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IMPACT ON RETURN ON EQUITY OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND SHARE VALUE: EVIDENCE FROM THE STOCK EXCHANGE OF THAILAND

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ABSTRACT

This research examined the effects of corporate social responsibility disclosure and shared value on return on equity by using the data from the annual report of 354 listed companies on the Stock Exchange of Thailand in 2018 as the secondary data. Content analysis and checklist form were used to collect the information of companies on corporate social responsibility disclosure according to the guidelines of the Stock Exchange of Thailand and Thaipat Institute. Descriptive statistics and multiple regression were used for data analysis. The results showed that the corporate social responsibility disclosure for community and social development had a positive and significant impact on the return on equity. The shared value had a positive and significant impact on the return on equity. Thus, the corporate social responsibility disclosure and shared value provide the useful information to investors and stakeholders. This suggested that companies with social responsibility and shared values from engaging with communities and society will result in better performance.

Keywords: Corporate social responsibility disclosure, Shared value, Return on equity

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Introduction

Society and environment are major issues that have been internationally debated since they directly impact against the quality of life of the world population. It is necessary that all parties should be aware and focus on solving this international problem. Companies need to be aware and pay more attention to the environment to create the shared value between organizations and stakeholders (Nonthanathorn, 2020). Internationally, there are many agencies focused on solving this problem: Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC). This organization attempted to promote corporate social responsibility (CSR) concept by developing CSR guidelines for the company to for the company to apply (Goel & Cragg, 2005) Bowen (2013) stated that corporate social responsibility refers to the obligation of businessmen to comply with corporate policies to make decisions or to follow the desirable practices in terms of social objectives and values. In Thailand, the Securities and Exchange Commission, Thai Listed Companies Association, and Thaipat Institute have played a key role in the promotion and development of socially responsible and sustainable development.Sustainability report award program were organized to encouraged listed companies to disclose their useful information. The award criteria consist of 3 aspects: completion, reliability and communication (The Securities and Exchange Commission, 2020).

Shared value refers to policies and practices that promote the ability of the company to compete and develop the economic and social conditions in the community (Porter, 2011). This concept has been universally applied to create competitive advantage and help the society at the same time which is a win-win situation for the provider and the community. Numerous scholars have found that companies applying the concept affects against the company performance (Fernández-Gámez, Gutiérrez-Ruiz, Becerra-Vicario, & Ruiz-Palomo, 2019; Park, 2020; Yoo & Kim, 2019). This is a new concept in Thailand that many leading companies have already adopted. However, there is still confusion in regards to the corporate social responsibility and shared value. In addition, empirical researches on this issue in the context of Thailand are limited.

Return on equity (ROE) is a major source of capital for companies which reflects an entity financial position. It is a part of financing structure and can indicate the entity's financial risks (Aras, Aybars, & Kutlu, 2010). If the company solely seek internal source of finance, it may be short of cash flow. In contrast, excessive reliance on external funding leads to excessive interest burden (Ichsani & Suhardi, 2015; Mai, 2017). Thus, companies aim to create maximum wealth for shareholders to attract financing from investors or shareholders in proper proportion. Return on equity is one of the important indicators. It is a financial ratio between net profit and owner's equity. Return on equity can measure the efficiency of shareholders return on equity. High return on equity reflects that company has a high profitability. Thus, the company shareholders will obtain higher returns as well. Previous studies found that a number of factors, such as good corporate governance, financial policy, cost management and corporate social responsibility disclosure affect the company operations. According to Kotler and Lee (2008) the corporate social responsibility disclosure enhances the company image, attracts customers and increase sales.

According to the relevant literature review on corporate social responsibility and shared value in Thailand, shared value is another option that creates the mutual benefits between business and society which is used to evaluate projects for sustainability (Pongpiachan, 2018; Wiriyapipat, 2020). In addition to the examination of the relationship of corporate social responsibility with shared value as a mediator variable and its effect on the financial performance (Kitsamphanwong, Pholkaew, & Ngudgratoke, 2020), corporate social responsibility disclosure and shared value were found to positively impact the return on assets of corporate social responsibility disclosure and shared value. This reflects the competitive advantage of the business. However, the owners and shareholders may question whether corporate social responsibility disclosure or shared value affects against the return on equity which is the background of this research.

Objectives of the Study

1. To investigate the impact of corporate social responsibility disclosure on the return on equity.
2. To study the shared value that affects against the return on equity.

Conceptual Framework

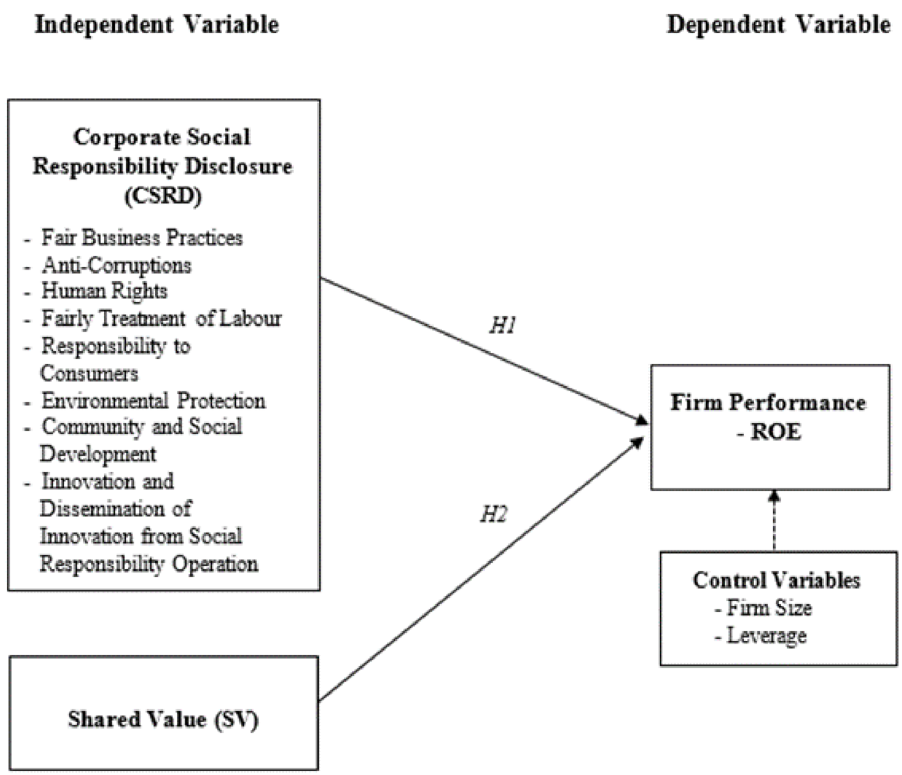

Figure 1 Conceptual framework

Hypotheses

H_1: Corporate social responsibility disclosure has an impact on the return on equity.

H_2: Shared value has an impact on the return on equity.

Literature Review

Legitimacy theory

The legitimacy theory has been used widely in the accounting literature, which is used to explain why companies disclose their social and environmental information (Suchman, 1995). The legitimacy theory supported the companies to improve and to create good results and goals for the society and organization (Bebbington, Larrinaga-González, & Moneva-Abadía, 2008). Thus, the companies have to conduct their business in accordance with the social standards. In other words, companies make a commitment act and meet the expectation of the society which is similar to the social contract (Lindblom, 1994; Tilling, 2004).

Stakeholder theory

Stakeholder theory is related to the concept of corporate management and the ethical and moral values in corporate management. This theory focuses on stakeholders since they can provide benefits to companies and also other stakeholders (Freeman, 1984). Generally, the companies prioritize making profits, enhancing their competitive and advantage, and reducing cost. Stakeholders are another factor for business success. The stakeholders concept use to provide information to shareholders such as employees, consumer managers and the public can promote the exchange of knowledge, ideas or useful resources-(Freeman, 2010; Freeman & Moutchnik, 2013). Thus, the companies will be able to understand the social environment which also affects against their image and reputation

Corporate social responsibility disclosure

Corporate social responsibility (CSR) was introduced by Bowen (2013), he stated that the social responsibility of companies refers to the obligation of the companies to followed the policies and to make the decisions, which are desirable in terms of the objectives and values of the society. Kotler and Lee (2008) classified CSR activities into 7 categories: 1) promoting awareness of social issues, 2) marketing social issues, 3) marketing for solving social problems, 4) charitable contribution, 5) community support, 6) corporate social responsibility, and 7) developing and delivering affordable products and services. Business operations must be in line with the environmental conservation while benefiting the community and meet the expectation of the society in order to achieve the efficiency and effectiveness.

In Thailand, the Securities and Exchange Commission (SEC) announced criteria, conditions and procedures for disclosure of information on the corporate social responsibility in the annual registration statement (56-1) and annual reports (56-2) which became effective on 1 January 2014. According to the notification of Capital Market Supervisory Board Disclosure, there are 8 principles on corporate social responsibility for the listed companies on the Stock Exchange of Thailand as follows: 1) fair business practices, 2) anti-corruption, 3) human rights, 4) fairly treatment of labour, 5) responsibilities to consumers, 6) environmental protection, 7) community and social development, and 8) innovation and dissemination of innovation from social responsibility operation (Thaipat Insititute, 2012).

Shared value

According to Porter and Kramer (2011), the shared value is a corporate social responsibility strategy which connects the competitive advantage and social responsibility to create mutual benefits for business and society. The shared value can be divided into 3 areas: 1) modifying ideas to develop new products, 2) improving new products related to the value chain, and 3) improving the capacity of local communities (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2011).

Return on equity

Return on equity (ROE) is one of the most important profitability indicators. ROE reflects the company profit after tax compared to shareholders equity in the statement. ROE the ratio used to measure a companies success to generate profits for shareholders (Monteiro, 2006). ROE represents the return on equity of the company or how it leverages its equity to generate profits, and higher ratios indicate more efficient management and better performance (Cherian et al., 2019; Lee, Zhou, & Wang, 2018; Manokaran, Ramakrishnan, Hishan, & Soehod, 2018; Masoud & Halaseh, 2017). Evaluating the relationship of the disclosure of corporate social responsibility and the shared value towards the return on equity depends on the size of the business and enterprise leverage (Aerts, Cormier, Gordon, & Magnan, 2006; Beekes & Brown, 2006; Brown & Caylor, 2009; Clacher & Hagendorff, 2012). The companies growth opportunities come from increasing sales that affected the profitability. Therefore, shareholders should be aware of the financial profit from corporate governance, corporate culture (Grennan, 2019), and employee engagement strategies. Moreover, building trust with customers can lead to reputation and corporate image which enhance the competitive advantage of the company (Evangeline & Ragavan, 2016).

The studies on CSR and shared value have evolved over a long period of time in both developed and developing countries. Developed countries were focused economic contribution and legal compliance (Bnouni, 2010; Garcia-Castro et al., 2010; Ghelli & Schrøder, 2013; Scholtens, 2008; Schreck, 2011; Tsoutsoura, 2004), while developing countries found that the voluntary disclosures and there was not clear the pattern (Aras et al., 2010; Boonnual et al., 2017; Choi et al., 2018; Das et al., 2015; Gololo, 2019; Janamrung & Issarawornrawanich, 2015; Jitaree, 2015; Kang et al., 2010; Sekhon & Kathuria, 2019; Wuttichindanon, 2017).

Research Methodology

This is a quantitative research. The secondary data were collected from SETSMART. Eight industry groups of the companies listed on the Stock Exchange of Thailand, including: 1) the agricultural and food industry, 2) consumer products, 3) finance, 4) industrials, 5) property and construction, 6) resources, 7) services, and 8) technology were studied. In 2018, there were 610 listed companies. The sample group was listed companies on the Stock Exchange of Thailand with outstanding social responsibility characteristics. However, the following companies were excluded: 1) companies in financial group since they are different from other groups with more diverse assets and accruals than other business groups (Klein, 2002; Yang & Krishnan, 2005), and are controlled by financial agencies and regulators, such as Federation of Accounting Professions under the Royal Patronage of His Majesty the King, and the Bank of Thailand which could affect against the analysis and interpretation in this study, 2) companies without an accounting period as of December 31, 3) companies in the process of rehabilitation, 4) companies in real estate mutual funds whose financial statements are different from others, 5) companies with no available information in SETSMART, and 6) companies with specific financial statements, but no consolidated financial statements. Thus, the sample of this research consists of 378 companies, which is 61.97%.

Research instruments include 1) the social responsibility disclosure checklist for community engagement by (Thaipat Insititute, 2012; The Securities and Exchange Commission, 2020). The checklist was developed by (Branco & Rodrigues, 2008; Kapoor & Sandhu, 2010; Wilmshurst & Frost, 2000). The checklist on social responsibility reflects contributions to the community and society. The companies in Thailand disclose the CSR in its annual registration statement (56-1) and the annual report (56-2), In order to collect CSRD, it the company disclosed the CSR list in its annual report, the company will receive 1 point, but if the company does not disclosed the item, it will receive 0 points (Gujarati, Porter, & Gunasekar, 2012). To calculate the score obtained from social responsibility disclosure based on the CSR reporting framework in Journal of Business and Society Compass (Corporate Social Responsibility Institute, 2008) and the CSR Disclosure Guidelines revised in 2012. This approach is in compliance with the reporting framework, important indicators of the Global Reporting Initiative (GRI), ISO 26000 10 Principles of UN Global which are primary principles and practices for companies listed on the Stock Exchange of Thailand in terms of CSR disclosure.

The CSR checklist has been pre-tested in 30 companies from 7 industries. The authors constructed 40 items of CSR checklist, including: 1) fair business practices 5 items, 2) anti-corruptions 5 items, 3) human rights 5 items, 4) fairly treatment of labour 5 items, 5) responsibility to consumers 5 items, 6) environmental protection 5 items, 7) community and social development and 8) innovation and dissemination of innovation from social responsibility operations 5 items. The confidence of the research apparatus was 0.88 which was consistent with the questions and objectives. In this study, Cronbach's alpha coefficient was 0.90 (Cronbach, 1951), higher than 0.70, which is considered acceptable (Carman, 1990). CSRD measurement adapted from (Amran & Haniffa, 2011); Branco and Rodrigues (2008); Haniffa and Cooke (2005); Jitaree (2015) in table 1 as follows:

Table 1 Corporate social responsibility disclosure variable and measurement

Variables	Symbol	Measurement
Independent variable		
- Fair business practices	FAR	$X_1 = \frac{\sum_{i=1}^{5} A_i}{n}$
- Anti-corruptions	ANT	$X_2 = \frac{\sum_{i=6}^{10} A_i}{n}$
- Human rights	HUM	$X_3 = \frac{\sum_{i=11}^{15} A_i}{n}$
- Fairly treatment of labour	LAB	$X_4 = \frac{\sum_{i=16}^{20} A_i}{n}$
- Responsibility to consumers	CON	$X_5 = \frac{\sum_{i=21}^{25} A_i}{n}$
- Environmental protection	ENV	$X_6 = \frac{\sum_{i=26}^{30} A_i}{n}$
- Community and social development	COM	$X_7 = \frac{\sum_{i=31}^{35} A_i}{n}$
- Innovation and dissemination of innovation from social responsibility operations	INV	$X_8 = \frac{\sum_{i=36}^{40} A_i}{n}$

Remark n = Total number of corporate social responsibility disclosure items = 40
A_i = 1 if item is disclosed; 0 if item is not disclosed

Shared value developed by Porter & Kramer (2011), it consists of 3 aspects: 1) reconceiving products and markets, 2) redefining productivity in the value chain, and 3) enabling local cluster development. In addition, profitability can be calculated from the secondary data in SETSMART as follows:

$$SV = \frac{Net\ Profit\ - Net\ Profit_{t-1}}{Net\ Profit_{t-1}} \times 100$$

Porter et al. (2011) claimed that strategy and society are linked with competitive advantage and social responsibility. They suggested that CSR should not be considered as a cost for businesses since it contributes to the mutual benefit for business and society. Instead, CSR is an opportunity for business to solve social and environmental issues based on "shared value". Interestingly, shared value can lead to new markets and strengthen the company competitive advantages which can also improve the financial performance and market position. Companies can determine the level of shared value to be performed by considering indicators both in business and social responsibility aspects as shown in Figure 2.

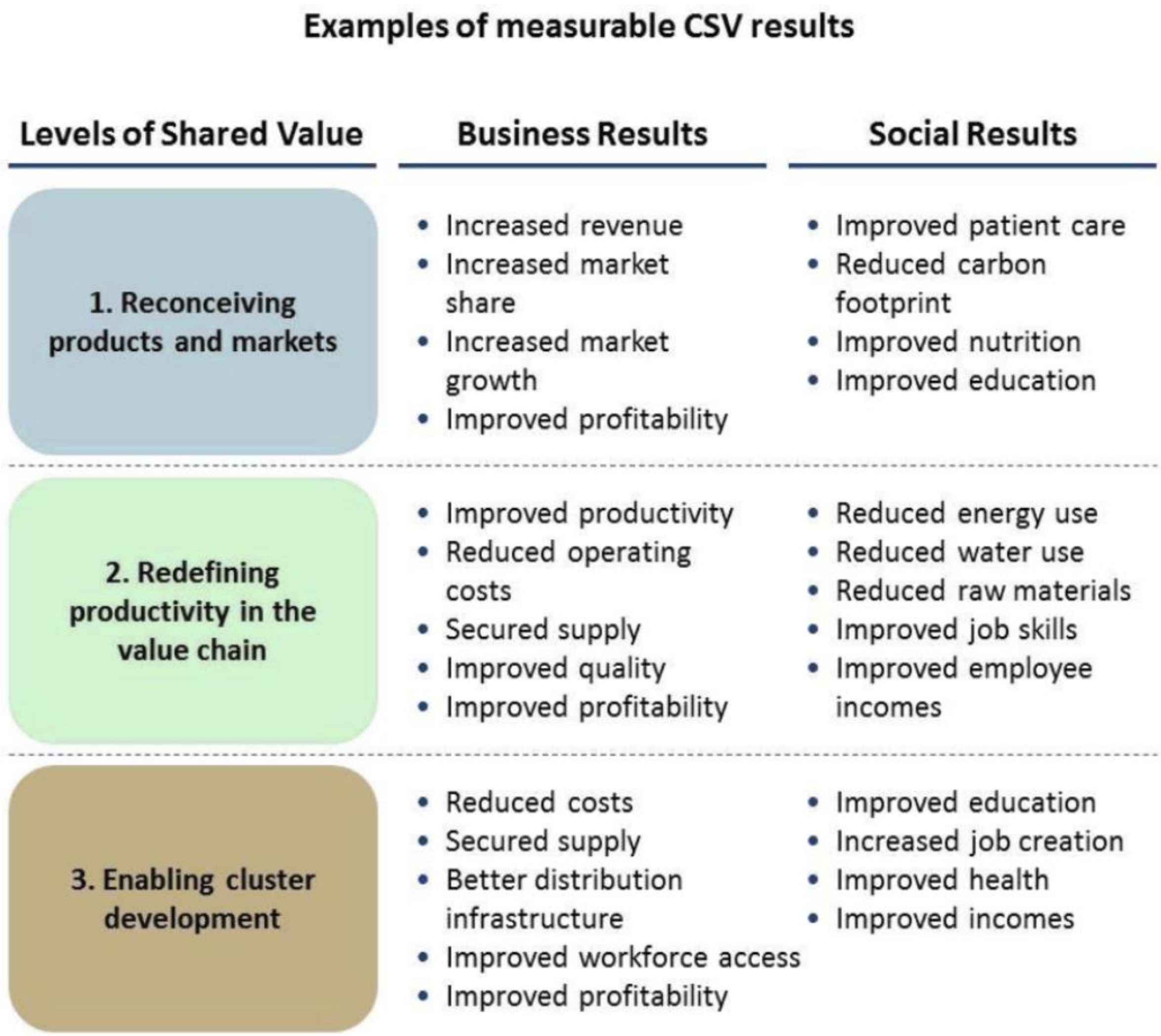

Figure 2 Measurable CSV results (Porter, 2012; Porter et al., 2011; Von Liel, 2016)

Return on equity is a financial ratio between net income and average equity which is a method to measure the efficiency of return on shareholders' equity. ROE can be calculated as follows:

$$ROE = \frac{Net\ Profit\ (Loss)}{Total\ Shareholder's\ Equity\ (average)} \times 100$$

Previous researches on corporate social responsibility disclosure and company performance found that firm size is related to the degree of voluntary disclosure (Barako, Hancock, & Izan, 2006; Boesso & Kumar, 2007). The degree of leverage was suggested to be considered as a variable to explain the possibility of environmental information disclosure since it reflects the company capability to perform its duties. Thus, the company that has obtained high benefit may have to pay more for inspections and additional disclosure to reduce the cost of operations (Ahmed & Courtis, 1999; Parsa & Kouhy, 2008).

Controlling variable in this research is the size of an entity measured by the total assets of each entity which is diverse. The logarithm of total assets was used as a function to reduce the significant complication (Cormier, Ledoux, & Magnan, 2011). Quantitative data were analyzed by multiple regression analysis. After that, independent variable relationships and variables were examined and found that there is no correlation between, so they can be tested at the next stage. The Durbin-Watson value was 1.949. If the value is in the range of 1.5-2.5, the error is independent. If the VIF value is lower than 10, there is no multicollinearity problem. Hence, it can be concluded that independent variables do not cause the linear diversity problems (Bowerman, O'Connell, & Orris, 2003).

Results

Descriptive statistics of the data consisted of minimum, maximum, mean, standard deviation, skewness, and Kurtosis for all variables in 2018, corporate social responsibility disclosure (CSRD) and shared value (SV) analysis, and the return on equity performance. The analysis revealed that the values of total assets are greatly different in order to obtain lower value for comparative analysis. Thus, logarithmic was introduced to apply (Vanichbuncha & Vanichbuncha, 2018). After applying log10 to transform logarithm, the company size (S_SIZE) had a normal distribution. The minimum value of S_SIZE was 2.51, the maximum was 6.37, the mean was 3.9190, SD was 0.662, while skewness was 0.689 and Kurtosis was 0.361. The Pearson correlation coefficient between -0.278-0.656 not more than 0.75, it causes no problems with multicollinearity (Farrar & Glauber, 1967). The multiple regression results of CSRD and shared value on ROE was presented in Table 2 and Table 3 as follows:

Table 2 Multiple regression results of corporate social responsibility disclosure on return on equity

Independent variables	Exp. sign	Unstandardized coefficients		standardized coefficients	*t*-test	*p*-value	Collinearity statistics	
		B	Std. error	Beta			Tolerance	VIF
(constant)	None	-12.525	10.853		-1.154	0.249		
FAR	(+)	-19.569	54.838	-0.025	-0.357	0.721	0.520	1.922
ANT	(+)	49.652	40.241	0.070	1.234	0.218	0.790	1.266
HUM	(+)	39.139	51.637	0.051	0.758	0.449	0.569	1.758
LAB	(+)	-11.754	72.476	-0.012	-0.162	0.871	0.485	2.063
CON	(+)	-27.952	57.580	-0.035	-0.485	0.628	0.498	2.010
ENV	(+)	-17.434	66.951	-0.015	-0.260	0.795	0.733	1.364
COM	(+)	124.876	48.542	0.141	2.573	0.011*	0.853	1.172
INV	(+)	42.971	41.595	0.062	1.033	0.302	0.699	1.430
LEV	(-)	-4.612	0.791	-0.306	-5.827	0.000*	0.926	1.080
S_SIZE	(+)	3.648	2.528	0.082	1.443	0.150	0.793	1.261

Table 2 (Continued)

Independent variables	**Exp. sign**	**Unstandardized coefficients**		**standardized coefficients**	***t*-test**	***p*-value**	**Collinearity statistics**	
		B	**Std. error**	**Beta**			**Tolerance**	**VIF**
F				4.818				
p-value				0.000*				
R^2				0.123				
Adj. R^2				0.098				
Durbin-Watson				2.200				

Note FAR = fair business practices; ANT = anti-corruptions; HUM = human rights;
LAB = fairly treatment of labour; CON = responsibility to consumers;
ENV = environmental protection; COM = community and social development;
INV = innovation and dissemination of innovation from social responsibility operation;
SV = shared value; ROE = return on equity; S_SIZE = the logarithm of the total assets of the firm; LEV = leverage
* Significant at a significance level of 0.05

Table 2 presented the result of multiple regression analysis model of corporate social responsibility disclosure on return on equity. The hierarchical multiple regression model, the R^2 and adjusted R^2 of the mode were 0.123 to 0.098 which can explain the following variables by 12.3%.The value of Durbin-Watson was 2.200, the value of tolerance between 0.485 to 0.926, and the value of VIF between 1.080-2.063, respectively, which indicated that the independent variable was not correlated with others (Bowerman et al., 2003). Corporate social responsibility disclosure can be considered by using the coefficients based on the standard regression coefficient (Beta). It reveals the correlation and impact of CSRD on return on equity (ROE). Thus, H_1 was accepted. The other independent variables, including fair business practice, anti-corruption, human right, fairly treatment of labor, responsibility to consumers, environmental protection and innovation and dissemination of innovation from the social responsibility operation did not correlate with the return on equity (ROE) at a significant level of 0.05.

Table 3 Multiple regression results of shared value on return on equity

Independent variables	**Exp. sign**	**Unstandardized coefficients**		**standardized coefficients**	***t*-test**	***p*-value**	**Collinearity statistics**	
		B	**Std. error**	**Beta**			**Tolerance**	**VIF**
(constant)	None	-6.984	8.499		-0.822	0.412		
SV	(+)	0.027	0.004	0.351	7.137	0.000*	0.937	1.067
LEV	(-)	-3.277	0.763	-0.218	-4.292	0.000*	0.882	1.134
S_SIZE	(+)	4.673	2.188	0.105	2.135	0.033*	0.937	1.067
F				30.560				
p-value				0.000*				
R^2				0.208				
Adj. R^2				0.201				
Durbin-Watson				2.141				

Not FAR = fair business practices; ANT = anti-corruptions; HUM = human rights; LAB = fairly treatment of labour; CON = responsibility to consumers; ENV = environmental protection; COM = community and social development; INV = innovation and dissemination of innovation from social responsibility operation; SV = shared value; ROE = return on equity; S_SIZE = the logarithm of the total assets of the firm; LEV = leverage

* Significant at a significance level of 0.05

Table 3 presents the result of multiple regression analysis model of shared value on return on equity. The result showed that hierarchical multiple regression model, the R^2 and adjusted R^2 of the mode were 0.208 to 0.201, meaning that the explanatory variables were able to explain the dependent variable by 20.8%, the value of tolerance between 0.882 to 0.937, and the value of VIF between 1.067-1.134, respectively, which indicated that the independent variable was not correlated with others (Bowerman et al., 2003). Shared value can be considered by using coefficients based on the standard regression coefficient (Beta) that reflects correlation and impact of the shared value and return on equity. Thus, $H_{2.}$ was accepted at a significant level of 0.05

Table 4 Multiple regression results of the effect of corporate social responsibility disclosure and shared value

Independent variable	AGRO & FOOD				CONSUMER				INDUSTRIAL				PROPERTY			
	B	***β***	***t***	**sig**	**B**	***β***	***t***	**sig**	**B**	***β***	***t***	**sig**	**B**	***β***	***t***	**sig**
(constant)	-18.464		-0.365	0.718	20.670		0.822	0.430	-8.235		-0.836	0.408	-41.587		-2.014	0.048
FAR	-254.305	-0.180	-0.928	0.361	93.602	0.366	0.969	0.356	7.889	0.033	0.173	0.863	123.916	0.118	1.423	0.159
ANT	235.305	0.330	1.763	0.089	-40.888	-0.189	-0.735	0.479	-27.286	-0.112	-0.716	0.478	-32.813	-0.032	-0.477	0.635
HUM	-119.157	-0.159	-0.734	0.469	14.546	0.047	0.128	0.901	49.320	0.192	0.992	0.328	-32.356	-0.029	-0.399	0.691
LAB	587.464	0.346	1.486	0.148	-41.738	-0.133	-0.282	0.783	-65.972	-0.188	-0.950	0.348	86.071	0.064	0.781	0.438
CON	-305.691	-0.292	-1.237	0.226	68.098	0.260	0.461	0.655	35.778	0.130	0.718	0.477	-133.287	-0.122	-1.465	0.147
ENV	-75.019	-0.055	-0.282	0.780	-292.266	-0.616	-1.521	0.159	129.083	0.327	2.191	0.034*	91.620	0.056	0.846	0.401
COM	-391.494	-0.404	-1.731	0.094	157.934	0.508	1.698	0.120	6.011	0.015	0.093	0.926	180.794	0.132	2.022	0.047*
INV	231.883	0.340	1.347	0.189	39.692	0.223	0.726	0.484	-65.446	-0.255	-1.798	0.080	7.028	0.007		0.914
SV	0.015	0.076	0.412	0.684	-0.014	-0.416	-1.419	0.186	0.022	0.289	2.447	0.019*	0.015	0.224		0.010*
LEV	-1.050	-0.102	-0.601	0.553	4.763	0.233	0.917	0.381	-6.183	-0.519	-4.137	0.000*	-13.503	-0.659		0.000*
S_SIZE	9.642	0.171	0.986	0.333	-1.755	-0.093	-0.377	0.714	2.769	0.148	1.053	0.299	10.602	0.154		0.024*
F	1.103				1.264				3.603				19.623			
p-value	0.395				0.360				0.001*				0.000*			
R^2	0.302				0.582				0.504				0.750			
Adj. R^2	0.028				0.122				0.364				0.712			
Durbin-Watson	2.159				2.626				2.137				2.327			

Table 4 (Continued)

Independent variable	RESOURCE				SERVICE				TECHNOLOGY			
	B	***β***	***t***	**sig**	**B**	***β***	***t***	**sig**	**B**	***β***	***t***	**sig**
(constant)	-16.644		-1.992	0.056	26.265		1.439	0.154	-123.476		-1.487	0.153
FAR	59.076	0.174	1.354	0.186	-78.678	-0.132	-0.850	0.398	-221.399	-0.163	-0.593	0.560
ANT	-117.396	-0.431	-3.719	0.001*	-0.728	-0.001	-0.010	0.992	151.500	0.123	0.615	0.546
HUM	15.589	0.048	0.339	0.737	160.314	0.265	1.804	0.075	316.820	0.254	0.801	0.433
LAB	-98.229	-0.322	-1.971	0.059	-177.751	-0.217	-1.315	0.193	22.560	0.016	0.053	0.958
CON	45.893	0.137	0.987	0.332	61.500	0.103	0.661	0.510	-111.663	-0.096	-0.272	0.789
ENV	3.009	0.005	0.041	0.968	20.664	0.025	0.183	0.855	-257.696	-0.179	-0.731	0.474
COM	379.780	0.605	4.371	0.000*	48.755	0.062	0.524	0.602	163.884	0.056	0.234	0.818
INV	38.886	0.120	1.060	0.298	-22.462	-0.037	-0.290	0.773	-325.664	-0.356	-1.175	0.254
SV	0.017	0.218	1.799	0.083	-0.002	-0.028	-0.256	0.799	0.005	0.046	0.210	0.836
LEV	2.581	0.229	2.163	0.039*	3.401	0.321	2.789	0.007*	-22.199	-0.791	-3.710	0.001*
S_SIZE	-1.904	-0.127	-0.910	0.370	-4.518	-0.124	-0.963	0.338	48.435	0.706	2.310	0.306
F	7.308				1.222				1.455			
p-value	0.000*				0.288				0.228			
R^2	0.742				0.154				0.457			
Adj. R^2	0.640				0.028				0.143			
Durbin-Watson	1.782				1.828				2.118			

<u>Note</u> FAR = fair business practices; ANT = anti-corruptions; HUM = human rights; LAB = fairly treatment of labour; CON = responsibility to consumers; ENV = environmental protection; COM = community and social development; INV = innovation and dissemination of innovation from social responsibility operation’ s; CSV = creating shared value; ROE = return on equity; SIZE = firm size; LEV = leverage

a. Dependent Variable: ROE

* Significant at a significance level of 0.05

Table 4 presents the impact of corporate social responsibility disclosure and shared value creation on the equity returns in seven industries in the Stock Exchange of Thailand. The result shows that there was a positive and statistically significant impact on industrial property & construction and resource industries. The results also support the findings of Torugsa, O'Donohue, and Hecker (2012) studied SMEs in Australian industrial sectors with proactive CSR in regards to economy, social and environment. They found that the companies undertake CSR based on voluntary basis with a focus on mutual development with stakeholders for sustainability, the companies obtain financial benefits arising from CSR implementation. Similarly, Yam (2012) found that the disclosure of the implementation of sustainable practices by real estate developers in regards to social and environment in Malaysia tended to increase. Environmental issues and strategies to reduce harm to environment were particularly emphasized. Olanipekun, Oshodi, Darko, and Omotayo (2019) studied CSR in the manufacturing industry, found that CSR implementation was important approach to increase business efficiency. However, CSR was not statistically significant and had no impact on other industries, such as agro & food, consumer products, services and technology. Shared value was found that impact and significant on industrials and property & construction, while the other businesses had no impact.

Discussion

Corporate social responsibility disclosure (CSRD) was found to have a direct and positive influence on the returns on equity. The findings support previous research by revealing that corporate social responsibility disclosure had a positive and significant impact on the equity returns (Angelia & Suryaningsih, 2015; Dewi & Dewi, 2017; Masoud & Halaseh, 2017; Platonova, Asutay, Dixon, & Mohammad, 2018; Uadiale, & Fagbemi, 2012). The CSR activities attract the investors, they tend to recognize and invest in companies that disclose CSR as a strategic part of their business. CSR leads to the positive image and an indirect awareness of the public. Positive image becomes a factor attracting potential investors to invest in the company. In addition, company can obtain more profits. However, CSR may reduce the attention of certain investors since they do not consider CSR as a compelling factor for their investment. The results of the research indicate that corporate social responsibility disclosure, especially in terms of community and social development activities, plays an important role in Thai society. For example, Siam Cement Group SCG company has operated their business with the determination to drive the business for sustainable growth and develop the societies and communities. The company supports and collaboratively works with the communities to enhance the positive relationships, build the confidence and the shared values with all stakeholders. The results also support the findings of Branco and Rodrigues (2008) who studied corporate social responsibility disclosure based on the legitimacy theory in term of environment, customers, products and the communities. In addition, the corporate social responsibility disclosure tend to concentrate more on the community which is one of the priorities of the company.

In developing countries, systematic plans and new values inspired by all stakeholders in the society need to be created. Nowadays, business organizations in Thailand have adopted and developed CSR activities. Such activities are published in the media by focusing on building the brand image, reputation and engagement with the community. It is obvious that corporate social responsibility disclosureis vital for business entities in terms of reputation, research and product development, more efficient market segmentation, and resource allocation. Thus, corporate social responsibility disclosure not only builds the loyalty and trust within the organization, but also public recognition which brings the sustainability to the business (Kong, Salzmann, Steger, & Ionescu-Somers, 2002; Li & Toppinen, 2011).

Corporate social responsibility disclosure (CSRD) has a positive, but not significant impact on the return of assets due to the fact that such disclosure increases expenditures. According to Chen, Hung, and Wang (2018), found that companies in China had to encounter high amount of expenses on CSR activities which lowers the profitability of the company. Similarly, Masoud and Halaseh (2017) found a negative correlation of CSR with accounting and marketing performance in Jordan which was an emerging market. Thus, economic and financial factors were different from others. Mongkollkachit (2016) found that the CSR concept has been constantly evolving. Thus, it is necessary to focus on the current trends of CSR. During 2010-2013, CSR had no effect on business performance, and it did not bring to satisfaction and long-term profit to stakeholders and shareholders. In order to apply CSR, it is necessary that the company has financial stability prior to creating benefits for the broader society.

Shared value is a management strategy to increase a company competitive advantage while supporting the society. Even though CSR and shared value share a common goal of contributing to the society, SV is more complex to operate due to challenges based on the type of business. Shared value is integrated into the core business. This concentrates on the development of innovative and effective products to solve the specific social problems as in the core mission of the organization rather than common social problems. This allowed the company to improve the quality of society. This is clearly an essential condition for building a capitalist system that strengthens the interdependent relationship between business and society.

Shared value is creating a positive image which is in line with the concept of Porter et al. (2011), it brings long-term benefits to the organization. Shared value also increases the market share, motivates the employees, reduces the operating costs and attract against the investors. Furthermore, Kotler and Lee (2008) stated that business entities in the United States have implemented CSR extensively as a strategy of organization based on the voluntary basis rather than the legal enforcement. CSR has become the strategy of organizations since running CSR activities seriously brings benefits to the organizations and increase the credibility of their products. The CSR activity is not only the charity work, but also a value-added activity to the organization. Therefore, social responsibility and creating shared value is the key to create optimum benefit to the community and the organization (Moon & Parc, 2019). Moreover, for the mutual benefit of the business and society, a business entity as a great part of the society can collaboratively work with other stakeholders on social responsibilities and environment (Camilleri, 2017).

Limitations and Recommendations for Further Study

Unlike developed countries, disclosure of social responsibilities in developing countries, including Thailand is based on the voluntary basis instead of the legal enforcement. If relevant agencies encourage the business entities to disclose their corporate social responsibility, it will benefit the investors and stakeholders. Interestingly, most of the disclosed information regarding the corporate social responsibility is the qualitative data. However, it is suggested that if quantitative data, including accounting information, financial details are disclosed, investors and stakeholders will be able to compare the available information for better decision-making. In addition, it leads to a positive image, motivation and transparency, and more advancement in the capital markets. The disclosure of corporate social responsibility is greatly beneficial for the investors and stakeholders in Thailand do not disclose their information in every aspect. This reflects that social responsibility disclosure is not carried out in the same standard. In contrast, laws and regulations on CSRD have been enforced for the disclosures in the developed countries. If CSRD becomes a requirement in Thailand, companies will disclose their CSR on the same standard which allows the stakeholders to use the information to analyze and make the decisions for investment.

Shared values and CSR strategy to increase competitive advantage and lead to the produce of standardized products and innovations that do not harm the environment. Furthermore, the strategy can lead to building alliances and mutual returns and benefits. This is considered as long-term profit to the company and society.

Corporate social responsibility disclosure is most common in construction industry and resource industry. Being concerned with environment protection, companies in these industries disclose their CSR activities on voluntary basis. In addition, they implement corporate social responsibility disclosure as a strategy to achieve their goals. The value can be added to their business by establishing regulations and disclosing their activities in regards to environmental protection and community relations. Therefore, government agencies should enact laws or regulations concerning disclosure of CSR activities conducted by companies in other industries. This will lead to better relationships between communities and stakeholders while business entities can also obtain as long-term profitability.

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