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CORPORATE SUSTAINABILITY DISCLOSURE AND PROFITABILITY OF PETROCHEMICALS AND CHEMICAL INDUSTRY

Abstract:

The purpose of this study is to examine the relationship between corporate sustainability disclosure level and the profitability of petrochemicals and chemicals industry. The sample is selected from listed companies in the Stock Exchange of Thailand with sustainability disclosure according to Global Reporting Initiative (GRI) guidelines during the year 2013 to 2015. This study used content analysis to evaluate the sustainability disclosure in sustainability reports, annual reports and annual registration statements according to 91 indicators of GRI G4 related to economic, environmental, and social performance.

The study shows that the sustainability disclosure level of companies in petrochemicals and chemicals industry have been relatively low but slightly improved over time. The correlation analysis results indicate no relationship between the disclosure level related to economic and profitability ratios. The disclosure levels related to environmental and social performance have been found negatively related to return on assets and return on equity but not related to net profit ratio. Since GRI G4 guidelines has been recently used in petrochemicals and chemicals industry in Thailand, future study may need to examine long-term value of sustainability disclosure.

Keywords:

sustainability, economic, environmental, social performance, profitability, GRI

JEL Classification: M14, M49