



# A Study of the Impact of Accounting Conservatism on Corporate Social Responsibility Information Disclosure

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**Abstract.** By collating the data of CSR reports published by A-share listed companies in China from 2017 to 2020, this paper adopts a research method that combines literature research method and empirical research method with each other based on the perspective of corporate impression management, combines impression management theory, principal-agent theory, stakeholder theory and institutional theory for theoretical analysis, and proposes research hypotheses, and selects panel data for multiple regression empirical evidence. The impact of corporate conservatism on CSR disclosure is examined, and on this basis, the moderating effects of whether it is a heavily polluting industry and equity concentration on the relationship between accounting conservatism and CSR are explored. The empirical results show that: (1) Accounting conservatism of firms has a significant negative impact on the disclosure of CSR information. (2) Upon further investigation, it is shown that this relationship increases significantly in non-heavily polluting industries, and the relationship between the two is significantly weaker in equity-concentrated firms compared to equity-dispersed firms, and the increase in equity concentration can significantly attenuate the significant negative relationship between accounting conservatism and CSR disclosure. Therefore, this paper adds to the existing research data on the motivation of CSR information disclosure and provides a basis for the government to regulate and require the disclosure of CSR reports, which has considerable value and practical significance.

**Keywords:** accounting conservatism; whether it is a heavy polluting industry; equity concentration; CSR information disclosure

## 1 Introduction

Since the reform and opening up, China's economy has continued to grow rapidly, but the accompanying social problems such as environmental pollution, over-exploitation of resources and lack of corporate integrity have become increasingly serious. During the 2020 COVID-19 pandemic, incidents such as some well-known companies jacking up prices and illegally manufacturing and selling masks are examples. In response to these problems, the government, social organizations, the media and the public have called on companies to take the initiative in fulfilling their social responsibilities.

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The government regulates corporate behavior through laws and policies, while all sectors of society promote corporate social responsibility through publicity and monitoring.

As corporate social responsibility is increasingly valued, it is particularly important to explore the motives behind its implementation and disclosure. Impression management theory suggests that companies can influence external perceptions of their image by selectively disclosing information. In recent years, the number and influence of corporate social responsibility reports have continued to grow, and they may become an important means for management to manage their impressions. Therefore, this paper studies the factors influencing the disclosure of corporate social responsibility information from the perspective of impression management.

In the 2018 annual report review concerns issued by the Shanghai Stock Exchange, the importance of accounting information stability was highlighted as an important feature of financial information quality. According to the principle of stability, companies should prudently recognize assets and income, and promptly recognize liabilities and losses. However, if accounting information stability is insufficient, management may cover up financial information problems by disclosing more socially responsible information, and manage impressions by designing the content, charts and text of the report. This behavior is likely to mislead shareholders and other stakeholders into believing that the company has become more responsible.

In addition, under the pressure of environmental protection laws and social environmental awareness, there are differences in social responsibility disclosure between heavily polluting industries and non-polluting industries. At the same time, as China's capital market is not yet fully mature, the influence of large shareholders on corporate decision-making is relatively large, and both accounting conservatism and social responsibility disclosure are controlled by large shareholders.

In summary, this paper uses panel data multiple regression analysis to examine the impact of accounting conservatism on corporate social responsibility information disclosure from the perspective of impression management, and further explores the moderating role of heavily polluting industries and share concentration in this relationship.

The structure of the paper is as follows. The first section is an introduction that provides the background and significance of the research topic. The second section, based on the previous background analysis, finds appropriate explanatory theories and reasonable hypotheses. The third section, based on the previous theories and hypotheses, is the model design, which introduces the source of the sample and, most importantly, the selection of variables and the specific model design. Based on the previous model design, the fourth section conducts the empirical analysis and case study. The fifth section concludes the paper.

## **2 Theoretical Analysis and Research Hypothesis**

### **2.1 Accounting Conservatism and Corporate Social Responsibility Disclosure**

Impression management refers to a company's practice of influencing information users' perceptions of the company by controlling the content and form of information disclosure. As the influence of CSR reports increases, they may become the target of management's impression management. Therefore, this paper analyses the motives for corporate social responsibility information disclosure from the perspective of impression management.

The principal-agent theory proposed by economists Jensen and Meckling argues that in modern firms, conflicts between principals and agents due to conflicting interests arise from information asymmetry and an unsound reward system. Management has more information about the operation of the firm, while the principal is only responsible for supervising and controlling the agent. To reduce information asymmetry, principals require regular disclosure of accounting or non-financial information. Disclosure of both financial and social responsibility information can help mitigate agency problems.

Based on this theory, accounting conservatism is an important information quality characteristic that manifests itself in the timely recognition of adverse information. However, information asymmetry and self-serving behavior by management can lead to inflated profits and net assets, which weakens accounting conservatism and increases corporate risk, financing costs and agency problems. To divert attention from accounting conservatism, management may use social responsibility disclosures to cover up problems <sup>[1]</sup>.

When accounting conservatism is insufficient, management often uses social responsibility information disclosure to cover up problems in accounting information disclosure. On the one hand, companies try to improve their reputation by being more socially responsible; on the other hand, management tends to be biased and selective in preparing social responsibility reports, making it difficult to detect their impression management behavior. This behavior may mislead shareholders, creditors and other stakeholders into believing that the company has become more socially responsible <sup>[2][3]</sup>. Therefore, the following hypotheses are proposed:

Hypothesis 1: Accounting conservatism is significantly negatively correlated with social responsibility disclosure.

### **2.2 Accounting Conservatism, Industry Characteristics and Corporate Social Responsibility Information Disclosure**

According to institutional theory, corporate social responsibility is influenced by legitimacy pressures and its institutional environment. Under the dual pressure of environmental protection laws and public awareness of environmental protection, heavily polluting industries and non-polluting industries have different requirements for social responsibility disclosure. Due to the greater environmental impact of heavily polluting industries, such companies have a greater incentive to gain legitimacy recognition and

improve their image by disclosing social responsibility information. At the same time, heavily polluting industries also face stricter laws and regulations and disclosure standards. Therefore, heavily polluting industries are less likely to use social responsibility information to cover up insufficient accounting conservatism, and there may even be no significant relationship between accounting conservatism and social responsibility disclosure<sup>[4]</sup>. Therefore, the following hypothesis is proposed:

Hypothesis 2: There is no significant relationship between accounting conservatism and the disclosure of social responsibility information in the heavily polluting industry, while there is a significant negative relationship between the two in the non-heavily polluting industry.

### **2.3 Accounting Conservatism, Equity Concentration and Corporate Social Responsibility Information Disclosure**

Based on stakeholder theory, stakeholders include shareholders, managers, creditors, suppliers, customers, government agencies, etc., and the development of a company is inseparable from their support. Management's attention to the needs of stakeholders helps to achieve sustainable development of the company, while improving the transparency of information disclosure and facilitating monitoring. However, management may also use information disclosure as a tool to manipulate stakeholders. China's capital market is not yet reasonably effective, and the ownership and management rights of companies are not fully separated. Large shareholders have a greater influence on corporate decision-making. In companies with dispersed ownership, it is difficult for minority shareholders to effectively supervise and control management, and management may divert attention from accounting conservatism and financial information quality by disclosing social responsibility information. Therefore, the following hypothesis is proposed:

Hypothesis 3: The higher the equity concentration, the weaker the negative correlation between corporate accounting conservatism and social responsibility information disclosure.

## **3 Research Design**

### **3.1 Sample Source**

This paper analyzes CSR reports from A-share listed companies in Shanghai and Shenzhen from 2017 to 2020, with the following data processing steps: (1) excluding companies in the financial and insurance sectors; (2) excluding companies with ST, \*ST, and PT marks indicating significant financial risks; (3) excluding companies with missing data. To minimize the impact of outliers, all continuous variables were trimmed at the 5th and 95th percentiles. The final sample includes 7,378 annual observations. CSR disclosure ratings were sourced from Hexun.com, and additional data was obtained from the CSMAR database. Data analysis was conducted using Excel and Stata 16.

### 3.2 Variable Description

#### Corporate Social Responsibility Information Disclosure.

In the research process, most of the empirical paper methods were referenced, and the CSR report rating score announced by Hexun.com was used as the evaluation index of corporate social responsibility information disclosure [5-7].

#### Accounting Conservatism.

The Khan & Watts model is widely used in academia [8]. Although the Khan & Watts model is an accounting conservatism measure constructed using US companies as a sample, some domestic scholars have confirmed the rationality of Cscore in measuring the degree of accounting conservatism of Chinese listed companies [9]. Therefore, this paper takes into account the Khan & Watts model to calculate Cscore to measure the accounting conservatism of the company.

#### Heavy Pollution Industries.

This paper uses whether or not an industry is heavily polluting as a grouping adjustment variable, and refers to the Guidelines for Company Environmental Information Disclosure issued by the Ministry of Environmental Protection of China in 2010 as the standard for heavily polluting industries.

#### Shareholding Concentration.

This paper uses shareholding concentration as the main moderating variable, selecting the indicator based on existing literature. Companies are classified into concentrated or dispersed ownership groups based on the mean shareholding ratio of the largest shareholder. The sample is then grouped for regression in the hypothesis testing.

#### Control Variables.

This paper draws on the approach of Zhu Min and Zhang Chen in their study of the relationship between accounting conservatism and corporate social responsibility. In addition, this paper also refers to a number of research papers on the moderating variables of corporate social responsibility motivation, and considers these variables to reduce the errors caused by missing dependent variables. Finally, the control variables selected for the study are firm size, financial leverage, firm value, profitability, whether there is an operating loss, and whether there is a net operating cash flow loss [10-13]. The specific definition of the variables is shown in Table 1.

**Table 1.** Definition of relevant variables.

Variable Type	Variable name	variable symbol	Variable interpretation
Explanatory variable	Corporate social responsibility	CSR	CSR scores on Hexun.com
Explanation of the variable	Accounting conservatism	Cscore	Calculated using an improved K-W model

	Whether it is a heavily polluting industry	Envir	Non-heavily polluting industries are selected as 0, and heavily polluting industries are selected as 1
<b>group variable</b>	Shareholding concentration	Col	Divides shareholding concentration and shareholding dispersion by the mean of the shareholding percentage of the largest shareholder. A value greater than the mean indicates shareholding concentration (1), while a value less than the mean indicates shareholding dispersion (0).
<b>Cross term</b>	Cross term of Col and Cscore	Cscore-Col	Cscore*Col
	Firm size	Size	Natural logarithm of total assets
	Financial leverage	Lev	Gearing ratio
	Firm value	Q	Tobin's Q
	Profitability	Roe	Return on equity
<b>control variable</b>	Whether operating at a loss	Dloss	Loss is 1, otherwise 0
	Whether operating net cash flow	Dcashflow	Loss is 1, otherwise 0
	Annual dummy variable	Year	Control
	Industry dummy variable	Ind	Control

### 3.3 Model Design

First, to test Hypothesis 1, it is necessary to study the relationship between accounting conservatism and CSR disclosure, taking into account the possible interaction between accounting conservatism and CSR disclosure. To avoid possible endogeneity problems, the accounting conservatism data is lagged by one period, and the following base model (1) is established:

$$CSR_{i,t} = \beta_0 + \beta_1 Cscore_{i,t-1} + \beta_2 Size_{i,t} + \beta_3 Q_{i,t} + \beta_4 Lev_{i,t} + \beta_5 Roe_{i,t} + \beta_6 Dloss + \beta_7 Dcashflow + \sum Year + \sum Ind + \varepsilon_{i,t} \tag{1}$$

Then, in order to verify Hypothesis 2, a subgroup discussion was conducted between companies in heavily polluting industries and those in non-heavily polluting industries to investigate whether the heavily polluting industries have an impact on the relationship between accounting conservatism and CSR information disclosure. Model (2) is constructed as follows:

$$CSR_{i,t} = \beta_0 + \beta_1 Cscore_{i,t-1} + \beta_2 Envir_{i,t} + \beta_3 Size_{i,t} + \beta_4 Q_{i,t} + \beta_5 Lev_{i,t} + \beta_6 Roe_{i,t} + \beta_7 Dloss + \beta_8 Dcashflow + \sum Year + \sum Ind + \varepsilon_{i,t} \tag{2}$$

Further, in order to verify Hypothesis 3, the moderating effect of shareholder concentration on the association between accounting conservatism and social responsibility disclosure is studied. To this end, we conducted research based on the modelling method for the moderating effect provided by researcher Wen Zhonglin. In the first basic model, a factor on stock concentration was added to construct Model (3). Then, Model (3) was used as the basis to construct Model (4) by adding cross-items on stock concentration and accounting conservatism. Finally, the significance of these cross-item coefficients was examined using an experiment to investigate the moderating

effect of shareholder concentration on the impact of accounting conservatism on responsible corporate social responsibility information disclosure. Models (3) and (4) are constructed as follows:

$$CSR_{it} = \beta_0 + \beta_1 Cscore_{i,t-1} + \beta_2 Col_{i,t} + \beta_3 Size_{i,t} + \beta_4 Q_{i,t} + \beta_5 Lev_{i,t} + \beta_6 Roe_{i,t} + \beta_7 Dloss + \beta_8 Dcashflow + \sum Year + \sum Ind + \varepsilon_{i,t} \tag{3}$$

$$CSR_{it} = \beta_0 + \beta_1 Cscore_{i,t-1} + \beta_2 Col_{i,t} + \beta_3 Cscore_{i,t-1} Col_{i,t} + \beta_4 Size_{i,t} + \beta_5 Q_{i,t} + \beta_6 Lev_{i,t} + \beta_6 Roe_{i,t} + \beta_7 Dloss + \beta_8 Dcashflow + \sum Year + \sum Ind + \varepsilon_{i,t} \tag{4}$$

## 4 Empirical Analysis and Case Study

### 4.1 Descriptive Statistics

**Table 2.** Descriptive statistics for the total sample.

Variables	Sample size	Mean	Median	Standard deviation	Minimum	Maximum
CSR	7378	19.40	21.08	8.648	-1.250	32.65
Cscore	7378	0.100	0.0720	0.188	-0.616	0.524
Envir	7378	0.263	0	0.440	0	1
Col	7378	32.27	30.37	13.12	12.08	59.28
Size	7378	7.752	9.472	3.842	-0.490	10.83
Q	7378	2.281	1.880	1.303	0.926	6.576
Lev	7378	0.431	0.425	0.191	0.117	0.784
Roe	7378	0.0570	0.0660	0.0980	-0.318	0.198
Dloss	7378	0.104	0	0.305	0	1
Dcashflow	7378	0.177	0	0.382	0	1

Table 2. presents descriptive statistics for A-share listed companies from 2017 to 2020. The mean CSR score is 19.40, with a range from -1.250 to 32.65, indicating a relatively strong level of CSR disclosure in China. This is likely due to growing societal focus on CSR in recent years, prompting more companies to engage in and publicize their CSR efforts.

The average Cscore of 0.100, with a median of 0.0720 and a range from -0.616 to 0.524, suggests that overall accounting conservatism among Chinese companies remains low and unevenly distributed. While a few companies exhibit strong conservatism, most still have room for improvement.

### 4.2 Correlation Test

Pearson's correlation test results, shown in Table 3., reveal a significant negative correlation between accounting conservatism and CSR disclosure at the  $p < 0.01$  level, providing initial support for Hypothesis 1. Additionally, the moderating and control variables show significant correlations with CSR disclosure. Table 4. presents the collinearity test results. The maximum VIF is 2.700 for Roe, with an average VIF of

1.480, and no VIF exceeds 10, indicating a low level of collinearity among the variables.

**Table 3.** Matrix of correlation coefficients for variables.

	CSR	Cscore	Envir	Col	Size	Q	Lev	Roe	Dloss	Dcashflow
CSR	1									
Cscore	-0.153***	1								
Envir	0.072***	-0.091***	1							
Col	0.207***	-0.041***	0.044***	1						
Size	0.246***	0.00700	-0.00200	0.0120	1					
Q	0.054***	-0.00700	-0.0100	-0.074***	0.125***	1				
Lev	-0.160***	0.227***	-0.132***	0.062***	0.065***	-	1			
						0.404**				
						*				
Roe	0.783***	-0.144***	0.074***	0.175***	0.00700	0.146**	-	1		
						*	0.161**			
						*				
Dloss	-0.677***	0.126***	-0.057***	-0.131***	-0.031***	-0.0140	0.146**	-0.772***	1	
							*			
Dcashflow	-0.159***	0.026**	-0.110***	-0.029**	-0.035***	-	0.120**	-0.182***	0.142**	1
						0.047**	*	*	*	
						*				

Note: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table 4.** Co-linearity diagnosis.

Variable	VIF	1/VIF
Roe	2.700	0.370
Dloss	2.580	0.387
Lev	1.340	0.746
Q	1.310	0.765
Cscore	1.140	0.874
Size	1.100	0.910
Dcashflow	1.050	0.949
Col	1.050	0.953
Envir	1.040	0.962
Mean	1.480	

Note: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

### 4.3 Multiple Regression Analysis

#### Accounting Conservatism and Corporate Social Responsibility Disclosure.

This paper uses Model (1) to conduct a multiple regression analysis, controlling for year and industry, with results presented in Table 5. The findings show a significantly negative correlation between corporate accounting conservatism and CSR disclosure, supporting Hypothesis 1. This suggests that companies with lower accounting conservatism tend to increase CSR disclosure to compensate for poor financial transparency. Such firms may engage in impression management, selectively presenting CSR information to mislead stakeholders, masking accounting shortcomings.



The financial leverage (Lev) coefficient is also significantly negative, indicating that firms with higher debt ratios perform worse in CSR disclosure, likely due to tighter cash flow constraints. The  $R^2$  of 0.703 demonstrates strong explanatory power.

**Table 5.** Regression results.

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	CSR	CSR	CSR	CSR	CSR	CSR
Cscore	-6.867*** (-12.37)	-6.162*** (-11.33)	-2.237*** (-4.16)	-1.675*** (-4.73)	-1.710*** (-4.93)	-1.706*** (-4.92)
Size	4.764*** (24.01)	5.978*** (29.25)	7.618*** (37.34)	2.335*** (16.16)	2.465*** (17.37)	2.432*** (17.11)
Q		1.530*** (18.79)	1.046*** (13.13)	-0.213*** (-3.95)	-0.026 (-0.48)	-0.025 (-0.46)
Lev			-15.324*** (-27.12)	-6.751*** (-17.69)	-6.185*** (-16.47)	-6.109*** (-16.24)
Roe				63.804*** (98.27)	51.175*** (52.76)	50.899*** (52.29)
Dloss					-5.068*** (-17.25)	-5.060*** (-17.23)
Dcashflow						-0.475*** (-3.14)
Constant	-26.793*** (-13.75)	-42.640*** (-20.48)	-50.810*** (-25.30)	-4.696*** (-3.35)	-5.657*** (-4.11)	-5.231*** (-3.79)
Observations	7,378	7,378	7,378	7,378	7,378	7,378
R-squared	0.175	0.213	0.285	0.691	0.703	0.703
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

### Research on the Impact of Industry Characteristics on Accounting Conservatism and Corporate Social Responsibility Information Disclosure.

This article uses Model (2) to examine whether heavy pollution moderates the negative correlation between accounting conservatism and CSR disclosure. A subsample regression is conducted based on whether a company belongs to a heavily polluting industry. Table 6., column (2), presents the results for the heavily polluting industries subsample, where the Cscore parameter is positive but not significant, suggesting no significant relationship between accounting conservatism and CSR disclosure in these industries. In contrast, column (3) shows that for non-heavily polluting industries, the Cscore is significantly negative, with a larger negative coefficient than the full sample, indicating a stronger negative impact of accounting conservatism on CSR disclosure in non-heavy polluters.

These results support Hypothesis 2: the relationship between accounting conservatism and CSR disclosure is not significant in heavily polluting industries but is notably stronger in non-heavy polluters. The  $R^2$  of 0.695 for the non-heavy polluters subgroup indicates strong explanatory power.

**Table 6.** Results of group regression.

VARIABLES	(1) Full sample	(2) Heavily polluting industries	(3) Non-heavily polluting industries
	CSR	CSR	CSR
<b>Cscore</b>	-1.706*** (-4.92)	-0.280 (-0.47)	-2.250*** (-5.26)
<b>Size</b>	2.432*** (17.11)	2.578*** (11.05)	2.328*** (13.28)
<b>Q</b>	-0.025 (-0.46)	-0.209** (-2.33)	0.026 (0.39)
<b>Lev</b>	-6.109*** (-16.24)	-7.428*** (-11.58)	-5.545*** (-12.12)
<b>Roe</b>	50.899*** (52.29)	52.830*** (29.68)	50.548*** (43.80)
<b>Dloss</b>	-5.060*** (-17.23)	-5.909*** (-11.18)	-4.854*** (-13.89)
<b>Dcashflow</b>	-0.475*** (-3.14)	-0.570* (-1.85)	-0.475*** (-2.72)
<b>Constant</b>	-5.231*** (-3.79)	-5.700** (-2.53)	-4.606*** (-2.71)
<b>Observations</b>	7,378	1,943	5,435
<b>R-squared</b>	0.703	0.730	0.695
<b>Industry FE</b>	YES	YES	YES
<b>Year FE</b>	YES	YES	YES

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

### Research on the Impact of Equity Concentration on Accounting Conservatism and Corporate Social Responsibility Disclosure.

Table 7. presents the regression results for Models (1), (3), and (4). Models (3) and (4) test the moderating effect of ownership concentration on the relationship between accounting conservatism and CSR disclosure, with the results shown in columns (2) and (3). In columns (2) and (3), after introducing shareholding concentration (Col) as a moderating variable, the Cscore coefficient for the concentrated ownership group remains significantly negative, but smaller than that of the full sample, indicating a weakened negative correlation between accounting conservatism and CSR disclosure. Conversely, for the dispersed ownership group, the Cscore coefficient is significantly

negative and larger, indicating a stronger negative correlation. When the interaction term (CscoreCol) is added in Model (3), the Cscore coefficient remains significantly negative, while the interaction term is significantly positive, confirming Hypothesis 3: higher ownership concentration weakens the negative correlation between accounting conservatism and CSR disclosure. Model (4), with an  $R^2$  of 0.705, demonstrates strong explanatory power. Overall, the results support Hypothesis 3.

**Table 7.** Regression results with adjustment variables added.

VARIABLES	(1) Full sample	(2) Equity concentration group	(3) Equity dispersion group	(4) Interaction term regression
	CSR	CSR	CSR	CSR
<b>Cscore</b>	-1.706*** (-4.92)	-0.876** (-2.00)	-2.726*** (-5.02)	-2.216*** (-4.74)
<b>Size</b>	2.432*** (17.11)	2.200*** (11.97)	2.601*** (11.89)	2.398*** (16.92)
<b>Q</b>	-0.025 (-0.46)	-0.015 (-0.19)	-0.042 (-0.55)	-0.020 (-0.38)
<b>Lev</b>	-6.109*** (-16.24)	-7.441*** (-14.54)	-4.748*** (-8.63)	-6.064*** (-16.16)
<b>Roe</b>	50.899*** (52.29)	53.192*** (38.93)	47.983*** (34.64)	50.255*** (51.60)
<b>Dloss</b>	-5.060*** (-17.23)	-5.091*** (-12.14)	-5.314*** (-12.90)	-5.073*** (-17.34)
<b>Dcashflow</b>	-0.475*** (-3.14)	-0.399* (-1.95)	-0.500** (-2.27)	-0.462*** (-3.07)
<b>Col</b>				0.719*** (5.65)
<b>Cscore*Col</b>				1.027* (1.75)
<b>Constant</b>	-5.231*** (-3.79)	-2.282 (-1.29)	-7.617*** (-3.56)	-5.272*** (-3.83)
<b>Observations</b>	7,378	3,689	3,689	7,378
<b>R-squared</b>	0.703	0.688	0.705	0.705
<b>Industry FE</b>	YES	YES	YES	YES
<b>Year FE</b>	YES	YES	YES	YES

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

#### 4.4 Case study

##### 1. British Petroleum (BP)

Following the 2010 Deepwater Horizon oil spill, BP adopted conservative accounting practices, accruing expenses for environmental cleanup and legal liabilities in ad-

vance. This approach led to more detailed CSR disclosures, particularly regarding environmental protection and ecological restoration efforts. This case highlights how high-risk industries often use conservative accounting to mitigate future risks, promoting greater transparency in CSR reporting.

## 2. Volkswagen

After the 2015 "Dieselgate" emissions scandal, Volkswagen shifted to a conservative accounting strategy, setting aside provisions for potential fines and environmental costs. This shift influenced its CSR disclosures, with increased emphasis on rectifying environmental violations and promoting sustainability. Scandals, in this context, drive companies to adopt conservative financial practices, leading to more cautious and transparent CSR reporting.

## 5 Conclusions

This paper explores the relationship between accounting conservatism and CSR disclosure, focusing on Chinese A-share listed companies from 2017 to 2020. Using the K-W model to calculate the accounting conservatism index, the study investigates how conservatism affects CSR disclosure, incorporating industry pollution levels and equity concentration as moderating factors. The key findings are: (1) Accounting conservatism significantly negatively impacts CSR disclosure. (2) This correlation is stronger in non-polluting industries and weaker in companies with concentrated ownership, where high shareholding concentration diminishes the negative relationship between accounting conservatism and CSR disclosure.

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