

## Quantitative and Qualitative Social Responsibility Disclosure

### Case Study of Qatar Petroleum 2008-2019

الإفصاح الكمي والكيفي عن المسؤولية الاجتماعية

دراسة حالة قطر بترول 2008 – 2019

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#### Abstract:

*In the last two decades, corporate social responsibility disclosure becomes a prominent subject due to its influence in social responsibility accounting. This study, basically, aims to identify the different quantitative and qualitative methods of social responsibility disclosure in the annual report of Qatar Petroleum during 2008-2019. After the use of content analysis and social index, the study concluded that Qatar Petroleum attempts to balance the quantitative and the qualitative methods of disclosure for the sake of improving social transparency and supporting corporate governance. Hence, the level of CSRD in Qatar Petroleum is changing over time in terms of structure and size.*

**Key words:** Corporate Social Disclosure, Quantitative Methods, Qualitative Methods, Qatar Petroleum.

#### الملخص:

أصبح الإفصاح عن المسؤولية الاجتماعية موضوعا محوريا في آخر عقدين زمنين نظرا لتأثيره الكبير على محاسبة المسؤولية الاجتماعية. تهدف هذه الدراسة أساسا إلى التعرف على الأنواع المختلفة للإفصاح عن المسؤولية الاجتماعية بما في ذلك الطرق الكمية والكيفية المستخدمة في التقارير السنوية لشركة قطر بترول بين سنوات 2008 – 2019. بعد استخدام تحليل المحتوى ومؤشر الإفصاح الاجتماعي، توصلت الدراسة إلى أن قطر بترول تحاول التوفيق بين الطرق الكمية والكيفية للإفصاح عن المسؤولية الاجتماعية في سبيل تحسين شفافتها الاجتماعية ودعم حوكمة الشركات، الأمر الذي أوضحه التغير في حجم وهيكل الإفصاح عن المسؤولية الاجتماعية في الشركة محل الدراسة. الكلمات المفتاحية: الإفصاح الاجتماعي، الطرق الكمية، الطرق الكيفية، قطر بترول.

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## **1. INTRODUCTION**

In the few last years, the field of social responsibility has been expanded to the extent of being a debatable topic in both public and private sectors. Many pressures from labour unions, regulatory agencies, and environmental institutions led to the expansion of social and environmental values. Hence, the majority of firms have given an intensive importance to their social contributions in society.

Grosbois argued that stakeholders not only expect firms to recognize their social and environmental responsibilities, but they also demand that firms provide information about how they amend their business operations to minimize the negative impact on their communities.<sup>1</sup> To put it another way, firms have to take their social responsibilities to reduce the real and potential effects of their operational activities.

In fact, interest given to social and environmental activities can be translated into a set of social documents and reports. For that reason, firms attempt to disclose information that is related to social responsibility for the sake of demonstrating their competitiveness, workers motivation, and corporate image improvement.

Corporate Social Responsibility Disclosure (**CSR**D) can be defined as the process of communicating the social, ethical, and environmental effects of organizations' economic actions to particular interest groups within society<sup>2</sup>. The former definition can clarify the purpose of social responsibility disclosure, however the challenge that faces firms to disclose is how to find the relevant methods of disclosure. Thus, many suggestions have been given by accountants and scholars to find the optimal model of social responsibility disclosure.

Standing on the different types of disclosure and the nature of petroleum sector, this study aims to identify the distinct methods of social responsibility disclosure in Qatar Petroleum. The study variables measurements were based on social responsibility index and the content analysis of annual and social reports of Qatar Petroleum. Moreover, the study focuses on the following research questions:

**RQ01:** What are the different methods of **CSR**D used in Qatar Petroleum?

**RQ02:** What is the level of **CSR**D in Qatar Petroleum?

**RQ03:** What are the different **CSR** categories that exist in the annual reports of Qatar Petroleum?

## **2. LITERATURE REVIEW**

There is a noticeable lack, mainly in the developing countries, on the aspect of social responsibility disclosure, but, in the same vein of research, many western studies have tried to investigate the reality of **CSR**D, its determinants, and its methods.

**CSR**D has been an important interest of academic fields from the **1980s** and **1990s** such as: Guthrie and Parker, **1989**<sup>3</sup>; Roberts, **1992**<sup>4</sup>; Neimark, M.K. **1992**<sup>5</sup>; Gray et al., **1995**<sup>6</sup>; Deegan and Gordon, **1996**<sup>7</sup>; Neu et al., **1998**<sup>8</sup>.

Due to the huge number of researches on **CSR**D, there were several overview studies, which

specifically emphasized the existing corporate social responsibility disclosure literature, providing different classification frameworks like; Mathews, **1997**<sup>9</sup>; Gray, **2002**<sup>10</sup>; Belal and Momin, **2009**<sup>11</sup>; Parker **2011** and **2014**<sup>12</sup>; Ali et al., **2017**<sup>13</sup>; Le Ha Nhu Thao **2019**<sup>14</sup>.

Many other studies are concerned with The Legitimacy Theory, to show that firms are not considered to be the owners of any rights inherent in the resources that they capture from the environment in which they are inserted or even exist. In fact, such organizations exist to the extent that society in particular regards them as legitimate, and if this is the case, society gives organizations the “state” of legitimacy<sup>15</sup>. Therefore, firms will seek to develop their activities in accordance to the expectations of society. Legitimacy Theory followers argue that one of the strategies companies use to gain, maintain, or regain legitimacy is corporate disclosure policies<sup>16</sup>. In other words, the adoption of Legitimacy Theory will enhance corporate social responsibility performance.

Besides the research contribution, reporting standards have provided basic and comprehensive frameworks for social responsibility reporting. They gave index and indicators that work as a guide for corporations. One of the most influential reporting institutions is the Global Reporting Initiative (**GRI**).

In the absence of unified regulatory standards, there is a huge different in social responsibility disclosure in structure, content, and size. A comparative study of firms from the **USA** and Europe identifies significant differences in **CSR**D activity among nations<sup>17</sup>. Analysis of **CSR** activities of **16** **US** and European companies concluded that the main focus in such reports is more on financial justification, while **EU** companies incorporate financial and sustainability elements to justify **CSR** activities<sup>18</sup>. In other words, firms balance between financial and social performance for the sake of sustainable development.

Finally, the majority of **CSR**D studies emphasized on the methods of disclosure, and mainly on the issues related to **CSR**D measurement rather than reports structure, size, and content.

### **3. METHODOLOGY OF RESEARCH**

It is highly important to discuss how the research methodology can help in achieving the study’s purpose. In the current study, the purpose is to identify the different methods of social responsibility disclosure in annual reports of Qatar Petroleum and how **CSR**D has changed over time. It is desirous to understand and evaluate the changes that have been made. It has been said that qualitative method uses words and sentences while the quantitative methods use numbers and sizes. In this study, both qualitative and quantitative research methods are used to achieve the study purposes.

To classify the data in the annual reports, there was a need for a solid base of knowledge before approaching the issue. Since the study covers a time period of more than 10 years; there have been a number of laws and regulations to read and understand before starting the empirical analysis of the annual reports. Additionally, the qualitative method is also used when investigating the nature of the **CSR**D. Therefore, a careful reading of the annual and social reports is needed.

Content Analysis method is used to determine the presence of **CSR** activities in the annual

and social reports of Qatar Petroleum. This approach is valid when it comes to describe the extent of a phenomenon. By using content analysis, researchers can quantify and analyze the presence, meanings, and relationships of **CSR** phenomenon.

In the current study, the measurement was based in the number of sentences. Hence, this choice is clearly justified. Firstly, because sentences can be counted with more accuracy than words. Secondly, sentences are used to convey meaning whereas discerning the meaning of individual words in isolation is problematic. Thirdly, the use of sentences overcomes the problem of allocation of portions of pages and remove the need to account the large number of words. Finally, sentences are the more natural unit of written English than words.

According to this method, **CSR**D is divided into five sections: Environmental activities, employees, social investment, customers, health and safety. To examine the development of each category, the number of sentences is annually counted.

Besides the content analysis, this study uses a quantitative method based on the **CSR**D index to examine the extent of corporate social responsibility development in Qatar Petroleum over time. The index consists of **25** elements that fit the five corporate social responsibility activities.

#### **4. RESULTS AND DISCUSSION**

In this section, researchers describe both quantitative and qualitative methods used in Qatar Petroleum. The former is based on all techniques and methods that enable reports’ readers to evaluate corporate social responsibility performance. The latter intended to explain the main social activities during the period **2008-2019**.

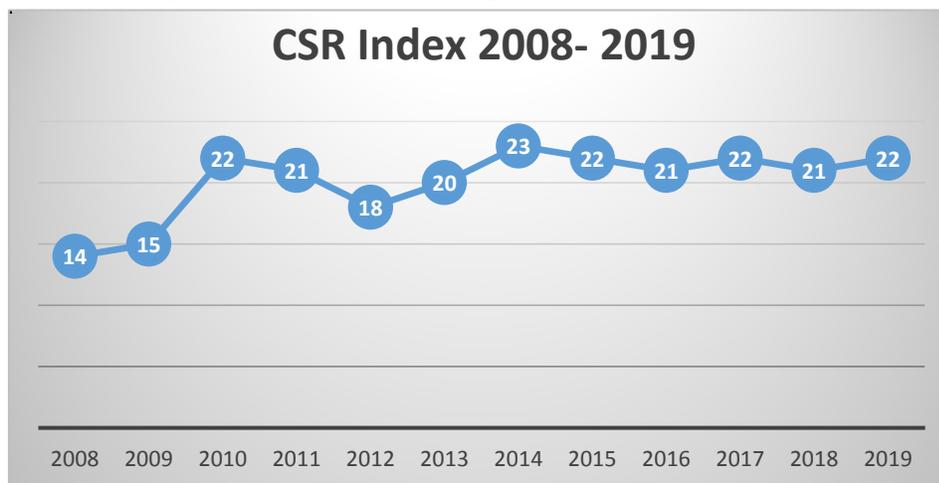
##### **4.1 Corporate Social Index Analysis**

**Table1. CSR Index**

<b>Years</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>CSR Index</b>	<b>14</b>	<b>15</b>	<b>22</b>	<b>21</b>	<b>18</b>	<b>20</b>	<b>23</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>21</b>	<b>22</b>

**Source: Prepared by researchers using sustainability reports (2008-2019).**

**Figure1. CSR Index change over time 2008-2019**



**Source: Prepared by researchers using sustainability reports (2008-2019).**

The **CSR** index is based on **25** elements which are grouped in **4** distinct areas; each area represented a **CRS** category. Full disclosure of the different elements will prove **CSR** application. According to table1 and figure 1, it is noticed that there is a shift in the **CSR** index of Qatar Petroleum from **14/25** to **23/25**. In each year, **CSR** indicates the social activities that have been achieved by Qatar Petroleum; for instance, **2008** was the lowest social performing year due to the previous financial crisis. However, **2014** was the top social performance because Qatar Petroleum covers **23** elements out of **25**. In short, a constant social performance characterizes the last **12** years.

#### 4.2 Content Analysis of the Annual Reports

Many accounting and management studies use Content Analysis as a tool for collecting data. Yet, the most important issue, in this case, is the reliability of reports. Therefore, researchers **12** annual reports (**2008-2019**) to investigate the real change in **CSR** categories in Qatar Petroleum over time and avoid bias information.

**Table2. The Amount of CSR Categories in the annual reports of Qatar Petroleum.**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
<b>Environmental</b>	39	32	41	48	61	64	66	49	50	59	60	67	<b>636</b>
<b>Employees</b>	62	59	49	63	55	50	49	61	58	73	63	69	<b>711</b>
<b>Social Investment</b>	10	11	15	14	11	11	19	11	22	18	18	19	<b>179</b>
<b>Customers</b>	35	26	32	12	27	30	29	31	24	34	29	30	<b>339</b>
<b>Health and safety</b>	33	29	13	24	11	10	13	26	26	12	28	26	<b>251</b>
<b>Total Social Disclosure</b>	<b>179</b>	<b>157</b>	<b>150</b>	<b>161</b>	<b>165</b>	<b>165</b>	<b>176</b>	<b>178</b>	<b>180</b>	<b>196</b>	<b>198</b>	<b>211</b>	<b>2116</b>

(The unit = number of sentences)

**Source: Prepared by researchers using sustainability reports (2008-2019).**

Figure2. CRSD Categories in Qatar Petroleum

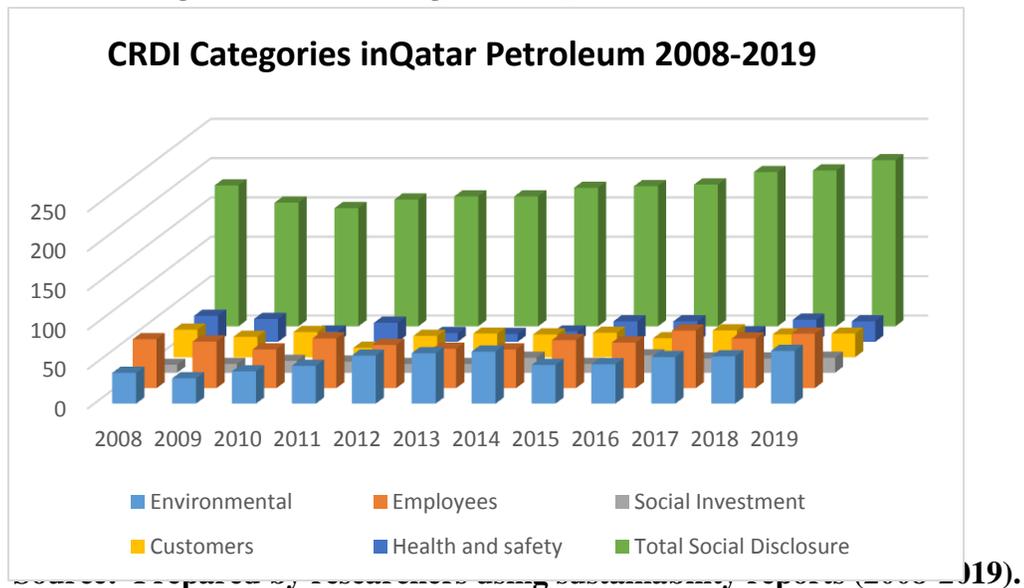


Table2 and figure2 show the change of different **CSR** categories in Qatar Petroleum over time, Hence, we can mention the following remarks:

- All categories of social disclosure do exist in Qatar Petroleum with different rates.
- Employees and environmental disclosure take the largest portion of the total **CSR** in most years.
- All the curves of **CSR** are increasing over time, which means significant importance is given to **CSR** by Qatar Petroleum over time.
- Customers, social investment, health, and safety disclosures are given less importance in the annual reports since **2008**; Qatar Petroleum prioritizes environmental and employees disclosures over the other categories.
- **2019** was the optimal year of disclosing social activities, where it takes the largest number of social sentences disclosed. Hence, Qatar Petroleum seeks to improve its **CSR** capacities through focusing on the full **CSR** categories covering.
- In the annual reports of Qatar Petroleum, the total amount of **CSR** shifts from **150** sentences in **2010** to **211** sentences in **2019** showing a significant increase of **CSR** over time.

#### 4.3 Other Social Indicators

Besides the use of **CSR** index and the Content Analysis methodology, Qatar Petroleum has its own techniques to disclose some of its environmental, health and safety activities. In the following section, safety incidents and occupational illness as samples of Qatar Petroleum self-techniques disclosure.

**Table3 Incidents and Safety in Qatar Petroleum 2013-2019**

Safety Incidents	2013	2014	2015	2016	2017	2018	2019
Lost-time injury rate (employees)*	0.62	0.32	0.39	0.11	0.23	0.55	0.25
Lost-time injury rate (contractors)*	0.87	0.31	0.40	0.28	0.13	0.19	0.26
Lost-time injury rate (employees and contractors)*	0.78	0.31	0.40	0.24	0.15	0.26	0.25
Total recordable injury rate (employees)*	0.95	1.08	0.87	0.50	0.68	0.98	0.68
Total recordable injury rate (contractors)*	1.29	0.86	0.71	0.68	0.61	0.49	0.55
Total recordable injury rate(employees and contractors)	1.17	0.91	0.75	0.64	0.63	0.60	0.58
Employee fatalities	0	0	0	0	0	0	0
Contractor fatalities	1	1	1	1	0	0	0

Per 1 million working hours

Source: Source: Qatar Petroleum, sustainability reports, 2013-2019.

**Table 4 Occupational Illness in Qatar Petroleum 2015-2017**

Occupational Illness	2015	2016	2017
Occupational health cases reported (employees and contractors)	-	18	15
Heat stress events (employees)	7	1	5
Heat stress events (contractors)	42	4	9

Per 1 million working hours

Source: Source: Qatar Petroleum, Sustainability report, 2017, p61.

**Table 5. Corporate social Responsibility Investment 200 – 2019**

	2015	2016	2017	2018	2019
Corporate social Responsibility Investment (Qatari Rial)	46.683.000	28.000.000	34.000.000	38.120.000	29.184.000

Source: Qatar Petroleum, Annual report, 2019, p63.

According to Table 3 and Table 4, health and safety continue to be an important area within Qatar Petroleum Operated Offshore Oil Field Development Department, with “Safety Moments” being an integral part of any meeting agenda. The department conducted various actions and activities to address a wide spectrum of health and safety issues. It also performed an emergency response drill with Dukhan Lab personnel and the Fire Department in Dukhan<sup>19</sup>, with areas for improvement subsequently identified and a follow-up plan created. A risk assessment of the fire detection and prevention system in the Dukhan Core and Petroleum Lab was also conducted to identify the most optimum system to be installed.

Concerning corporate social responsibility investments, Qatar Petroleum continues to support a large number of social activities such as education programs, health, safety, sports, and environmental activities. Visual inception of table 5 shows that Qatar Petroleum invests a constant portion that accedes **28.000.000 QR** per annum.

## **5. CONCLUSION**

With reference to the previous research questions, this study has increasingly applied a clear and objective analysis of information through two approaches, including different quantitative and qualitative methods of the disclosure. One of the most important findings of this research is that Qatar Petroleum uses quantitative methods of measuring. They are based on a set of ratios and percentages that enable reports' users to evaluate corporate social responsibility performance. However, qualitative methods are intended to support statistics and accurate measurement in order to provide a clear image of corporate social responsibility in the annual and social reports. Finally, the content analysis shows the fogginess of the qualitative methods of disclosure in the annual reports compared to the quantitative methods.

Qatar Petroleum attempts to balance the quantitative and qualitative methods of disclosure for the sake of improving social transparency and supporting corporation governance. Therefore, the level of **CSRD** in Qatar Petroleum is changing over time in terms of structure and size.

Furthermore, the most disclosed **CSR** practices in the annual reports of Qatar Petroleum were mainly employees and the environment. Health, safety, social investment, and customers were given less importance due to the nature of the company that has a direct impact on the environment and its employees.

To better understand the implications of these results, further research could address the relationship between **CSRD** in annual and social reports and the financial performance using a quantitative approach. In addition, there are several additional areas for further research that have been highlighted by the studies undertaken for this research. These include further investigation on the role of **CSRD** in corporation reputation and governance.

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