

Corporate Social Disclosure: A Case Study on Petroleum Industry of Pakistan

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Abstract:

The performance of the firms in corporate sector is now heavily dependent upon corporate Governance practices (S M Nazir 2012) their acts towards environment, society, employees, business practices, compliance with rules and regulations and ethical behavior. The researcher has tried to identify the Corporate Social Disclosure in an emerging economy like Pakistan, by analyzing the Petroleum Industry where the operating procedures of refineries are harmful for the employees as well as for the environment. However, these companies are trying to portray a good image in the minds of its stakeholders by publicizing their procedures and responsibilities in Sustainability reports, Annual reports and taking part in social and community events in order to create goodwill and trustworthiness among its stakeholders. The research report comprises three Case Studies on Refineries of Pakistan namely; Pakistan Refinery Limited, National Refinery Limited and Attock Refinery Limited. The published reports of these companies are studied in detail to provide the readers a detail how these companies are reporting their actions by voluntarily publishing its reports on Annual basis.

Keywords: Sustainability, Environment, Corporate Social Disclosure, Stakeholders

Introduction

Background:

Corporate Social Responsibility is defined as the continuing commitment by businesses to behave ethically, and contribute to economic development while improving the quality of life of the people, as well as the local community and society at large. In today's world it is imperative for an organizations rather than depending upon its business activities, it has to continuously work upon its role for sustaining long term reputation and good will, commonly known as Corporate Social Responsibility (CSR) of firms. CSR comes under the umbrella of corporate governance practices regarding the business operations, community, ethical and legal practices with the focus on the investors' rights protection.

Over the last few decades, the overall growth of multinational giants and globalization has been tremendous, which resulted in creating issues for growing public awareness. Many firms are playing their role in the development of economy, but on the other hand they are creating environmental issues and social problems that are harmful for the society and environment. (Mitra et al. 2008) has researched on this issue frequently and his scope of work includes, "long term corporation power, employer & employees safety and health, environmental pro-activeness, waste management, resource depletion and product quality." The sole purpose of the corporations is not profit maximization they also cater a wider audience which includes all its stakeholders, environment and the society. In the words of Friedman 1962, the traditional theory states that the sole purpose of any business is to maximize the profits of its shareholders but it does not hold today as now a days companies are moving towards the corporate governance practices in order to build trust and confidence of its stakeholders. Studies have proved that the level of awareness is growing among firms for putting an obligation to help society even if it is earning loss or profit (Wise and Ali, 2008), the research concluded that a portion of Profits of the organization should be utilized for the sake of sustainability and stakeholder support.

The study by (M. Zia, I. Ali 2010) on Corporate Social Responsibility influence on employee commitment and organizational performance with respect to Pakistan, has identified that CSR activities and employees commitment are positively correlated and CSR activities by a company results in employee commitment which in turn affects the overall performance of the organization. The main objective of this study is to analyze the corporate governance practices of firms from petroleum industry of Pakistan, examine their financial and social disclosure, as well as provide a link between their actual practices and reportings in Pakistan using case study method.

Current Environmental Social Responsibility:

Corporate Social Disclosure has become an important part of company's reporting, it may be in the form of annual reports, reporting through stand-alone social reports, and environment sustainability reports etc. Social reporting can also be done via marketing activities like; advertising, product packaging, conferences and company websites. "An organization might voluntarily report information's for many reasons in order to develop corporate image, to legitimize current activity, to distract attention from other areas, to discharge accountability, to forestall legislation" (Gray and Bebbington 2001). Guthrie and Mathews (1985) defines Corporate Social Disclosure (CSD) as, "The stipulation of financial and non financial information stated in the Company's annual report or other social reports relating to interaction with its physical and social environment." The main objective

of an organization should not be restricted in creating wealth for its shareholders' but after the financial crunch the organizations are moving towards a new approach to disclose all their information to its stakeholders in order to overcome information asymmetries.

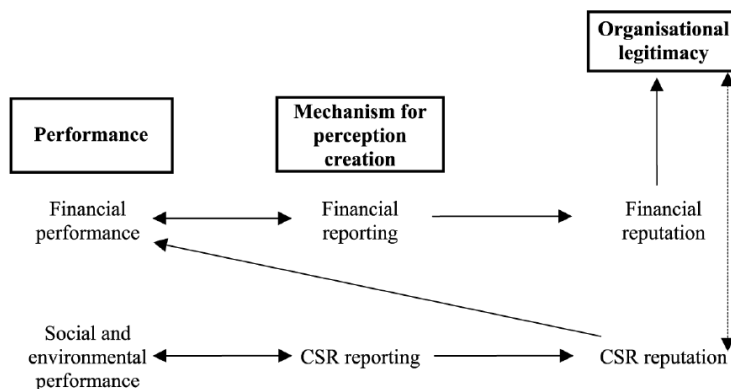


Figure 1: CSR reporting, reputation and legitimacy, J. Bebbington, C. Larrinaga & J.M. Moneva (2007)

The role of Corporate Social Disclosure for petroleum industry is very important as the refineries are responsible for the waste they emit in the sea is very disastrous for the life under sea and causes air pollutions also. The overall environmental effects for the society, natural environment are very high related to the petroleum companies who are specifically associated with refinery businesses.

Literature Review:

The twentieth century has brought a remarkable change in the world which has developed significance of social and environmental issues. There has been an increase in economic activities, technological development and growth in terms of volume of business activities during this period. Thus, these concurrently brought adverse effect on the environment with social enclosure. The most prominent effects noticed is that it causes destruction of ozone layer, social collapse, destruction of living and non living beings, poverty and starvation etc (Gray and Bebbington 2001)

The scholars today finds a need to disclose social and environmental impacts of operations of businesses that are harmful for the society. Some believe that by becoming accountable to the society organization will be having more goodwill and it helps in performing better. Other scholars are of the view that organization is only responsible to its shareholders, that it exist only to make money for its shareholders and not to invest them on the society (Gray, Owen and Maunders 1987).

Gray et al. 1987, defined Corporate Social Reporting as, "The process of communicating the social and environmental effects of organizations' economic actions to particular interest groups within society and to society at large. Such an expansion is predicated upon the assumption that companies do have wider responsibilities than simply to making money for their shareholders." This definition contradicts views of financial accounting which in the words of Laughlin and Gray (1988, cited in last 1996, p.3) can be divided and limited to four areas:

1. The financial description;
2. Specified (priced) economic events;
3. Defined organizations or accounting entities;
4. Provide information for specified users of that information.

Corporate Social Disclosure is the extent of social and environmental reporting in annual reports of the companies; this includes disclosure of financial profits along with environmental plus social impacts on the society. Major work on CSD has been done on developed countries but the paradigm is now shifting towards the developing countries, where the concept of Corporate Social reporting is emerging and corporations in these countries are being required to report all their social and environmental actions. The study by Hossain M, Islam K & Andrew J 2006, on CSD activities of a developing country identified that a very few companies in Bangladesh are making efforts to provide social and environmental information on voluntary basis, which are mostly qualitative in nature. Bangladesh companies are not much known for their social disclosure practices but for an emerging economy it creates a positive image among its stakeholders. The research also identified that the companies suffered losses who are not interested in building their social identity, during the period under study and significant proportions of the ranking companies were subsidiaries of multinational companies or large corporations. On the other hand the companies in developed economies consider the CSD reporting as an integrated part of their company reporting.

Mia P & Abdullah- Al- Mamun 2011, have researched on CSD activities of companies during the financial crisis

of 2008, which almost affected the entire world; the results of the study reveal that there is an insignificant upward change in CSD during the financial crisis. In addition, the study examined the association between several firm level factors (profitability, leverage, change in profitability, change in leverage and size) and the extent of CSD and change in CSD. The study finds that the extent of CSD is not significantly associated with leverage and profitability but it is significantly associated with size. Additionally, change in profitability and size do not have any significant influence on change in CSD. However, change in leverage has a significant negative association with change in CSD.

2.1 Environmental Social Responsibility in Pakistan:

The concept of Environmental Reporting is relatively new in Pakistan. CSD provides an opportunity for companies to inform its stakeholders about their corporate efforts for ensuring operations and business that have minimal impact on the environment. Some companies view environmental reporting as an impediment on their business; rather companies should view this as an opportunity to enhance their business while increasing confidence of its stakeholders. Corporate Social Reporting is a big challenge for a country like Pakistan, where the companies are mostly ruled by command and control systems. Institute of Chartered Accountant of Pakistan (ICAP) has been working in this regard to provide regulatory framework that will not only focus on disciplinary actions but it will also provide corporate sector with an environment that enables greater compliance on social and ecological standards.

ICAP has introduced IAS 19, which mainly deals with employee's related benefits for short term period, long term, termination and post employment benefits. The benefits regarding salaries, wages, job securities, leaves and allowances, and different retirement benefits are given to employees according to their job status. As per ICAP disclosures about employee's safety and job security policies must ensure public about ethical, legal and moral values of a corporation and also attracts foreign investments; ultimately a positive effect is witnessed on firm's financial performance. ICAP is the first institution that has launched the reporting requirements according to the international standards in order to save interest of stakeholders and build the image of companies in a positive manner.

Government of Pakistan has introduced Pakistan Environment Protection Act (PEPA) and National Environmental Quality Standards (NEQS) in 1997; which requires that companies to follow environmental regulations controlling population, agricultural wastages, social hazards or any damage to human life. Mr. Hammad Naqi Khan, Director, Freshwater and Toxics Program WWF Pakistan, signifies the growing awareness of CSR amongst Corporations by awarding companies, they have launched Environmental Reporting Awards in collaboration with Ministry of Environment and IUCN Pakistan in 2002 to appreciate the efforts who reports corporate environmental, social and sustainability performance, he said that the awards ensure that companies target improvements in the quality of information disclosed during the reporting process. Hence the awards help businesses streamline sustainable practices and development.

2.2 Petroleum Industry in Pakistan:

Pakistan is a developing economy and for the economic development it requires higher energy consumption and consequently putting higher pressure on country's economy. A. Ahmad, M. Jha (2008), states that, "being an emerging economy Pakistan mostly rely on oil and gas resources to meet the energy requirements of the country." Currently there are a number of companies that are working upstream and downstream sectors with the help of National and International organizations. They are actively participating with Government of Pakistan in establishing such policies that are favorable for investment and working for international investors.

Petroleum industry in Pakistan comprises of Attock Refinery, Burshane, Byco Petroleum, Attock petroleum, Mari Gas Company, National Refinery, Oil and Gas Development, Pak Oil fields, Pak Petroleum, Pak Refinery, PSO and Shell listed on Karachi Stock Exchange. There are other private companies that are also operating in Pakistan as petroleum exploration companies. The petroleum sector contributes 6% in the overall economy of Pakistan and it is growing at 10-12% per annum, it is also estimated that during the FY 2012-13, major portion of non-tax revenue would be established from the petroleum sector amounting to Rs 147.878 billion (Daily Times-Budget Review, 2012). The oil and gas sector in Pakistan is mainly controlled by the state through interventions in pricing, allocations, returns and other administrative controls. Mostly Multi-national companies are involved in oil and gas exploration business while state owned companies are responsible for marketing and distribution of petroleum products e.g. PSO, Sui Northern Gas Company and Sui Southern Gas Company. Likewise, Pakistan Petroleum Ltd is the largest exploration and production company while the Attock Refinery Ltd. and Pakistan Oilfields Ltd are two other state-owned companies. The main objective of this study is to analyze the corporate governance practices of firms from petroleum industry of Pakistan, examine their financial and social disclosure, as well as provide a link between their actual practices and reportings in Pakistan using case study method.

In the light of above discussion this study provides a link between theoretical perspective of Corporate Social Disclosure and Practices of Pakistani firms focusing on oil, gas & refinery sector. Three companies from Petroleum Industry have been selected as case studies to analyze the CSD by these companies. The petroleum

industry of Pakistan comprises of both public and private sector companies; we have selected only public limited companies which are listed on Karachi Stock Exchange, because reports of these companies are publicly available and there will be fewer hindrances for data collection; and specifically the companies under review are refineries from petroleum industry as they are mostly responsible for environmental problems. In this regard, we will be using the six categories of CSD proposed by Hackson and Milne (1996).i.e. (1) environment; (2) energy; (3) employees; (4) product; (5) community involvement; and (6) others. The CSR reporting of the three selected companies has been analyzed using the above six categories.

Research Methodology:

The case study is qualitative in nature, data will be collected through open ended interviews, and the main aim of this study is to gather an in-depth understanding of the subject. The qualitative method will help me to investigate the why and how of decision making, not just what, where, when. For this purpose the population of interest is the Petroleum industry in Pakistan which includes the Companies listed by Karachi Stock Exchange and are public limited companies, the reason behind focusing on this industry is that it has strong impacts on environment and society. The population frame of reference was constructed by taking all Petroleum Companies namely; PSO, Shell, Attock Refinery, PPL, Attock Petroleum Ltd, Burshane LPG, Byco Petroleum, Mari Gas Company, National Refinery, Pak Oilfields, Pak Refinery and Oil & Gas Development.

The sample size is then narrow down to the Refineries in Pakistan as listed in KSE and are public limited company, as public companies are required to disclose their all actions while performing operations. I will be using non-probability convenient sampling method for this case study, the sample size includes 3 Refineries from petroleum industry of Pakistan; namely Attock Refinery Ltd., Pak Refinery and National Refinery. The petroleum Marketing and exploration companies could not become part of our sample size because they are not in business of refining oil and petroleum products. The data will be collected by interviewing personnel from management of these refineries, having their Head office or regional office in Karachi. The reason for selecting this sample is that investigation would be made properly by studying three cases from single industry and it will also help to keep the study focused. The main aim of this study is to identify the operational efficiency of refineries and how they dispose of waste so as to save environment and society as a whole.

Table 1: Outline of Sample Selection:

12	Petroleum Companies Listed on Karachi Stock Exchange
-2	Petroleum Marketing & Distribution Companies
10	
-7	Petroleum Exploration Companies
3	Comprise the Sample (Refineries)

The data will be collected by primary and secondary sources. The secondary data will be collected from annual reports, Karachi Stock Exchange (KSE), online publications, Companies Environment and sustainability reports, company’s official websites, research papers and books. For primary data collection, personal interviews will be conducted in which open ended questions will be used. The reason for selecting this instrument is to get in depth information and knowledge as sometimes unstructured questionnaires miss some significant knowledge which may be gathered by structured questions.

Case Study I – Pakistan Refinery Limited: (PRL)

Background:

Pakistan Refinery Limited is a Pakistani Organization listed on Karachi Stock Exchange (KSE); the company was incorporated in May 1960 as a public limited company, it was established in alliance with two major foreign oil companies namely Burmah Oil California, Texas Oil Corporation, Shell Petroleum Corporation and Esso standard Eastern Inc. The refinery is located on the coastal belt of Karachi. PRL has maintained its mission, vision and values of becoming first choice for all its stakeholders.

▪ **Environmental Social Responsibility practiced in PRL**

The mission of PRL is to provide value added products that are environmental friendly, and protect the interest of all its stakeholders in the market through sustainable development and quality human resources. PRL takes the responsibility of Health and safety of its employees and it is explicitly mentioned in their mission and sustainability reports. PRL has an integrated Health, Safety, Environment and Quality Management system HSEQ based on ISO-9001:2008, ISO-14001: 2004 and OHSAS- 18001:2007. HSEQ has been headed by the Managing Director and Chief Operating Officer, as the Dupont analysis suggested that a commitment for Health, Safety and environment comes from the top of the organization. Maintaining the HSEQs is the core responsibility of operations and supply department; HSEQ ensures all systems are in place that is required to mitigate and control any undesirable hazardous situation (causing threat to Health, Safety, Environment & Quality) arising in case of any failure or accident in the refinery.

Pakistan Refinery Limited has adopted UN Global compact principles since 2007, under the principles stated in this document includes; Human Rights, Labor standards, environment and anti-corruption. The management of PRL is fully intact to communicate these principles to all its employees and keep check on it so that they always

remain in compliance with laws and the company maintains its position strong towards the accomplishment of these goals.

▪ **Community Involvement:**

Pakistan Refinery Limited feels the responsibility of being a corporate citizen of this country it had been actively participating to mitigate the effects of its wrong decisions on the society it takes constructive interest in social and community matters which are for the betterment of the society, it not only undertakes the investment opportunities but also keeps in mind the community. PRL has taken many initiatives and participated in community development, educational services, and medical services for the society.

▪ **Major Social Interventions by PRL:**

PRL has been actively participating in development of community, by playing its role as a responsible corporate citizen of Pakistan; it had won many Awards on Social and community involvement and working for safety of Environment. PRL alone invested Rs. 11.8 Million in numerous meaningful programs for the community. PRL has established a Cardiology lab at Indus Hospital, Korangi. PRL continues to contribute in CSR activities; it had invested in a number of charitable projects such as Layton Rahmatullah Benevolent Trust and Indus Hospital with an intention to facilitate the destitute patients and The Citizen's Foundation for educating the under-privileged children. PRL has won many Awards or Token of appreciation from ACCA WWF Environmental Reporting Awards, Annual Environment Excellence Award jointly organized by UN Environment Program, Occupational Health and Safety (OHS) award and Occupational Health and Safety (OHS) award.

▪ **Ethics and Integrity:**

PRL has its own Ethics committee which keeps configuration with environmental standard and ethical business practices, the Committee is mainly responsible for ensuring that the Company's operations are conducted in alignment with organizational objectives and policies with high standards of values and ethical conduct. Ethics and integrity are core values to the organization and it is embedded in its culture, employees at PRL are responsible to keep in place the ethics and integrity of the company. PRL has clearly defined its policies regarding harassment, acceptance of gifts; conflict of interest etc. and there are no deviations accepted.

▪ **Health, Safety, Environment and Quality as claimed by PRL**

Pakistan Refinery Limited is committed to follow Health, Safety, Quality and Environmental Standards HSEQ, for PRL health of its employees comes first to everything because they believe that employees are the main assets of the company and their health matters a lot. Safety could be maintained by preventing hazards by effective leadership and activities promoting high safety standards. Environmental standards are maintained at PRL by progressive reduction of emission, effluent and disposal of waste material that are known to have a negative impact on the environment. The plant s operating on specially designed waste water treatment, the effluents are processed in three stages and then waste water is emitted in the sea water, they are in line with National Environmental Quality Standards specifications. PRL continues to report its emission and effluent test results with Sindh Environment Protection Agency and Pakistan Environment Protection Agency under self monitoring and Reporting Tools (SMART) program.

▪ **Quality and continuous Improvements:**

PRL focuses on customer satisfaction by operating efficiently and developing a culture which promotes innovation, error prevention and teamwork. As per ARL this is how a company becomes successful and is able to maintain quality standards. PRL representative states that, "Quality and continuous improvements at PRL are assured by Audits, Test run, Compliance and development of PRL's own HSEQ in compliance with ISO 14001." PRL has achieved a three year recertification in November 2011 on the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards respectively.

Case Study I – National Refinery Limited: (NRL)

Background:

National Refinery Limited is a public limited company incorporated on August 1963; the company was taken over by Government under the National Reforms in 1972 and was working under the Ministry of Production. In June 2003 NRL became part of Government Privatization Program and was acquired by Attock Oil Group in 2005. Production facilities at NRL are very high it produces and sale a wide range of Petroleum products. There are three refineries working under one complex, consisting of two lube refineries and one fuel refinery. First lube refinery has production capacity of 539,700 tons per annum crude processing and 76,200 tons per annum of Lube Base Oils. The 2nd refinery has production capacity of 100,000 tons per annum of Lube Bas Oils. The fuel refinery was established in 1977 and designed to produce 1,500,800 tons per annum of crude processing and after a revamp the capacity increased to 2,170,800 tons per annum of crude processing. In 1979 a BTX Petrochemical Plant was commissioned with the production capacity of 25,000 TPA of BTX. At the time of writing NRL is working to increase its refining capacity to improve yields of white oil products; ongoing projects include; Two Stage Unit at Lube-I Refinery, 101 Crude Distillation Unit at Fuel Refinery and Refineries integrated projects.

NRL is ISO 14001 Certified Company its operations are very harmful for the normal life but the company's

Environmental, Health, Safety and Quality Standards are so much maintained that the operations are carried out smoothly without harming the environment. The company follows strictly the standards that are defined by the Company's Code of Conduct and Ethics, they remain in line with its vision of holding an attractive position among the corporate success stories of tomorrow.

▪ **Health, Safety, Environmental**

NRL is committed to provide better Health, Safety, Environment and Quality for all its internal and external stakeholders. It has been working in compliance with the International and National Environment Laws, for carrying out the operations of the business smoothly and environment friendly. NRL has recently introduced 90RON which is unleaded motor gasoline, provides evidence in support of the company's acts towards good environment and its preservation. National Refinery Limited has maintained HSEQ's and NEQS to ensure compliance of International and National Environment Laws; it is firm belief of the management that by following these standards the company can make strategic decisions successfully and implement them without any resistance.

▪ **Quality:**

National Refinery maintains strong position among its customers that the product leaving from NRL is of high quality as the company has been awarded various ISO certificates on; Certification on Quality ISO 9001, Environment Management System ISO 14001, and for controlling Health and Safety risks effectively it has acquired ISO OHSAS 18001 Certificate. The Company maintains an open environment for its employees to come up with new ideas and creative approaches so that it may advance technologically and produce the level of products that are acceptable internationally.

▪ **Employees:**

At NRL, training is an important element for enhancing the productivity and value of human resource. Employees are exposed regularly to training programs, Workshops, seminars and professional courses both within the country and abroad. Training Need Analysis (TNA) is carried out for employees at different levels of employees to assess their requirements covering both management and technical skills. Training program is developed for all employees.

NRL is firmly committed to the Health and Safety of its employees and to the protection / continuous improvement of the Environment. Training is therefore imparted for Health, Safety, and Environment & Quality to all including employees and contractor. Safety of employees at NRL is confirmed by various measures taken by the management of the company, it includes a series of activities; at NRL Korangi Fire drills are carried out on every Thursday at 1000 hrs sharp, NRL Safety Board is updated by 2nd week of every month, every month Newsletter is shared within and outside the company which contains details regarding all activities taking place within the NRL.

▪ **Community Involvement:**

Mission statement of NRL claims that it is the responsibility of the company to serve the community through a variety of socio-economic acts and maintaining a high level of safety, occupational health and environmental care. NRL has been actively participating in rehabilitation of refugees from Swat and the near areas where army operation was carried out because of terrorist activities in the area. It had also actively participated in helping flood affected people of interior areas of Sind.

▪ **Honors Awarded to NRL for Environmental Safety:**

National Refinery Limited has been awarded many Honors for its performance in maintaining the stability in its operations and keeping the Environment healthy. The Company has maintained AAA rating for Long term Debts and A1-plus rating for short term debt by PACRA since 2005 to 2011, it has been awarded ISO OHSAS 18001:2007 certificate since 2003 to 2011, Annual Environment Excellence Award and ACCA WWF Pakistan Environmental Reporting Award.

Case Study III - Attock Refinery Limited (ARL)

Background:

With a vision to acquire self sufficiency in petroleum industry of Pakistan Attock refinery was incorporated as a Private Limited Company in November 1978, in June 1979 it was listed on all 3 stock exchanges of Pakistan as a public limited company and it is the first company listed on Central Depository Company of Pakistan CDC. Attock refinery limited is in a business of refining crude oil. The production capacity at ARL includes 42,000 bpd and it possesses the capability to process lightest to heaviest crude oil. In the words of CEO Attock Refinery, "Our sustainability attributes are based on five pillars of strength i.e. Diversification, Competitiveness, Transparency/ Compliance, Synchronized Community and Social Responsibility Services, and Environmental Protection." The Company is ISO 9001, ISO 14001, ISO/IEC 17025 and OHSAS 18001 certified. At the time of writing ARL is in a process to increase capacity of its White oil pipeline project, storage capacity and Dissolved Air Flootation Unit (DAF).

▪ **Health, Safety and Environment:**

ARL has a central HSE committee which involves the contribution of management and workers together; in the

last five years the number of accidents range from 15 to 2.5 which clearly shows the improvement of safety standards at ARL. Attock Refinery Limited follows strict HSEQ policy; it is committed to provide best quality products to its customers, to protect the environment and to ensure the safety of its employees, customers and partners.

▪ **Community Involvement:**

Participation in area union council meetings provides ARL a chance to come closer to the community where they are operating and give back to community something. Communication of ARL commitment and social program to community by displaying large number of colorful banners with thought provoking statements were displayed at prominent locations. In collaboration with Attock Hospital the company organizes free medical camp for the locals to refrain them from diseases.

▪ **Human Resource:**

ARL's corporate strategy for Human Resource is to attain high level of professionalism, throughout the organization by recognizing and revealing the personal and professional capabilities of the human resource and enhancing their contribution to the development of the organization. ARL employees the best qualified personnel, pay just and responsible compensation, employees are motivated to attain their maximum efficiency and capabilities, produce conducive working environment and provide its resource with growth opportunities.

▪ **Major Interventions in Social Projects by ARL:**

Attock Sahara Foundation (ASF), a company sponsored NGO is working to uplift economic conditions of the surrounding communities through welfare services. ARL has been actively participating in expanding education in Pakistan it had organized Third HR Conference in October 2011, on Expanding HR Horizon, it also offers allowance for education of under privileged classes, and scholarships for brilliant students as well. Women health awareness session and clean water for the community are also among the most prominent community involvement activities of ARL.

Discussion:

This study sheds light on corporate environmental practices of the leading companies from petroleum industry of Pakistan. After the three case studies it can be concluded that today's organizations are more socially active and heavily involved in bringing welfare for the community, by introducing processes that are environment friendly and promoting activities that are solely for the welfare of the community. This study provides evidence that the argument of traditional finance theory that the sole purpose of an organization is profit maximization of its shareholders is changed and today's managers are more participating in the development of society and community around them.

The organizations today are more interested in developing their employee's commitment by providing them with better career growth, training and development, educational scholarships and performance appraisals which motivate them to work for their organization with full efficiency and delegation. Employees safety measures taken by refineries are highly effective as in 2011 in ARL achieved 9.11 million Safe man hours, whereas NRL has achieved 16.99 million safe man hours, this shows how effective are the HSEQ policies of these companies are. The petroleum companies in Pakistan are now technologically so advanced that they have deployed highly technical machinery in their plants to mitigate the effects of effluents and emission that are harmful for air and water. The technology used can now reduce the harmfulness of waste that is disposed off in water and does not harm the life below sea and people living nearby the refineries.

These companies are working hard to build trust, integrity and confidence in the society as believe they are responsible for giving back to society whatever they have achieved. Despite the fact that there are no strict government rules and regulations to follow CSR but the companies are on voluntary basis promoting Disclosure policy. As today's investors and stakeholders are more aware about the business processes and they want to show positive image to society that they are environment friendly. The above case study shows detail actions of the companies regarding their CSD activities, although the industry under review produce products that are harmful for the environment and society but the actions of the companies reflects that how much they are trying and working on to mitigate the effects of their work on society by investing in hospitals, community services, educational programs etc.

The above discussion shed light on the importance of disclosing environmental information other than financial information to all stakeholders of an organization, because the companies are more conscious towards portraying their image as 'Green', rather than focusing on profit maximization. The Companies all around the world and in Pakistan have understood the importance of their responsibility towards the society, regardless of the products they produce, they are trying to portray a positive image. Those companies who ignore the importance of CSD are likely to see the consequences in near future. The CSR Pakistan year book says, "There are endless opportunities for responsible businesses seeking to build CSR programs in Pakistan. The unequal distribution of wealth and lack of employment opportunities in and outside major urban centers are taking their toll and choking Pakistani cities," the books says that there are immense opportunities for Pakistani firms to invest in more social activities in order to create an environment which creates soft image of Pakistan in front of the entire world.

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Appendix:

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Questionnaire

1. What is your company’s Corporate Social Disclosure policy?
2. Is CSD a separate division in your business or is it integrated throughout the whole organization? Why?
3. What are the main benefits with having a good CSD approach? What benefits are more and less important? Why?
4. What are the motives for having a CSD approach? (e.g. enhanced reputation/image, sustainable development?) What are the effects on your company’s image and reputation lacking a CSD approach?
5. What type of information do you think should be disclosed? How do this information should be disclosed and where should it be published?
6. Are there any guidelines/regulations governing the Corporate Social Disclosure by the accounting professional bodies and /or by the government? Please discuss some of them.
7. Are there any environmental regulations that need to be followed by the petroleum companies? If there are any how you perceive it?
8. Do you believe that the current corporate reporting practices of your company are consistent with the requirements of the social, economic and political environment of Pakistan?
9. How do you define economic, legal, ethical and philanthropic responsibility? What are your economical, legal, ethical and philanthropic responsibilities? Is your company being CSD responsive? If yes, in what ways?
10. Why and how is social accounting being undertaken in large commercial organizations example in

Petroleum Industry of Pakistan particularly with respect to an emerging economy?

11. What is your company's perception about the phenomena of CSD in an emerging economy like Pakistan?
12. As compared to the companies in developed economies why companies in emerging economies disclose very little or nothing on social, ethical and environmental issues?
13. In your opinion what are the factors that shape or constrain the emergence of CSD in Pakistan?
14. What are the challenges for your company when it comes to CSD? How does your company cope with these challenges?

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