The Impact of Corporate Social Responsibility Information Disclosure on the Accuracy of Analysts' Earnings Forecasts

Authors : Xin-Hua Zhao

Abstract : In recent years, the growth rate of social responsibility reports disclosed by Chinese corporations has grown rapidly. The economic effects of the growing corporate social responsibility reports have become a hot topic. The article takes the chemical listed engineering corporations that disclose social responsibility reports in China as a sample, and based on the information asymmetry theory, examines the economic effect generated by corporate social responsibility disclosure with the method of ordinary least squares. The research is conducted from the perspective of analysts' earnings forecasts and studies the impact of corporate social responsibility information disclosure on improving the accuracy of analysts' earnings forecasts. The results show that there is a statistically significant negative correlation between corporate social responsibility disclosure index and analysts' earnings forecast error. The conclusions confirm that enterprises can reduce the asymmetry of social and environmental information by disclosing social responsibility reports, and thus improve the accuracy of analysts' earnings forecasts. It can promote the effective allocation of resources in the market.