benefit the society. Finally to tell the public that they are really socially responsible, they think they should give attention to the reporting part as well in addition to doing socially beneficial work.

- *The problems and issues they have faced when reporting on social responsibility*

The company had started to report on CSR from year 2003. The reporting is not done in a very much formal manner. They only try to report the things they actually do towards the benefit of the entire society. Basically, according to the communication manager, the company itself does not do the reporting part in the annual report. The preparation of the annual reports of the company is outsourced. Nestlé only has to provide the details which are required by this company in order to prepare the documents. So basically they have not met with any problems relating to reporting on CSR. What they had basically done was providing the answers to the questions given by that company which has been

the basic for preparing the CSR report of the company.

- *Advantages they have gained through disclosing their social responsibility activities to the public*

They have not expected to get any major benefits initially out of reporting on CSR. But they have been able to get famous around the world as a company who is very responsible towards the society. i.e they have been able to build a good image. Also they think that people will give recognition to them than earlier when they get to know about the things they do towards the society. They have been able to get the ACCA Sri Lanka award for Sustainability Reporting for Integration of Business with the Environment. Another advantage is that they have been able to highlight that they are a responsible company.

4.1.3 DIESEL & MOTOR ENGINEERING CO.

- *Why they started to report about their social responsibility*

Background to their Corporate Social Reporting:

From many years back Diesel Motor Engineering Company (DIMO) had been reporting on aspects such as social impacts and environmental impacts under a separate heading in the annual report. This was limited to two or three pages and was a brief description of the impact to the society and environment. They did not use any specific format or framework in doing this. But from the annual report of year 2004/2005, they started to report on the sustainability aspects. This was the initial step towards doing a formal reporting on CSR according to GRI guidelines. Still they have not been 100% complete on these guidelines and they expect to enhance the quality much further with the time to come.

Costs of reporting on CSR:

They have not allocated a separate budget for CSR reporting. The costs spent on CSR activities are covered by the accounts such as Donations, Welfare and Medical even though it is not been recorded in a separate CSR account. The cost spent on CSR activities also vary with the requirements of the Government in relation to the training status of the employees and the requirements of the other Standards they expect to fulfill, such as ISO 14001 for environmental

aspects, ISO 9000 for quality aspects. This is because they have to adhere to these requirements irrespective of the cost they have to incur, if they are to maintain the standards.

Why they are reporting:

The company believes that the stakeholders are requiring them to be very much transparent about the activities of the company. So they are willingly report on the CSR activities even if it is not mandatory. To get recognition and also to build the image they think it is important. They think that they should let the stakeholders know the fact that they are making profits not only by using the best ways of making profits without any consideration about the society, but while giving attention to the public as well.

- *The problems and issues they have faced when reporting on social responsibility*

Since they had been reporting on the environmental and social aspects from so many years back it had not been a completely new thing for them. But since they wanted to do it in a very formal manner from year 2004/05 onwards they have sent their Management Accountant for training at the ACCA in relation to the reporting practices according to the GRI guidelines. Other than that, they have not met with any major difficulty relating to reporting on CSR.

- *Advantages they have gained through disclosing their social responsibility activities to the public*

The major advantage they see is that they have been recognized for the efforts they did in trying to do a formal reporting on the CSR practices of the company by getting the ACCA Sri Lanka award for Sustainability Reporting for Integration of Business with the Environment. Also they think that all the stakeholders are able to read on the aspects relating to the CSR of the company by doing reporting on that and the company can build a loyal group of stakeholders towards the company. They had been able to inform the regulatory bodies about their reporting methodology and they are now able to be recognized as a company with a good reporting method relating to CSR among the other companies locally and foreign.

4.2. OVERALL VIEWPOINT

Traditional thought was that all resources consumed in the business processes belong to the owners. It also assumed that they are the only group who uses the information relating to the entities. On that basis it was concluded that the business entities could survive alone. But according to the stakeholder theory, all of the parties in the society have a right to know about the activities of the entity, because they use the societal resources. So the company should report to all the interested parties. For the survival, the companies are given permission by the society, which is decided based on the impact of the company, to the society. Among the companies visited DIMO and Nestlé were reporting on their CSR activities on the basis that 'stakeholders want them to be transparent about their activities'. Thus they report on CSR since the society expects them to report on it, in addition to the financial aspects. Therefore it can be concluded that these two companies report complying with reporting characteristics of the stakeholder theory.

Another aspect of reporting stems from the legitimacy theory, where it says that the organizations are socially responsible and that they have a contract with the society. So they perform their activities for the benefit of the society. This type of characteristics could be identified when analyzing the reasons for why they are reporting on CSR, at the Ranveli Holiday Village. They believe that the companies should make the society a part of their business and that they should not consider the business entity as a separate party. Therefore this organization's reporting practices could be identified under the theory of legitimacy, which explains that the organizations are always having contracts with the society. As can be seen the business entities do not report on their social aspects due to the same reason. But when all the reasons of all the entities are taken and summarized, the reasons fall in to one or more of the theories discussed earlier, which are the main theoretical aspects of reporting on Corporate Social Responsibility.

When taken as whole, the organizations seem to be reporting some part of their social responsibility activities in their annual report or some other report from the point that they have given attention to doing socially responsible activities. But it has not been done specifically as CSR reporting per se until the recent past, where

attention was given to this area globally. So when trying to report on the CSR activities, according to the respondents, the companies only had to enhance the time and quality of reporting part related to CSR, unless they were trying to adhere to the GRI guidelines. If they were to stick to the GRI guidelines they had sent the relevant officers for training. Therefore it can be said that the companies has not faced any major difficulty when trying to report on CSR activities of their business entity.

Even though the respondents has given different views on the advantages they got from reporting on CSR activities, all the reasons are some what the same when thinking further on the respondent's ideas. The companies had been able to increase the recognition they had in the society by communicating to the public about their activities which benefits the society. The company image had enhanced. The companies had been able to get popularity as socially responsible business entities. Another advantage is that they had been able to obtain awards and recognition from recognized institutional bodies locally and internationally. A loyal customer bases as well as good relationship with the different stakeholder groups are other advantages they have received.

5. CONCLUSION

The numbers of companies reporting on CSR activities have been increasing day by day. The concept of sustainability has strengthened this growth. Not only the business entities but also the stakeholders of those companies have being increasing their attention on the reporting of CSR activities. This study was designed in order to identify the reasons as to why the Public Quoted Companies in Sri Lanka has given their attention towards reporting on their Corporate Social Responsibility (CSR) at a time point when the reporting on CSR is voluntary.

In the globalized business environment, business entities may not survive if they only try to give their attention to profit maximization. Since they affect the society and the society in turn can affect the business entities, good relationship between these two sectors is essential for a business to succeed and to survive. The social responsibility of an organization, the importance of the stakeholders and the importance of the positive relationship between the organizations and the society are being discussed through the

theories such as political economy theory, legitimacy theory and stakeholder theory.

The study has been based on three main objectives. i.e. to identify the reasons as to why they started to report about their social responsibility; to identify the problems and issues they have faced when reporting on social responsibility and; to identify the advantages they have gained through disclosing their social responsibility activities to the public. In doing so three quoted public companies are visited to collect data. The selection was done among the six award winners of the ACCA Sri Lanka award for Sustainability Reporting for Integration of Business with the Environment. The researcher has also given attention on combining the theoretical aspects to the findings at each research site separately.

The companies report on CSR with the expectations such as fulfilling the customer needs, to build the company image, to communicate to different publics that they are socially responsible. Also they consider that the stakeholders have the right to know about the activities, other than the day to day operations of the organization. Some organizations have previously done it without any specific intention as such. But later they have moved towards proper reporting practices with one or more of the above mentioned intentions, for instance at DIMO and Nestlé this is demonstrated. But some entities such as Ranveli Holiday Village do it as a practice from many decades back and they consider CSR as a part of their business activities. When taken as a whole all the companies report on the CSR basically with the intentions explained in the theories such as Political Economy, Legitimacy and Stakeholder theories. They all give attention to the stakeholders and the society.

Most of the companies had done reporting related to their environmental impacts and social impacts from many years back. So they have not faced with major difficulty in trying to report on CSR activities as a whole, since they have done a part of it from past years. Also since many have not given attention to a proper framework still, they report only what they think they should report. At present some companies have already invested on means such as sending the responsible personnel for training etc. for enhancing the quality of the reporting activities. Others are yet to do so and they only spend on

CSR activities not on the area of reporting about those activities.

Recognition, awards, enhanced image, popularity as a socially responsible business organization, satisfied stakeholders and therefore loyal stakeholders, good relationships with the society are identified as the advantages they get through communicating about their CSR activities by way of reporting. As the researcher could identify by going through the annual reports of the reporting entities (only the ACCA award winners), reporting practices are still not much advanced. Many of the reporting entities are not doing it according to an accepted framework. They have given attention on reporting according to an accepted framework from 2-3 years back. So there is much more to be developed in the field of reporting on CSR activities by companies in Sri Lanka. The costs of CSR activities as well as reporting activities were not properly identified by the organizations which were visited. But those expenses are included under different other accounts of the company. There was no reason identified by the officers who were interviewed as to why they do not put it separately as CSR expenses.

As the research findings demonstrates, it can be said that different companies identified different reasons when explaining why they are reporting on CSR. Even if a hundred percent generalized idea cannot be expressed after analyzing the data collected, it can be said that, basically all these reasons finally falls into the reasons explained in the traditional theories which are related to reporting practices. It can also be seen that the advantages that the reporting entities have are similar and in most cases they have not faced with many difficulties at the point of starting to report on CSR.

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