

The Impact of Regulation on Corporate Social Responsibility Reporting Quality: UK Evidence

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Abstract : This paper examines how the influence of mandating corporate social responsibility reporting (CSR) on subsequent financial performance through accounting-based measures and market-based measures. We provide evidence about the negative impact of reporting CSR voluntarily on the firm's future performance due to the increased spending on and costs related to such activities. On the contrary, mandating CSR reporting enhances firms' future performance by signalling to the market about the firm's positive stance towards sustainability issues in the UK. Our findings are of interest to regulation setters and stakeholders with respect to mandatory CSR reporting and provide further insight and feedback into accounting and reporting practices.

Keywords : accounting-based performance, mandatory CSR, mandatory regulation, market-based performance

Conference Title : ICAFM 2020 : International Conference on Accounting and Financial Management

Conference Location : Bali, Indonesia

Conference Dates : January 13-14, 2020