

Disclosure policies and Corporate Social Responsibility

Posted on May 4, 2018

Executive Summary

With the advent of social accounting and more transparency being inculcated into business practices, it has become imperative for organizations to ensure that they are more robust in terms of information disclosure. This means that they have to be efficient not only when setting goals but also to ensure better long-term strategic alignment of the organization.

Introduction

When one talks about business in the global space, the key thing that can be observed at the moment is the fact that how the companies that are operating these days have to make sure that they observe corporate social responsibility (Wanderley et al. 2014, p.369). The idea is to ensure that businesses work towards creating a lasting impression (Darus et al. 2015, p.123). A lasting impression is needed on the consumer and the relevant stakeholders (Darus et al. 2015, p.123). Recent research regarding corporate social responsibility has pointed out the fact that how companies need to be more socially aware when it comes to making sure that they are taking enough initiatives (Darus et al. 2015, p.123). One of the key aspects of CSR is ensuring that the company's disclosure policies are satisfactory (ZHOU et al. 2013, p.022). In this paper, some of the best practices are going to be looked at in terms of disclosure (Darus et al. 2015, p.123).

Setting the Measurable Goals

One of the key goals for the business has always been to ensure they are setting measurable goals (Darus et al. 2015, p.123). The goals are especially important if one talks about the fact that how they can be materialized in the long run (Darus et al. 2015, p.123). Thus, smaller changes are needed at the business level to ensure that the CSR policy can be measured (Waller and Lanis, 2015, p.109). There are simple steps such as ensuring that waste management is being looked after in the right manner and supporting the sustainability policies, which go a long way toward ensuring that the disclosure strategy is chalked correctly (Darus et al. 2015, p.123).

Increasing the Stakeholder Engagement

Companies sometimes make big mistakes, such as not developing enough stakeholder consensus. Instead, they try to make all the decisions on their own (Darus et al. 2015, p.123). When that happens, those green and social initiatives are not going to work. A big part of the disclosure started to make sure that the stakeholders are aware of all the decision-making possibilities that are carried out by the business (Darus et al. 2015, p.123). The key aspect is to make sure that the value, mission, and long-term orientation of the whole thing are needed to be kept in mind (Darus et al. 2015, p.123).

Corporate Social Responsibility and the Social Accounting

Recently, a pheromone has been introduced, which is about ensuring that social context and consideration are part of the accounting process. It goes a long way in ensuring better decision-making (Darus et al. 2015, p.123). Social accounting talks about the fact that some of the methods and the rationales used during the accounting process are related to the broader themes witnessed in society (Darus et al. 2015, p.123).

Discretionary Policies

The researchers and the practitioners have given considerable time to how the company's policies are being formulated (Rodríguez and LeMaster, 2017, p.370). Disclosure is one of the key aspects of how corporations can ensure that they are looking after corporate social responsibility. Most of the time, the key thing that is seen is that the firms increase demand for debt and have equity issues (Darus et al. 2015, p.123). When that happens, their overall cost of capital goes down. So, if the organizations carry out informative disclosures correctly, they would go a long way in making sure that sound and rational decision-making is carried out by the organization (Darus et al. 2015, p.123).

The incentive for the Companies and Disclosure

Companies usually have a decent incentive when engaging in stakeholder management (Darus et al. 2015, p.123). The way they can do that is by making sure that they are taking socially responsible actions as well as providing extensive disclosures during each of the practice sessions (Darus et al. 2015, p.123). As a matter of fact, socially responsible firms are more likely to be measured in their expression of [corporate social responsibility](#) if they are sound in their judgment related to corporate governance (Darus et al. 2015, p.123).

Provision Of Information By The Companies

At the moment, organizations are moving forward and spending a great deal of effort to ensure that CSR and disclosures are carried out appropriately (Dhaliwal et al. 2015, p.759). The idea is to ensure that the provision of the information is carried out in a manner that gives a fair perspective on how environmental and social performance is managed in the long run. From the perspective of economic policymaking, disclosing the information goes a long way in ensuring that the potential political costs can be avoided for the given time period. As per the political cost theory, the shareholder structure and the stakeholder management is positively related to the level of disclosure (Dhaliwal et al. 2015, p.45). Another very important aspect of corporate disclosure is the size and industry of the organizations involved in the due process (Hughey and Sulkowski, 2013, p.24). If it is an industry where corporate disclosure is a norm, then most of the time it means that the costs associated with the profit-making ability will be on the higher side (Gray et al. 2015, p.47). On the other hand, there are industries where the extent of corporate disclosure is on the lower side. In some ways, corporate governance and trends are set up by market forces (Fernandez et al, 2012, p.1).

Conclusion and Recommendation

One of the key things that one gets to see related to corporate disclosure is to make sure that the organizations are robust and quick to realize what are some of the things that need to be done by them to make sure that the whole thing is managed in the right manner (Garcia et al. 2016, p.15). Corporate governance and corporate social responsibility go a long way though. The level of transparency that one gets to see across the organizations and how it is related to corporate governance goes a long way in determining the course of action taken by the business at every level (Fuente et al. 2017, p.750).

References

- Darus, F., Arshad, R., Othman, S. and Jusoff, K., 2015. Influence of institutional pressure and ownership structure on corporate social responsibility disclosure. *Interdisciplinary Journal of contemporary research in business*, 1(5), pp.123-150.
- Dhaliwal, D.S., Li, O.Z., Tsang, A. and Yang, Y.G., 2015. Voluntary nonfinancial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting. *The accounting review*, 86(1), pp.59-100.
- Dhaliwal, D.S., Radhakrishnan, S., Tsang, A. and Yang, Y.G., 2012. Nonfinancial disclosure and analyst forecast accuracy: International evidence on corporate social responsibility disclosure. *The Accounting Review*, 87(3), pp.723-759.

Fernandez-Feijoo, B., Romero, S. and Ruiz, S., 2012. Does board gender composition affect corporate social responsibility reporting? 1. *International Journal of Business and Social Science*, 3(1).

Fuente, J.A., García-Sánchez, I.M. and Lozano, M.B., 2017. The role of the board of directors in the adoption of GRI guidelines for the disclosure of CSR information. *Journal of Cleaner Production*, 141, pp.737-750.

Garcia-Sanchez, I.M., Cuadrado-Ballesteros, B. and Frias-Aceituno, J.V., 2016. Impact of the institutional macro context on the voluntary disclosure of CSR information. *Long Range Planning*, 49(1), pp.15-35.

Gray, R., Kouhy, R. and Lavers, S., 2015. Corporate social and environmental reporting: a review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal*, 8(2), pp.47-77.

Hughey, C.J. and Sulkowski, A.J., 2013. More disclosure= better CSR reputation? An examination of CSR reputation leaders and laggards in the global oil & gas industry. *Journal of Academy of Business and Economics*, 12(2), pp.24-34.

Rodríguez, L.C. and LeMaster, J., 2017. Voluntary corporate social responsibility disclosure: SEC “CSR Seal of Approval”. *Business & Society*, 46(3), pp.370-384.

Waller, D.S. and Lanis, R., 2015. Corporate social responsibility (CSR) disclosure of advertising agencies: an exploratory analysis of six holding companies’ annual reports. *Journal of Advertising*, 38(1), pp.109-122.

Wanderley, L.S.O., Lucian, R., Farache, F. and de Sousa Filho, J.M., 2014. CSR information disclosure on the web: a context-based approach analysing the influence of country of origin and industry sector. *Journal of business ethics*, 82(2), pp.369-378.

ZHOU, Z.C., WANG, X. and WEI, J.Y., 2013. Disclosure of CSR Information in China: Current Situation and Suggestions [J]. *Soft Science*, 4, p.022.