6 Corporate Social Reporting in Developed and Developing Countries: A Literature Review

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Abstract

Corporate social reporting has become a major focus for businesses in recent years, with governments introducing regulations to promote sustainable development. This study looks at Asian nations, including both developed and developing nations, to compare their social reporting disclosure policies. To identify future research possibilities and topics, it is necessary to have a thorough awareness of previous research in a certain subject. The current paper examines the numerous studies conducted over the last decade on corporate social reporting efforts, adaptation and implementation in corporations, as well as their societal importance. To reach the goal of this work, a wide range of research publications have been evaluated and thoroughly analysed at both the national and international levels. Articles were gathered from various journals, magazines, newspapers, and websites. The study aims to understand the increasing importance of sustainable practices among business communities and the need for responsible corporations to contribute to societal growth. In order to achieve sustainable development, the study focuses on the idea of sustainability reporting, which comprises measuring, reporting, and being accountable to internal and external stakeholders for organizational performance. This study also emphasizes how crucial social reporting is to managing change in the direction of a sustainable global economy that balances environmental preservation, social fairness, and long-term profitability. This study also highlights the 17 Sustainable Development Goals (SDGs) framework, which ensures that businesses can flourish using their resources while making a positive impact on environmental preservation and community development.

Keywords: Corporate Social Reporting, Developed and Developing Countries, Companies Act 2013, SDGs, Sustainable Reporting.

Introduction

Corporate social reporting is a growing issue among business communities, involving various social and environmental activities to give back to society. Governments are increasingly concerned with sustainable development, including economic growth, transparency, accountability, and building trust among constituents. Multinational corporations are implementing procedures to engage in various social and environmental activities to contribute to societal growth. Sustainability reporting, as per GRI guidelines, is a key platform for communicating performance information and managing change towards a sustainable global economy. The 17 Sustainable Development Goals (SDGs) framework ensures businesses can flourish using their resources, particularly intellectual and human capital, while also positively impacting environmental preservation and community development. Each country has issued social reporting rules, regulations, and standards, making companies accountable for society. Social responsibility in business is described as firms' ongoing commitment to contributing to economic progress while enhancing the quality of life for their employees, families, and society. In India, corporate social reporting is mandatory for companies listed under the Companies Act, 2013, protecting human rights and transparency for stakeholders.

Objectives

- To investigate and analyze previous studies on corporate social reporting in both developed and developing nations.
- To pronounce the relevant research gap for the further scope of the topic.

Review of literature

Chambers et al. (2003) found that Asian nations are only strongly achieving community involvement in socially responsible production processes and employee relations, with a mean score of 41%, compared to 98% for developed nations like the UK.

Ghazali (2007) study on ownership structure and CSR disclosure in Malaysian firm's annual reports revealed significant variation in social activity, raising questions about mandatory disclosure for corporate citizenship. The study also highlighted the influence of ownership structure on CSR disclosure, but not as an exhaustive assessment due to various media channels.

Cheung et al. (2010)study was carried out between 2001 and 2004, shows that Asian companies are conscious of the value of corporate social responsibility (CSR) and are progressively enhancing their performance in the modern day. This trend is expected to continue in the future. The study claimed that in Asia, there have been numerous investment funds that have explicit policies to invest only in firms with good CSR performance.

Vurro and Perrini (2011) developed a model linking CSR disclosure structure to corporate social performance. They found no evidence that increasing transparency improves stakeholder management. However, companies with a wider range of disclosure and uniform information dispersed better. As the global economy becomes integrated, pressures may lead to similar CSR implementation in both Western and emerging nations.

Gunawan and Hermawan (2012) used a content analysis method to scrutinize Corporate Social Disclosure practices in Southeast Asian countries. They found that human resources is the most commonly reported topic, while energy is the least frequently mentioned subject.

Ali and Rizwan (2013) found that when it comes to explaining CSED operations in developing nations, institutional theory is a more advanced theory than legitimacy and stakeholder theoryand that the more the institutional pressure, the faster the specific practice would be implemented by the organization.

Noranha et al. (2013) provided a summary of China's CSR reporting requirements and compared them with significant reporting trends. They found that CSR reporting in China is still in its early stages and needs additional empirical study. In China, there have been a lot of CSR activities recently. The number of CSR reports released by Chinese businesses has increased, and the government, businesses, and CSR researchers should work together to enhance CSR reporting in China.

Belal and Momin (2015) examined CSR disclosure in emerging economies. They found that CSR agendas in emerging economies are generally driven by external influences, such as demands from parent firms, the worldwide market, and international organizations.

Supriyono et al. (2015) explored how corporate governance influences corporate social disclosure in South East Asian companies. They found that CSD levels are unsatisfactory in all three nations, and that different CG practices influence CSD differently.

Jain, Kenely, and Thomson (2016) examined corporate social accountability reporting in six major banks in Japan, China, Australia, and India from 2005 to 2011. They discovered that in all four countries, bank CSR disclosure has improved over the previous seven years.

Ali, Frynas and Mahmood (2017) examined the existing research literature on CSR disclosure in both developed and developing nations. They find that firm factors such as size, industrial sector, profitability, and corporate governance procedures drive the CSR reporting agenda.

Garcia, Mendes-Da-Silva, and Orsato (2017) investigated whether a company's financial profile is associated with superior environmental, social, and governance (ESG) performance in sensitive industries, concentrating on enterprises from Brazil, Russia, India, China, and South Africa. They assumed that the financial profile had no bearing on ESG performance.

Ioannou and Serafeim (2017) found that mandatory sustainability reporting has a highly significant positive effect on corporate disclosure practices in South Africa and China, but not in Denmark and Malaysia.

Arena, Liong and Vourvachis (2018) investigated corporate social responsibility disclosure in Southeast Asian countries and concluded that "carrot" incentives have a favourable impact on CSR disclosure levels, while "stick" incentives are more important in environments with a lower-quality legal regime.

Bhatia and Tuli (2018) found that developing countries provide more information on sustainability practices than corporations in wealthy countries. The regulatory authorities would be more capable of enforcing the policy framework requiring thorough, fair, sufficient, and helpful sustainability disclosure.

Miras-Rodrguez, Martnez-Martnez and Escobar-Pérez (2018) investigated the influence of corporate governance structures on CSR reporting in BRICS nations. They discovered that institutional corporate governance mechanisms impact CSR reporting strategies, whereas group-level corporate governance procedures influence CSR disclosure approaches.

Laskar (2018) investigated the effect of corporate sustainability reporting on business performance in four Asian nations and found that Japanese corporations have the highest average degree of disclosure, followed by India, South Korea, and Indonesia. The proportional influence of sustainability reporting on business performance is greater in developed countries.

Mohamed Adnan, Hay, and Van Staden (2018) investigated the impact of country culture and firm governance on corporate social responsibility reporting. They discovered that corporate governance increases CSR reporting, whereas government ownership just affects the quality of CSR reporting.

P and Kb (2018) evaluated the factors that influence CSR disclosure for listed businesses in the BSE 500 index. The findings demonstrated that business age and financial leverage influence CSR, Sustainability and interpersonal disclosure score positively, but have a detrimental influence on governance rankings.

Alvarez& Martinez (2019) looked at how board composition affects corporate social responsibility (CSR) reporting in developing market economies and found that women's representation on boards of directors is very restricted in developing market economies, and female director and CEO duality is negatively connected with CSR reporting.

Ling (2019) found that managers' cultural values have a critical influence on Asian firms' CSR efforts. The Confucian tradition (long-term perspective) has a favorable influence on CSR for employee protection, and investing in employees may lead to competitive advantages.

Abdullah, Ahmad-Zaluki, and Rahim (2020) examined the factors affecting the disclosure of corporate social responsibility in both Asian and non-Asian countries. They found that CSRD in Asian countries was more influenced by external strength and stakeholders, such as global capital markets, creditors, the environment, foreign media, and ownership.

Bhatia and Makkar (2020) found that corporate social responsibility (CSR) disclosure scores in developed nations is higher than developing nations, and that governments in developing countries should make external assurance of CSR reports mandatory to improve the trustworthiness of CSR information, which is prone to subjectivity.

Bhatia and Makkar (2020) CSR disclosure procedures are more likely to be used by boards with a large percentage of independent directors, a strong CSR committee, and environmentally sensitive businesses. They also discovered that in both established and emerging economies, a number of macro and micro factors affect CSR disclosure.

Fahad and Rahman (2021) found that CSR disclosure is increased by board independence, CEO duality, sustainability committee, employee CSR training, independent directors board meetings, and women on the board, while it is decreased by board age, staff CSR training, and the participation of women on the board.

Zaho (2022) looked at how top corporations in Greater China communicate their CSR policies on their corporate websites. He discovered that the three locations varied significantly in how the CSR section is titled, how important CSR issues are seen, and how CSR strategies are used.

Aboud and Yang (2023) discovered that a company's capacity to fulfill its whole range of CSR obligations is enhanced by a larger ownership concentration, and that the size of a company's board of supervisors has a positive impact on CSR function.

Shanyu (2024) found that corporate social responsibility (CSR) has a favourable relationship with long-term company success in the BRICS countries. The government should create regulations and legislation that require all businesses and financial institutions to produce compliance reports.

Findings and Conclusion

The literature on corporate social reporting (CSR) reveals distinct patterns between developed and developing countries, shaped by varying socio-economic, regulatory, and cultural contexts. In developed countries, CSR is often driven by stringent regulations, stakeholder pressure, and a strong emphasis on sustainability and transparency. Usually, these countries have developed standards and frameworks, such as the Global Reporting Initiative (GRI), that guide and enhance the quality of CSR disclosures. The literature suggests that in these contexts, CSR reporting is increasingly integrated into corporate strategy, reflecting a holistic approach to social and environmental responsibilities.Despite these differences, there is a convergence towards greater transparency and accountability globally. International initiatives and the increasing influence of global supply chains are encouraging companies in both developed and developing countries to enhance their CSR practices. However, the literature also points to the need for more tailored approaches that consider the specific socio-economic contexts of developing countries to ensure that CSR reporting is both meaningful and effective.

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