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Impact of Corporate Social Responsibility Disclosure and Accounting Performance on Sustainable Business

Rahmawati Rahmawati*, Salju Salju

University of Muhammadiyah Palopo
 Sulawesi, Indonesia

*rahmawati345@yahoo.co.id, salju@ump.ac.id

Dileep Kumar Mohanachandran

Africa Business School
 Morocco

prof.mdk@gmail.com

Abstract—Corporate social responsibility disclosure is part of the service of accounting performance linked to social, economic, environmental dimensions of company program which can play a keen role in developing stakeholders (Society, government, stockholders) trust as well as image of the company. Nevertheless, such perspectives are debatable since there is less agreement on the very purpose of corporate social responsibility of companies. The purpose of this research is to examine relationship between corporate social responsibility disclosures to reduce the disparities in the company performance. Following an interpretive research philosophy, the study used descriptive study design of qualitative research methodology. Design followed 10 years data from a mining company on corporate social responsibility disclosure and did the content analysis from secondary literature. The results of the qualitative study show that the accountability is closely knit with company responsibility which intern influence society, business image and economic development. Research extends practical, policy, theoretical implication of stakeholders and accountability of corporate social responsibility disclosure.

Keywords: *accounting, accountability, stakeholders, responsibility, disclosure, conflict, society*

I. INTRODUCTION

1 Corporate social responsibility (hereinafter CSR) had been mainly nurtured on the spin-offs of corporate activity and business management scholarship [1]. Corporations resist and contain challenges to their hegemony and more broadly in terms of the expansive and transformative capacities of capitalism. CSR is an evolving world-cultural model, develop and diffused by international governmental and local community issues.

Several companies are increasingly disclosing social and environmental information, which is widely known as Corporate Social Responsibility (CSR) information. The financial performance of corporate entity envisages the importance of corporate social responsibility. Firms can turn out to be socially responsible by following the decree, as well as by combining social, environmental, ethical, consumer, and human rights concerns into their business strategies and operations. Previous studies show that how firms can obtain benefits from CSR practice and even by doing social business. The purpose of the investment is purely to attain one or more social objectives through the operation of the company [2,3].

However, such disclosure company activities were highly regulated, since it is exposed to society on a voluntary basis. The companies are engaged into CSR disclosure with varied reasons either to meet with the expectations of the community where the industry stays as well as make use of the resources of that area, capital, or customer support of the area, and it also act as a firms strategy to inform the society about the financial prospects and risk profiles, possibly leading to better share prices and better firm values.

Cases examining the effect of corporate social and environmental behavior suggests that decrease of dispute between corporations and society is indeed a major contribution of positive CSR programs [4]. However, the political shift toward an economic liberalism in many developed market economies, emphasizing the importance of the marketplace rather than government intervention in the society including local culture program and development [5,6] compared to other business functions.

II. LITERATURE REVIEW

A. Corporate Social Responsibility Disclosure (CSR D)

Corporate Social Responsibility (CSR) refers to a company's voluntary contribution to sustainable development which goes beyond legal requirements. Past years, there is an increase in CSR (media) campaigns and corresponding disclosure of CSR activities. Large companies specifically spend a great deal of effort and money on disclosing CSR information which are knit with social and environmental performance [7-9].

B. Social Business Impact and CSR D

Companies are gradually more focusing up their interest on social responsibility, whether its related to women's empowerment, safeguarding the natural environment, or trying to eliminate poverty. Corporate social responsibility refers to the active behavior of a company, by which it can create new solutions to meet the needs of society, either on its own or in cooperation with other social stakeholders. In the short term, CSR activities if the firm influence the corporate social performance, while in the long-term on financial performance [6,10-13] showing a positive impact. The business impact should facilitate change in the community, as well as sustainable development.

Tuwaijri et al. mention that voluntary disclosure scores are higher for businesses with better environmental performance [14]. Generate more profits can afford to engage more actively in CSR [15]. Other authors (59,60) assert that listed businesses with stronger performance disclose more information than other companies do and engage in more social sustainability activities. These firms then disclose information about these initiatives to reduce the risks associated with corporate activities that have negative social and environmental impacts.

III. METHOD

There are several methods employed by the qualitative researchers like from case studies [16] and interviews, to surveys using questionnaires [17], longitudinal studies [18], experiments [19,20]. Still, it shows that “the research method that is most frequently used to evaluate firms social and environmental disclosures is content analysis” [21]. Research collected and analyzed 10 years data from a mining company on corporate social responsibility disclosure and did the content analysis from secondary literature.

Survey study mining firm, the author found that internal institutional factors, including ethical corporate culture and top management behavior, and external institutional factors, including globalization pressure, local wisdom perspective, and normative social pressure, will affect the conflict, implicit ethical corporate culture plays a key role in predicting different aspects of corporate social responsibility (CSR) [22-25] are related to CSR.

Environmental accounting research has emerged as an important and identifiable strand of accounting research. This field of research sought to identify the role of accounting in

sustainable development and the use of environmental resources.

IV. RESULTS AND DISCUSSION

A. Results

By way of mapping the drivers of global environmental decline, the research highlighted the problems associated with developing effective management responses under CSR [26-31].

Nvivo12 clustered accounting performance and accountability area which can improve trust to society, business image and developing global economics.

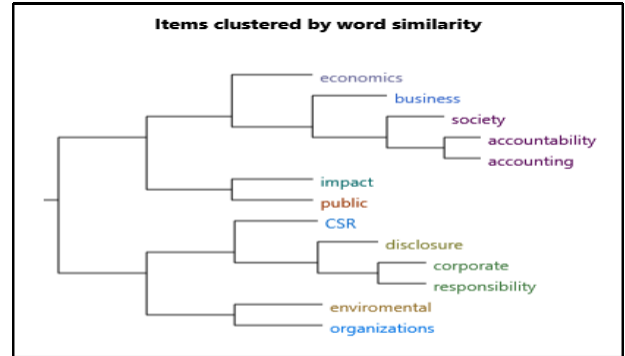


Fig. 1. Cluster relationship (NVIVO12) analyze.

Impact of business and CSR programs are related to public trust and disclosure, which are further closely knit with corporate responsibility [3,32-35]. Environnement aspects dépend on organisations stratégies.

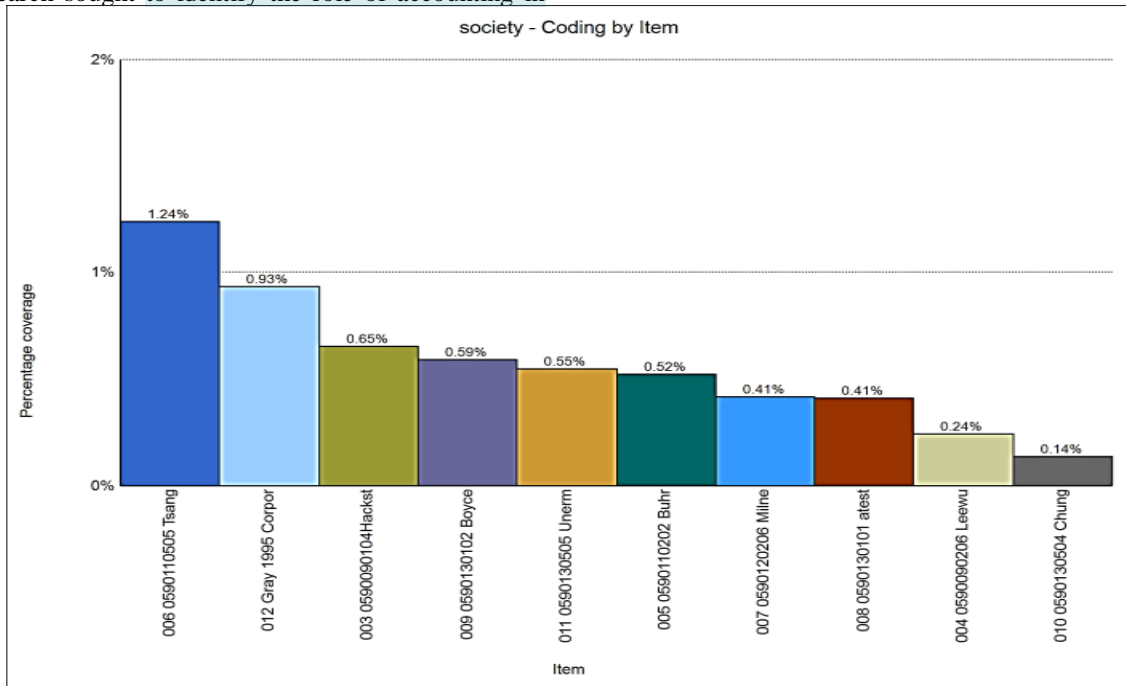


Fig. 2. NVIVO12 Society conflict and CSR.

Percentage academic literature review whom found conflict in society related to CSR issue: Tsang 1, 24%, Corpora 0.93%, Hackst 0,65%, Boyce 0,59%, Unerman 0,55%, Buhrn 0,52%, Milne 0,41%, and attest, Leewu 0,24%, Chung 0,14%. When comparing the current result with several past researches, which are linked to business and society [36], international business and political behavior, clearly indicates that there is a room for integration of business-conflict linkages in relation to CSR; [21,37]. We consolidate these three streams into a matrix, which reunites relevant dimensions of CSR, which can serve as a typology of intervention strategies of business firms in disagreement zones. Such disagreement among the parties and stakeholders, hence is linked to society and management, behavioral and disclosure for local wisdom in CSR implementation [38-40].

B. Discussion

The all data above illustrates that there is a link between previous research and the events and conflicts that occur mutually affected between organizational processes and the environment due to lack of disclosure or high or low accounting performance. This is because CSR is a concept well connected from business processes to economy, environment and society.

It is observed in this context that a good accounting practice where the CSR activities are disclosed objectively can develop better social accounting. Effective organization and management responsibility is the major factor which will be benefiting to all stakeholders of CSR. Profit should not be the prior concern when industries make use people and resources. There should be a balance between people, planet and profit in conducting business. A good business was looking not only for profit, but also provide ample attention to the environment and the people around it. The sustainability of the organization and its business depends on the surrounding environment [41].

Businesses should take into consideration the community and environmental impacts. The business strategy of the corporate should be aligned with the impact on the environment. A negative business impact can develop a negative perception, which intern can develop issues linked to business performance, since the stakeholder's perception is against running a business without taking care of the environmental and social sustainability, which is the best relation we can observe between social accounting and business responsibility. While some companies are carrying out special activities taking care of all interest of the community and environment, some are not at all following.

The community expectation is an important factor in the consideration of corporate CSR activities because the community and its environment are directly affected by the company's activities. Any environmental damages created by the business may lead the community to face issues related to resources and their capabilities to sustain the environment. Conversely if a company performance which strictly adhere to CSR activities develop a good impact on the surrounding and its environment will provide greater sense of security to the people and they will extend better support to the business operation [6]. The disclosure CSR activities thus has its

greater relationship with the community perception towards the business and its sustainability.

A business will reach to greater extend only when it develops a positive impact to the community, the resources as well as on all stakeholders. Survival of the company will be difficult when business play its role just to exploit the resources. Society and local community do play vital role in company activity.

The observations thus clearly indicate that a better CSR disclosure will develop better relationship between government, business and the community. Extending clear evidences through this study it is envisaged that a better trust between the stakeholders may build up with CSR disclosure, as a means of conveying the company's role and compliance with its obligations as a service to the public and its business [42]. Corporate social disclosure can enhance the reputation of the company by obtaining the community trust, where satisfy with companies balanced approach towards people, planet and profit.

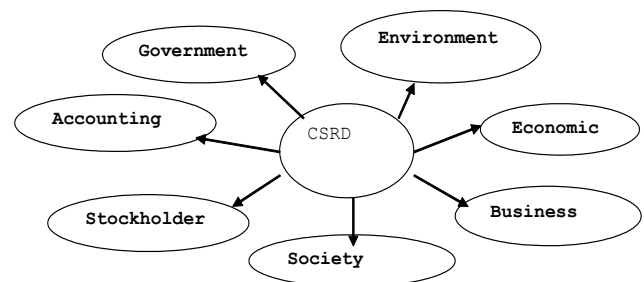


Fig. 3. Relationship CSR D and stakeholders.

Though several aspects were identified in this research, the disclosure of corporate social responsibility includes social disclosure, corporate social reporting, social accounting, communicating the social and environmental impacts and organization's economic activities to specific groups of interest to the community. This widens the accountability of the firms and can improve the legitimacy of the company, beyond its conventional role of extending financial reports to owners of capital, particularly shareholders. This expansion is made with the assumption that the company has broader responsibilities than just seeking profit for shareholders, while CSR D also reflects its responsibility to the environment, society, government, shareholders and commitment to the sustainability of the business itself [43].

A committed effort on the part of the companies in revealing the social and environmental responsibility information benefits the company. There are lot of benefits associated with the disclosure of CSR activities like financial performance of the firm will be sturdier and integrity in business processes; augmented accountability and constructive gratefulness from the community of investors, creditors, suppliers, and consumers; reduced susceptibility to social disturbance and community confrontation since the community feel that the business operations are not with the mindset of exploitation and the company takes care of people and planet in a balanced way. Such observations related to CSR have its impact on enhancing the reputation, corporate

branding, goodwill (intangible assets) and company value in the long run

C. Practical Implications

The current study provides the management program to clearer understanding for corporate social responsibility disclosure factor for enhancing image and trust, reduce conflict with society and how to manage business, economic and environmental issue.

D. Social Implication

Environmental and social impact such as conflict between indigenous people and company management will be at ease if corporate social responsibility disclosure will accommodate all factors and specially disclosure for indigenous program

V. CONCLUSION

The objective of this study is to observe the relationship between CSR and accounting on sustainable development. Firms should extend better information to the community disclosing the CSR activities to get better appreciation from the society. CSR programs will increase company value, image and public trust. It is further envisaged that an increase in CSR expenditure may be consistent with firm value maximization if it is a response to changes in stakeholders.

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