

Attitudes about corporate social responsibility: Environmental activities in Mongolia

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Хураангуй

Улс төрийн тогтворгүй байдал болон эдийн засгийн тааруухан шийдвэрүүдээс болж Монгол улс нь сүүлийн 25 жилийн хугацаанд байгаагүйгээрээ эдийн засгийн хямралд ороод байна. Олон компаниуд үүдээ барин, хэдэн мянган хүн ажлаасаа халагдан ажилгүйчүүдийн эгнээнд элслээ. Монгол дахь уул уурхайн салбарын хөгжил нь өндөр зардал, энергийн зарцуулалтыг дагуулдаг бөгөөд энэхүү хүнд агаарын бохирдол нь Монголын эдийн засаг болоод нийгмийн тогтвортой байдалд сөргөөр нөлөөлж байна. Тус судалгааны ажлын үндсэн зорилго нь бизнесийн удирдлагын чиглэлээр магистрын зэрэг хамгаалахаар сурч буй оюутнуудын дунд судалгаа явуулан Монголын компаниудын хүрээлэн буй орчны бодлого болон үйл ажиллагааны талаарх тэдний ойлголт, хүртэхүйг судлахад оршино. Тодруулбал, компанийн хүрээлэн буй орчинг дараах таван хэсэгт ангилан судлах болно: хүрээлэн буй орчны бодлого болон төлөвлөгөө, хүрээлэн буй орчинд чиглэсэн үйл ажиллагаан дахь топ менежерүүдийн дэмжлэг туслалцаа, хүрээлэн буй орчны хяналт, хүрээлэн буй орчинд чиглэсэн үйл ажиллагааг явуулахад тулгарч буй бэрхшээлүүд, оролцогч талын оролцоо болон ирээдүйн хандлага.

Хүрээлэн буй орчны бодлого болон төлөвлөгөө, хүрээлэн буй орчинд чиглэсэн үйл ажиллагаан дахь топ менежерүүдийн дэмжлэг туслалцаа, хүрээлэн буй орчны хяналт, хүрээлэн буй орчинд чиглэсэн үйл ажиллагааг явуулахад тулгарч буй бэрхшээлүүд, оролцогч талын оролцоо болон ирээдүйн хандлагыг судлахдаа асуултад суурилсан судалгааны аргыг хэрэглэсэн болно.

Түлхүүр үгс: Компанийн нийгмийн хариуцлага, хүрээлэн буй орчны менежмент, хүрээлэн буй орчны элементүүд

Abstract

In 2014, due to political instability and poor economic decisions, Mongolia plunged into its worst economic crisis in the past 25 years. Many companies shut their doors, and thousands of people were laid off. The development of mining industry in Mongolia characterized by high input, energy consumption, and pollution has done so much harm to the environment that environmental stress in Mongolia has raised to the extent that it affects the country's economic and social sustainability. The main purpose paper is to investigate the environmental management policies and practices of Mongolian companies as a disclosed on MBA students' perception. More specifically, this study analyzes the content of corporate environmental disclosures with respect to the following five areas: environmental policies and plan considerations, top management support to the environmental concerns, environmental control and organizing specifics, barriers to the implementation of environmental activities and stakeholders involvement and future trends.

By using primary data obtained from a survey based on a questionnaire, this research analyzes the corporate social responsibility activities of Mongolian companies with respect to following five areas: environmental policies and plan considerations, top management support to the environmental concerns, environmental control and organizing specifics, barriers to the implementation of environmental activities and stakeholders involvement and future trends.

Kew words: corporate social responsibility, environmental management practices, environmental disclosures.

1. Introduction

Mongolia is fairly neglected country in terms of CSR research and the topic receives relatively little attention in Asia. The fast growing number of mining company in Mongolia during until 2013 has brought not only economic prosperity but also some negative effects. Mongolia is one of the developing countries and has been impacted by globalization like most other developing nations. Since 2000, Mongolia attracted a quite high number of foreign companies especially in mining sector. These foreign companies not only brought economic growth but also CSR especially in terms of environment into Mongolia. Now, Mongolia is a developing nation with high air pollution. As governmental control over the CSR activities, especially in term of environment is still lacking in Mongolia. How Mongolian firms disclose CSR information and emphasize environmentrelated CSR activities has been not studied yet and from overall observation, Mongolia is weak in term of CSR related studies. In addition, the present situation of Mongolian mining industry has increased the public's awareness of environmental impact of Mongolian mining companies.

CSR is defined as business engaging in voluntary social and environmental endeavors that exceed the existing legal requirements (Mc Williams, Siegel & Wright, 2006; Van Marrewijk, 2003). These endeavors include charity/philanthropy, environmental activism or any organizational activity related to the uplifting of social or environmental conditions. CSR is a broad concept which basically asks: What is the role of business in society? How do organizations fulfill their responsibilities to their employees and society? And how/why business publicly discloses CSR information? (Carroll 2008; Grane, MC Williams, Matten, Moon, & Siegal, 2008; Handy 2002). But the researchers still do not share a common definition or core of set principles for CSR (Aaronson 2003, Carroll 1999; Dahlsrud 2008.), because of its vagueness and subjectivity (Grane et al., 2008). With global changes in the way the role of business is perceived, CSR has evolved to become an international idea (Hamann, 2003) and include both environmental and non-environmental issues (e.g. human rights (Welford, 2002)). In addition to social

justice and community welfare (Crowther, 2004), today's businesses are expected to contribute to the protection of the natural environment. As environmental sustainability became an important concern for organizations and environmental disclosure became a stakeholder requirement, organizations tried to institutionalize environmental concerns through policies, procedures, and systems (Jones et al., 1998; Russo and Fouts, 1997).

The main purpose paper is to investigate the environmental management policies and practices of Mongolian companies as a disclosed on MBA students' perception. More specifically, this study analyzes the content of corporate environmental disclosures with respect to the following five areas: environmental policies and plan considerations, top management support to the environmental concerns, environmental control and organizing specifics, barriers to the implementation of environmental activities and stakeholders involvement and future trends. In order to achieve the research objective following research question identified such as "What are the features of CSR practices in terms of environmental activities in Mongolia?". This research question is addressed through a questionnaire survey which tries to explore practices of environmental activities of Mongolian companies. Taking the survey from MBA students towards CSR is important for several reasons. First, the global business community increasingly appears to be embracing CSR as an essential component of improving corporate identity and reputation, two characteristics viewed as essential to achieving organizational effectiveness (e.g., Cornelius et al., 2007). To the degree that business schools value CSR as important to learning about organizational functioning, understanding prevailing CSR attitudes will enable business schools to better address CSR content delivery in this increasingly important business area. Second, the result of such survey may ultimately help the government and companies to understand where to concentrate.

This paper contributes to the literature on corporate environmental reporting in a unique way. Its comprehensiveness; we investigated five areas comprising of 27 specific environmental parameters. We derived from a number of reporting guidelines, corporate

websites and academic literatures in order to develop these parameters.

2. Literature review

A literature review of corporate environmental disclosures shows four major stream deals with who report environmental information and how this reporting has benefited the reporters (e.g., Meek and Roberts, 1995; Nieminen and Niskanen, 2001; Russo and Fouts, 1997). In other word, the emphasis here is on the characteristics of the companies that report environmental information and the relationship between such reporting and financial performance. The next stream of research is about the content of the reporting, or what is actually being reported (e.g., Guthrie and Parker, 1990; Niskala and Pretes, 1995). The third stream, which is relatively new, deals with the “how” or the medium of reporting. Most of the studies under this stream look at the issues relating to the use of Internet as a medium of environmental reporting (e.g., Jones et al., 1998). The final stream deals with the assessment of environmental performance, mostly for the benefit of the investment community, to rank / rate such performance (e.g., Dow-Jones Sustainability index; Fortune Environmental Scorecard; ECCO-Check Index; Investor Responsibility Research rating; and Morhardt et al., 2002).

Visser (2008) identifies four reasons why it is necessary to focus on CSR in developing countries. First, developing countries are rapidly expanding and, therefore, these countries offer profitable business opportunities (IMF, 2006). Second, in developing countries, social and environmental crisis are usually most acute (UNDP, 2006; WRI, 2005). Third, social and environmental impacts (both positive and negative) due to globalization, investment, economic growth, and business activities can have a greater effect on developing countries (World Bank, 2006). Fourth, there is a distinctive set of CSR agendas for developing countries, which are collectively quite different to those faced in the developed countries (Visser, 2008). Thus, CSR practices are important not only to developed countries, but also to developing countries, especially in contributing towards their social, environmental, and economic development.

CSR has been an increasingly important area of focus in both academia and in practice (Robert W. Kolodinsky, Timothy M. Madden, Daniel S. Zisk and Eric T. Henkel, 2010). For example, Christensen et al. (2007) found that 42per cent of the top global MBA programs require CSR in their core content. In the business world, nearly “90 per cent of Fortune 500 firms embraced CSR as an essential element in their organizational goal, and actively promoted their CSR activities in annual reports” (Boli and Hartsuiker, 2001).

Given its increasing importance both in academia and practice, and given the evolution of CSR to include societal expectations of business to behave ethically and sensitively we asked MBA students or managers (today’s or tomorrow’s) about their attitudes about the environmental responsibilities of Mongolian companies. We examined five areas comprising of 27 specific environmental parameters: environmental policies and plan considerations, top management support to the environmental concerns, environmental control and organizing specifics, barriers to the implementation of environmental activities and stakeholders involvement and future trends.

3. Research methodology

Our empirical study of this research was carried out in two phases. In the first phase, we developed survey questionnaires. In order to develop the survey questionnaires we used the published information regarding the environmental disclosure practices of the companies, corporate websites and academic literatures as well. Content analyzes was the primary tool for developing the survey questionnaires. It is a “technique for making inferences by objectively and systematically identifying specified characteristics of messages” (Holsti, 1969). In the second phase, we collected data regarding the environmental policies and practices of Mongolian companies. We used survey questionnaire from 100 students who study for their MBA. This convenience sample comprised 51per cent male and 49per cent female with different age groups. As for ages, 55per cent were from 25-34 ages, 38per cent from 19-24 ages and 7 percent from 35-44 ages. In terms of working experience 81per cent of the total participants work somewhere. We decided to take the survey from MBA students because of their specialization and job experiences;

they should have a sufficient theoretical and practical knowledge of CSR. Afterwards, we analyzed corporate environmental information and placed them into our six different content categories. This phrase was examining the CSR practices in terms of environmental one, basing on globally accepted CSR practices. The researcher is motivated to promote and improve CSR practices in Mongolia by exploring the current state of CSR in terms of environmental activities.

4. Study findings

We investigated the 27 specific environmental parameters. More specifically, we categorized these 27 specific environmental parameters into five areas: environmental planning considerations and policies, top management support to the environmental concerns, environmental programs and organizing specifics, environmental control, barriers to the implementation of environmental activities (Table 4.1). Survey result shows that the environmental CSR practices are really disappointing in Mongolia

Table 4.1: Categories of environmental communication

| Categories | Measuring questions |
|---|---|
| <i>Environmental policies and plans considerations</i> | Presence of environmental policies Presence of environmental plans Presence of emergency plans |
| <i>Top management support to the environmental concerns</i> | Recycling programme Public environmental and / or sustainability report Environmental friendly products Environmental friendly services Development of product and service innovations based on environmental benefits |
| <i>Environmental control and organizing specifics</i> | Concerns on environmental programs Environmental audits Management person responsible for environmental sustainability Concerns on environmental protection Information about environmental management to stakeholders Mechanism for supporting research and development of environmental technologies Energy saving Water saving Carbon reducing |
| <i>Barriers to the implementation of environmental activities</i> | Management policy Knowledge and skills Cost Shareholder's value Investor's pressure Government regulation |
| <i>Stakeholders involvement and future trends</i> | Future trends of environmental management Future trends of stakeholders involvement in insetting corporate social policies Students' future preference for company selection in terms of CSR |

4.1 Environmental policies and plans considerations

The first category of information that we sought regarding corporate environmental disclosure was about corporate environmental policies and planning considerations. As management theory posits, planning is the first management function and it is essential for the success of any endeavor (Daft, 1995). We asked for three questions with respect to environmental policies and plan considerations: the presence of environmental policies, environmental plans and presence of emergency plans. Corporate environmental policies, which generally act as guidelines, outline companies' environmental principles as well as the rationale and philosophical underpinning of these principles.

We used the indicator of age, gender and the environmental plans in order to check the Mongolian companies' environmental policies (Table 4.2). We distributed the number of responses into every age group with percentage. Then we wanted to see whether there is any

relevance between these two indicators of Mongolian companies' environmental policies and plans. Almost 74 per cent of the total participants disagreed and 57.14 per cent from 35-44 age groups absolutely disagreed that the Mongolian companies have an explicit environmental policy. Only 5 per cent of the respondents agreed that Mongolian companies have a corporate environmental policy. According to the result, 25 people who gave the answer "strongly disagree=1" for the question of having an environmental plan also gave same answer to the question of having an environmental policy and it was 49.02 per cent of total participants. 3.92 per cent from who gave "strongly disagree=1" responses gave opposite answer i.e., they strongly agreed that Mongolian companies have environmental policies. We find and analyzed the other data and concurrences in this way. Basing on our research result we can look that there is direct, positive relationship between Mongolian company's environmental policy and long term environmental plans.

Table 4.2. Environmental policies and plans considerations

| Selected parameters | | Mongolian companies have an explicit environmental policy | | | | | Total | Total number of participants |
|--|--------|---|-------|-------|-------|------|--------|------------------------------|
| | | 1 | 2 | 3 | 4 | 5 | | |
| Age | -18 | - | - | - | - | - | - | - |
| | 19-24 | 34.21 | 44.74 | 13.16 | 2.63 | 5.26 | 100.00 | 38 |
| | 25-34 | 40.00 | 29.09 | 21.82 | 3.64 | 5.45 | 100.00 | 55 |
| | 35-44 | 57.14 | 28.57 | - | 14.29 | - | 100.00 | 7 |
| Gender | Male | 40.48 | 35.71 | 16.67 | 2.38 | 4.76 | 100.00 | 42 |
| | Female | 37.93 | 34.48 | 17.24 | 5.17 | 5.17 | 100.00 | 58 |
| Mongolian companies have a long term environmental plans | 1 | 49.02 | 31.37 | 9.80 | 5.88 | 3.92 | 100.00 | 51 |
| | 2 | 28.13 | 43.75 | 25 | 3.125 | - | 100.00 | 32 |
| | 3 | 38.46 | 30.77 | 30.77 | - | - | 100.00 | 13 |
| | 4 | - | 100 | - | - | - | 100.00 | 1 |
| | 5 | - | - | - | - | 100 | 100.00 | 3 |
| Total | | 39.00 | 35.00 | 17.00 | 4.00 | 5.00 | 100.00 | 100 |

Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

Around 76 per cent of the participants disagreed that Mongolian companies have environmental emergency plans, but just around 5 per cent of the participants gave strongly opposite answer. After stating the Mongolian companies environmental policies and planning situations,

we can conclude that there is necessary some groups which committed to protecting and improving the environmental policies and planning of all business activities and employee actions utilizing knowledge accumulated in the past as well as technologies yet to be developed

and international experiences as well. We tried to develop our survey questionnaires for investigating the value base or the philosophical underpinnings of corporate environmental management efforts. We examined the specific planning approach that corporations engage in the crafting of their environmental management policies.

4.2 Top management support to the environmental concerns

In recent years, serious changes of climate have occurred in every part of the globe. Many

international environmental organizations are closely monitoring global environmental changes. As a result, a tendency to increase enforcement of environmental protection laws can be found among all nations around the world. Environmentally friendly products and production processes are increasingly emphasized. For sustainable development and achievement of long term goals, many enterprises have realized the importance of compliance with environmental regulations.

Table 4.3: Recycling programme and producing environmental report considerations

| Selected parameters | | Mongolian companies pay attention to environmental protection, percent | | | | | Total | Total number of participants | |
|---------------------|---|--|-------|-------|--------|--------|--------|------------------------------|-----|
| | | 1 | 2 | 3 | 4 | 5 | | | |
| Age | -18 | - | - | - | - | - | - | - | |
| | 19-24 | 28.95 | 52.63 | 7.89 | 10.53 | 100.00 | 38 | | |
| | 25-34 | 43.64 | 27.27 | 20.00 | 7.27 | 1.82 | 100.00 | 55 | |
| | 35-44 | - | 28.57 | 57.14 | - | 14.29 | 100.00 | 7 | |
| Gender | | Male | 38.10 | 26.19 | 21.43 | 11.90 | 2.38 | 100.00 | 42 |
| | | Female | 32.76 | 44.83 | 15.52 | 5.17 | 1.72 | 100.00 | 58 |
| Mongolian companies | have a recycling programme | 1 | 50.00 | 25.00 | 16.67 | 6.25 | 2.08 | 100.00 | 48 |
| | | 2 | 23.53 | 61.76 | 11.76 | - | 2.94 | 100.00 | 34 |
| | | 3 | 21.43 | 28.57 | 21.43 | 28.57 | - | 100.00 | 14 |
| | | 4 | - | - | 66.67 | 33.33 | - | 100.00 | 3 |
| | | 5 | - | - | 100.00 | - | - | 100.00 | 1 |
| | produce a public environmental and / or sustainability report | 1 | 44.23 | 36.54 | 15.38 | 1.92 | 1.92 | 100.00 | 52 |
| | | 2 | 41.67 | 33.33 | 16.67 | 8.33 | - | 100.00 | 24 |
| | | 3 | 10.53 | 36.84 | 26.32 | 21.05 | 5.26 | 100.00 | 19 |
| | | 4 | - | 50.00 | - | 50.00 | - | 100.00 | 2 |
| | | 5 | - | 66.67 | 33.33 | - | - | 100.00 | 3 |
| Result | | | 35.00 | 37.00 | 18.00 | 8.00 | 2.00 | 100.00 | 100 |

Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

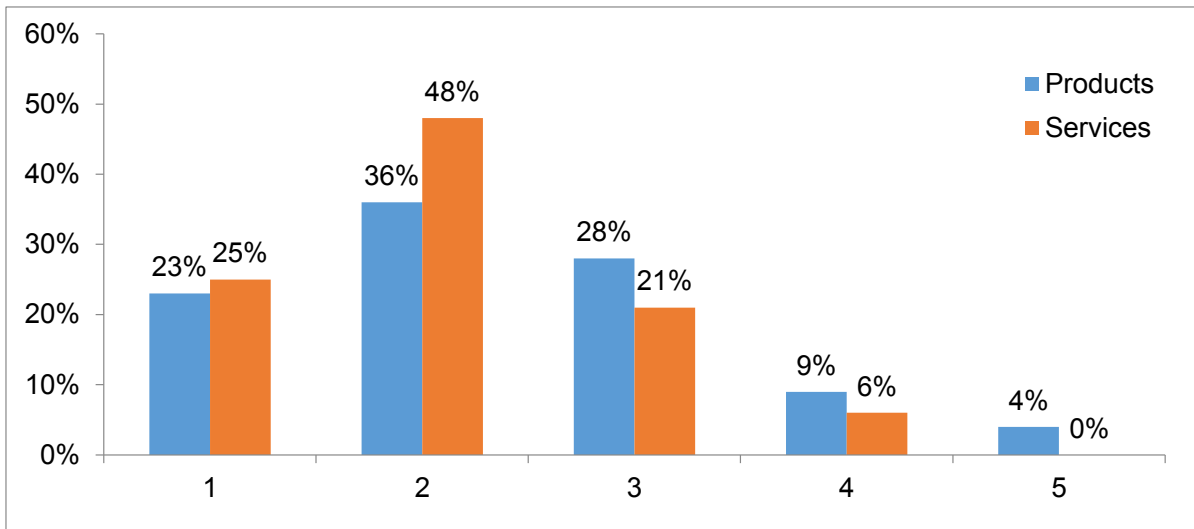
We distributed the number of responses into every age group with percentage (Table 4.3). Then we wanted to see whether there is any relevance between these two indicators of having a recycling programme and producing a public environmental report. 82 per cent of the participants consider that Mongolian companies do not have a recycling programme and 78 per cent from each gender group gave also same answer. According to the result, 24 people who

gave the answer “strongly disagree=1” for the question of having a recycling programme also gave same answer to the question of producing a public environmental report and it was 50 per cent of the total participants. 2.08 per cent from who gave “strongly disagree=1” responses for the question of having a recycling programme gave an opposite answer i.e., they strongly agreed that Mongolian companies produce a public environmental report. We find and ana-

lyzed the other data and concurrences in this way. Basing on our research result we can look that there is direct, positive relationship between

with having a recycling programme and producing a public environmental and/or sustainability report with result of 50-61,76 per cent.

Figure 4.1: Environmentally friendly products and services

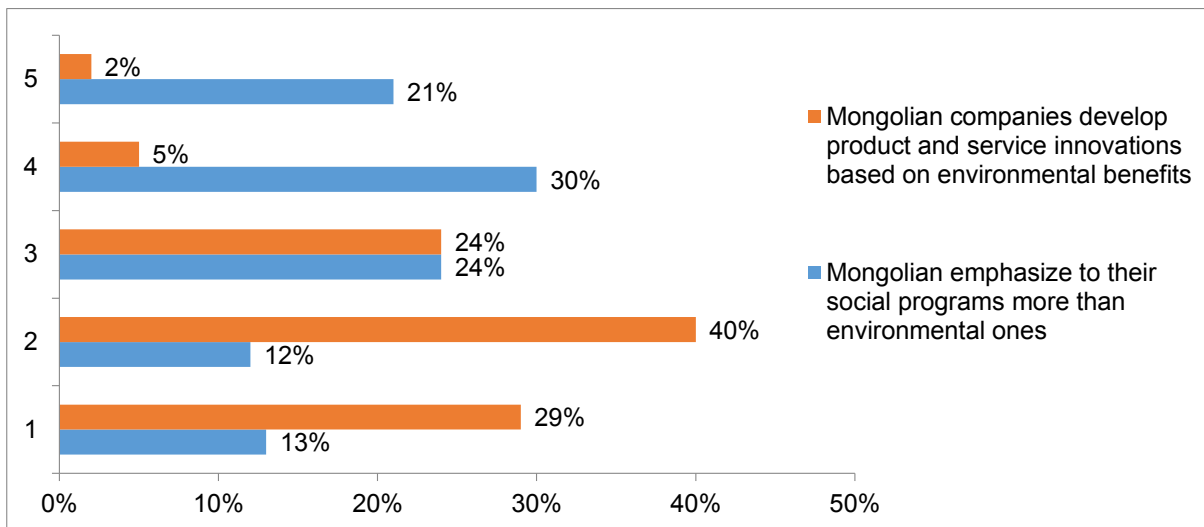


Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

The 59 per cent of the participants did not agree that Mongolian companies produce environmentally friendly products and 28 per cent did not have any knowledge and information

about it. 73 per cent of the participants considered that Mongolian companies do not produce environmentally friendly services.

Figure 4.2: Product and service innovations and Environmental programs



Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

According to the survey, around 21 per cent of the participants strongly agreed that the Mongolian companies emphasize to their social programs more than environmental ones. But almost 70 per cent of the participants did not

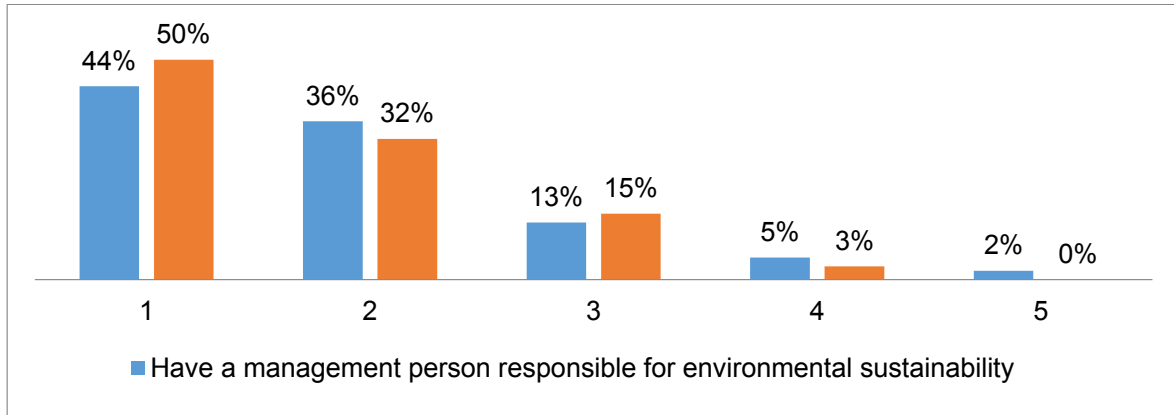
agree that Mongolian companies develop product and service innovations based on environmental benefits. In total, 24 per cent of the participants from both sides did know about the situation.

4.3 Environmental control and organizing specifics

What do global companies disclose about their leadership activities? Are they engaging in activities to promote environmental concerns?

We also tried to know at least is there any management responsible person for environmental sustainability and the presence of environmental audits of Mongolia.

Figure 4.3: Management person responsible for environmental sustainability vs. Environmental audits

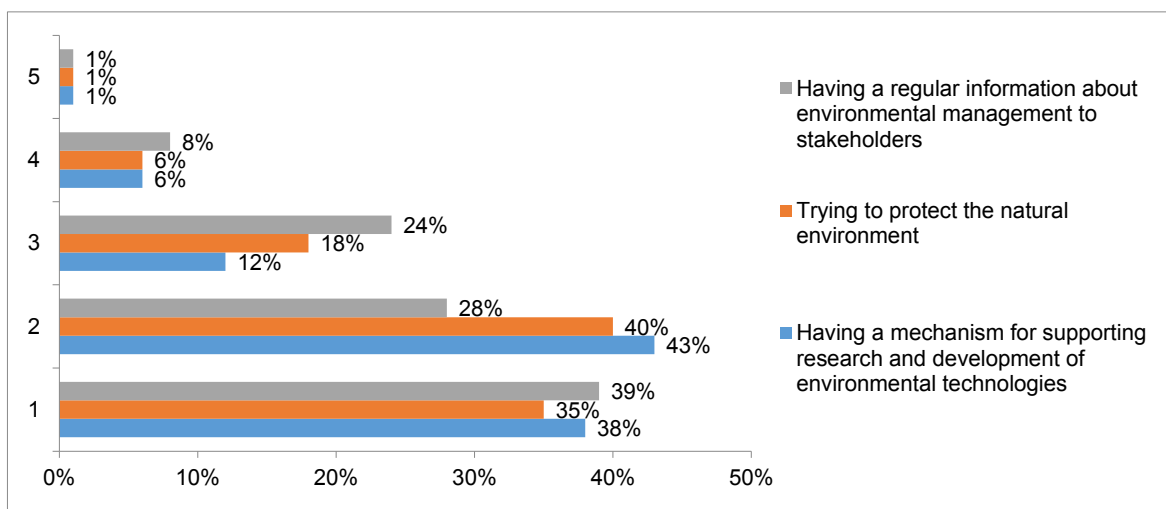


Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

According to the research result, 80 per cent of the participants consider that Mongolian companies do not have a management person responsible for environmental sustainability and only 2 per cent of the participants gave a strong opposite answer. We investigated corporate disclosures on environmental audits. Almost 82 per cent of the participants counted

that Mongolian companies do not have an environmental audits and no one gave a strong opposite answer. As given in figure 3, we can see that the parameter of a management person who responsible for environmental sustainability is direct relationship with the status of environmental audits.

Figure 4.4: Mongolian companies some environmental practices, their comparison



Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

Looking through the figure 4, we can see that high percentage of responses on “disagree” point for each parameter. In other words, 67per cent of total participants agreed that Mongolian companies do not have a regular information about environmental management to stakeholders, 75 per cent of total participants

agreed that Mongolian companies are not trying to protect the natural environment and 82 per cent of total participants agreed that the Mongolian companies do not have mechanism for supporting research and development of environmental technologies.

Table 4.4: Mongolian companies make attention for environment saving by chosen parameters, percentage

| Chosen parameters | | | A | | | | | Б | | |
|-------------------------------------|---------------|--------------|-----|-----------|-----------|----------|------------|--------------|--------------|--------------|
| | | | Age | | | | Total | Gender | | Total |
| | | | -18 | 19-24 | 25-34 | 35-44 | | Male | Female | |
| energy saving | Pay attention | 1 | - | 35.48 | 51.61 | 12.90 | 100.0 | 15.00 | 16.00 | 31.0 |
| | | 2 | - | 45.83 | 50.00 | 4.17 | 100.0 | 10.00 | 14.00 | 24.0 |
| | | 3 | - | 37.14 | 57.14 | 5.71 | 100.0 | 15.00 | 20.00 | 35.0 |
| | | 4 | - | 28.57 | 71.43 | - | 100.0 | 2.00 | 5.00 | 7.0 |
| | | 5 | - | 33.33 | 66.67 | - | 100.0 | 2.00 | 1.00 | 3.0 |
| | | Total | | | | | | 44.00 | 56.00 | 100.0 |
| water saving | Pay attention | 1 | - | 40.00 | 60.00 | - | 100.0 | 17.00 | 18.00 | 35.0 |
| | | 2 | - | 41.18 | 50.00 | 8.82 | 100.0 | 11.00 | 23.00 | 34.0 |
| | | 3 | - | 26.09 | 65.22 | 8.70 | 100.0 | 10.00 | 13.00 | 23.0 |
| | | 4 | - | - | 80.00 | 20.00 | 100.0 | 3.00 | 2.00 | 5.0 |
| | | 5 | - | 66.67 | - | 33.33 | 100.0 | 1.00 | 2.00 | 3.0 |
| | | Total | | | | | | 42.00 | 58.00 | 100.0 |
| carbon reducing | Pay attention | 1 | - | 38.46 | 56.41 | 5.13 | 100.0 | 20.00 | 19.00 | 39.0 |
| | | 2 | - | 44.00 | 52.00 | 4.00 | 100.0 | 6.00 | 19.00 | 25.0 |
| | | 3 | - | 29.17 | 62.50 | 8.33 | 100.0 | 8.00 | 16.00 | 24.0 |
| | | 4 | - | 44.44 | 44.44 | 11.11 | 100.0 | 7.00 | 2.00 | 9.0 |
| | | 5 | - | 33.33 | 33.33 | 33.33 | 100.0 | 1.00 | 2.00 | 3.0 |
| | | Total | | | | | | 42 | 58 | |
| Total number of participants | | | - | 38 | 55 | 7 | 100 | 42 | 58 | 100 |

Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

We distributed the number of responses into every age group with percentage (Table 4.4). Then we wanted to see whether there is any relevance between these three indicators of energy saving, water saving and carbon reducing. The result indicates that 55 per cent of the total participants were between 25-35 age group and 28 per cent of them considered that Mongolian companies do not pay attention for energy saving, 38 per cent for water saving and 35 per cent for carbon reducing accordingly.

In total, 25-28 percent of the male participants disagreed that Mongolian companies pay attention for their energy saving, water saving and carbon reducing and 30-41 per cent of the female participants gave same answer and according to this result, the male participants have more positive opinion comparing to the female participants.

The result shows that Mongolian companies' commitment should push the nation or

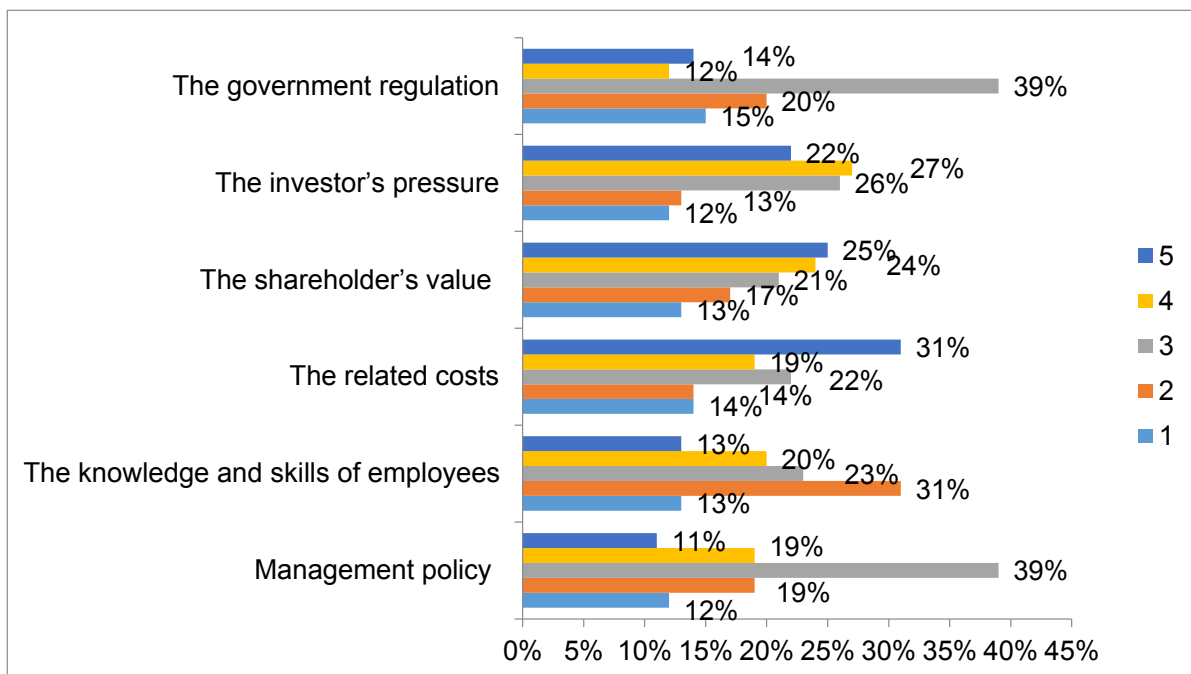
enterprises to adopt ambitious measures to save energy, reduce carbon emissions, and develop a circular economy. The significant point here is that all these popular environmental practices are more or less related to cost reduction or market ability of the organizations' products or services.

4.4 Barriers to the implementation of environmental activities

What motivates the Mongolian companies accommodating environmental CSR practices? Figure 4.5 shows the survey results for the barriers and drivers to adopting CSR environmental related activities. An

exceptionally high percentage, 40 per cent, indicates that participants did not have sufficient knowledge about the barriers of management policy and the government regulation to the implementation of environmental related activities to Mongolian companies. Looking through the result, we can see that around 25 per cent of the total participants strongly agreed that the shareholder's value and the investor's pressure is the concrete barrier to the implementation of environmental related activities to Mongolian companies. 25 per cent of the participants agreed that the knowledge and skills of employees is main barrier for the implementation of environmental related activities.

Figure 4.5: Barriers to the implementation of environmental activities



Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

4.5 Stakeholders involvement and future trends

This paper investigates the environmental activities and responsibilities of Mongolian companies. Around 70 per cent of the survey participants agreed that the environmental management will become more important to Mongolian companies in the next five years and 81 per cent of the participants preferred to work in those companies with good CSR. From the survey result we see that there is a

direct relationship with these two indicators and most of the participants hope that environment related issued will be decided in a good way in the future (Table 4.5).

Environmental disclosure is a set of information items that relates to a firm's past, current, and future environmental management activities and performance. For developing nations such as Mongolia, environmental protection is important but economic growth is their primary goal.

Table 4.5: Environmental management in the next five years and preference of job place

| Chosen parameters | | Environmental management will become more important to Mongolian companies in the next five years | | | | | Total | Total number of participants |
|---|--------|---|-------|-------|-------|-------|-------|------------------------------|
| | | 1 | 2 | 3 | 4 | 5 | | |
| Age | -18 | - | - | - | - | - | - | - |
| | 19-24 | 2.63 | 7.89 | 13.16 | 23.68 | 52.63 | 100.0 | 38 |
| | 25-34 | 1.82 | 10.91 | 21.82 | 30.91 | 34.55 | 100.0 | 55 |
| | 35-44 | 28.57 | 14.29 | - | - | 57.14 | 100.0 | 7 |
| Gender | Male | 4.76 | 11.90 | 11.90 | 26.19 | 45.24 | 100.0 | 42 |
| | Female | 3.45 | 8.62 | 20.69 | 25.86 | 41.38 | 100.0 | 58 |
| The participants preferred to work in those companies with good CSR | 1 | - | - | 33.33 | 33.33 | 33.33 | 100.0 | 3 |
| | 2 | - | - | 50.00 | 16.67 | 33.33 | 100.0 | 6 |
| | 3 | 10.00 | 40.00 | 30.00 | 10.00 | 10.00 | 100.0 | 10 |
| | 4 | - | 10.71 | 10.71 | 46.43 | 32.14 | 100.0 | 28 |
| | 5 | 5.66 | 5.66 | 13.21 | 18.87 | 56.60 | 100.0 | 53 |
| Total | | 4.00 | 10.00 | 17.00 | 26.00 | 43.00 | 100.0 | 100 |

Note: 1 = Strongly disagree, 2=Disagree, 3 = Do not know, 4= Agree 5 = Strongly agree

5. Discussion and Conclusion

This paper examines disclosure of CSR in terms of environmental activities among Mongolian companies. Our research found several interesting facts and patterns regarding the disclosures of environmental practices of the Mongolian companies. First, the majority of the Mongolian companies today do not consider environment as an important strategic planning consideration as evidenced by the fact that almost 74 per cent of the survey participants disagreed that Mongolian companies have an environmental policies and 73 per cent of the participants considered that Mongolian companies do not produce environmentally friendly services. In nature, there is a large difference in matching government policies and regulations between Mongolian companies. Mongolia is a nation with growing number of mining companies and with high air pollution. Any of its mining activities quickly becomes a focus of international attention. The behavior of mining companies causes more environmental impact and thus attracts greater attention from the government and environmental protection groups. Second, our analysis of the corporate environmental planning approaches suggests

areas of serious improvement. Our results show that 83per cent of the survey participants disagreed that Mongolian companies have an environmental plan and the 76 per cent of the participants provided that Mongolian companies do nothave any environmental emergency plans. This needs to change. Mongolian companies need to consider environmental planning not only as a top priority, but also use specific targets and objectives to guide their environmental planning efforts. Third, Mongolian companies should manage their environmental performance, they need to include their different stakeholders in their company’s CSR related issues. According to the research result, 80 per cent of the participants consider that Mongolian companies do not have a management person responsible for environmental sustainability and almost 82 per cent of the participants counted that Mongolian companies do not have an environmental audits. As our results show that 49 per cent of the total participants strongly agreed that the shareholder’s value is the concrete barrier to the implementation of environmental related activities to Mongolian companies. Fourth, Mongolian companies should encourage seeing that using external and internal audits to establish thecredibility of

their commitment to environmental management practices. The fact, almost 82 per cent of the participants counted that Mongolian companies do not have an environmental audits and no one gave a strong opposite answer. Mongolian companies that used external audits, many of them did not provide details of their audits. This implies that corporate efforts to ensure the reliability of their environmental reporting have a long way to go.

The overall results of the environmental practices are disappointing and the results imply that Mongolian companies have still not considerably engaged in practices related to the environment. Exploring the reasons for this phenomenon, first, the Mongolian government did not have any CSR reports and serious discussion still now. That means that CSR in Mongolia has not developed yet. Most of the Mongolian companies did not engage in CSR activities and not required to report. Second, most of the companies have been involved in CSR activities, but did not know how to disclose and communicate them. However, the empirical findings of this paper are helpful for stakeholders and academics, because (1) this study can help stakeholders to clarify current condition for the content of CSR information in terms of environmental activities disclosed in Mongolia; and (2) these findings offer a CSR insight for Mongolian companies, which can also provide some evidence about whether Mongolian companies have adopted adequate methods to cope with global changing. In fact, CSR disclosures serve as one of the best communication channels between a company and its stakeholders. From another perspective, CSR is a brand new concept for Mongolian companies or the whole Mongolian society. Hence, the Mongolian companies should endeavor to improve their CSR. Perhaps, CSR can become a strategy to create business value.

We are not providing any “judgments” on corporate environmental performance. Are companies really doing everything they are reporting? Or are environmental reports a just part of the corporate agenda? We cannot answer these questions with absolute certainty; however, we conclude that Mongolian companies are not trying to make real progress for greater business sustainability. This conclusion is primarily based on our impression

of really bad survey result in corporate environmental practices. However, the only way to really answer the question is through independent audits of corporate environmental performance.

Limitation

Academic publications on CSR are centered on the developed world, and very little is known about CSR practices in developing countries. The major limitation of the study is that there is a dearth of research in CSR in the developing world is still in its primary stage. As a result, we were unable to conduct more in-depth analysis of the tendency in CSR development among Mongolian companies. Future researchers can address this issue to obtain more abundant findings in the CSR research area.

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