



**A Study of the Motivation for the Corporate Social Responsibility  
Accounting Information Disclosure of Hongxiang Group**

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This Independent Study Has Been Approved as a Partial Fulfillment of the  
Requirements for the Degree of Master of Business Administration

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### ABSTRACT

Currently, there is limited understanding of how Hongxiang Group's corporate social responsibility (CSR) accounting information disclosure is influenced by its internal factors, which presents a gap in the literature and practice. This study aims to explore the motivation behind Hongxiang Group's CSR accounting information disclosure, focusing on internal management values, financial performance, corporate reputation, and key stakeholders. The objectives of the study are :1) To examine the impact of internal management values on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group; 2) To examine the impact of financial performance on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group; 3) To examine the impact of corporate reputation on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group; 4) To examine the impact of key stakeholders on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

A quantitative research method was adopted. The target population included stakeholders involved in or affected by Hongxiang Group's CSR practices, including senior management, employees, investors, consumers, and industry experts. A questionnaire survey was conducted resulting in 200 valid responses collected through a purposive sampling method. The findings reveal that: 1) Internal management values significantly influence the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group, highlighting the critical role that management decisions play in shaping transparency and accountability in CSR reporting; 2) Financial performance has a significant impact on the level of CSR

accounting information disclosure of Hongxiang Group, indicating a connection between financial health and transparency in CSR accounting information reporting; 3) Corporate reputation significantly affects the level of CSR accounting information disclosure of Hongxiang Group, emphasizing the key role that reputation plays in the disclosure decision-making process; 4) Key stakeholders significantly influence the level of CSR accounting information disclosure of Hongxiang Group, reflecting the impact of stakeholder demands on the company's disclosure decisions.

By examining the internal management values, financial performance, corporate reputation, and key stakeholders, the study provides a comprehensive understanding of the drivers behind CSR accounting information disclosure and how the disclosure impacts the company's business performance and relationships with key stakeholders. Recommendation: 1) Enhancing CSR accounting information disclosure; 2) Improve government and regulatory levels; 3) Improve market competition demand; 4) Strengthen the stakeholder level.

**Keywords:** internal management values, financial performance, corporate reputation, key stakeholders, CSR accounting information disclosure

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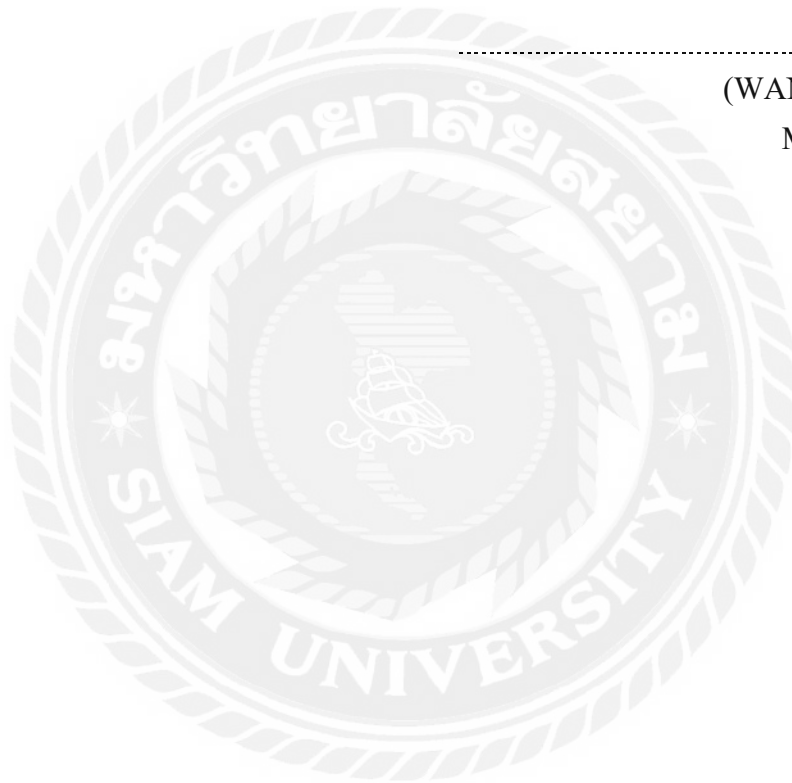
WANGYIHUA

## DECLARATION

I, WANG YIHUA, hereby declare that this Independent Study entitled “A Study of the Motivation for the Corporate Social Responsibility Accounting Information Disclosure of Hongxiang Group” is an original work and has never been submitted to any academic institution for a degree.

.....  
(WANG YIHUA)

Mar 5, 2025



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# Chapter 1 Introduction

With the development of economic globalization and society, the role of enterprises in society is getting increasingly more attention. Enterprises are no longer just economic entities that maximize profits, but also need to assume social and environmental responsibilities. The disclosure of corporate social responsibility (CSR) accounting information, as an important way of communication, conveys the situation of the performance of corporate social responsibility to the stakeholders. It is of great significance to understand the motivation of enterprise social responsibility accounting information disclosure and the effects of these disclosures for the development of enterprises themselves, the decision-making of stakeholders and the sustainable development of society.

## 1.1 Background of the Study

### 1.1.1 Changing Business Environment

In the modern era, characterized by the rapid expansion of globalization and the continuous evolution of information technologies, the global business environment is undergoing profound and transformative changes (Lu, 2024). The interconnectedness of markets, coupled with the ubiquity of digital technologies, has redefined how businesses operate, communicate, and compete (Akpan & Oluwagbade, 2023). However, these changes are not without their challenges, especially concerning sustainability and corporate social responsibility (CSR).

On one hand, rapid economic growth has triggered a series of social and environmental issues that require urgent attention. Issues such as environmental pollution, resource depletion, climate change, and increasing socio-economic inequality have placed considerable pressure on businesses. These problems are no longer confined to local or regional contexts but are global concerns that require collective action (Huang & Ge, 2019). In this context, society's expectations of businesses have evolved significantly. Enterprises are no longer seen merely as profit-driven entities but are increasingly viewed as integral actors in addressing these global challenges (Akpan & Oluwagbade, 2023). Their role in contributing to environmental sustainability, social equity, and ethical governance has become central to their long-term success (Jejenywa et al., 2024). This shift in perspective has raised the bar for companies, requiring them

to go beyond traditional business models to actively engage in practices that promote social well-being and environmental health. On the other hand, the development of the capital market has led to greater demands for transparency and accountability. Investors, creditors, and other stakeholders are increasingly seeking comprehensive, accurate, and timely information to make informed decisions. In this landscape, CSR accounting information reporting has become a key mechanism for companies to demonstrate their commitment to societal and environmental issues, while also offering insights into their long-term value and sustainability (Huang & Ge, 2019). The growing importance of CSR disclosures is evident in the financial market, where investors use this information to assess a company's future prospects, not just in terms of financial performance but also regarding its social and environmental impact (Azigita, Iqbal & Rahimah, 2024).

Despite the increasing importance of CSR accounting information disclosure, significant challenges remain. Many companies still face difficulties in providing standardized, comprehensive, and clear CSR reports. In some cases, CSR reporting is inconsistent or incomplete, driven by unclear motivations or a lack of internal processes to guide disclosures. These issues hinder the ability of stakeholders to evaluate a company's CSR accounting information activities effectively, which, in turn, impacts the company's ability to build trust, sustain long-term relationships, and achieve sustainable growth. Therefore, there is a compelling need to explore the motivations behind CSR accounting information disclosure and identify strategies to improve the quality and effectiveness of these disclosures.

### **1.1.2 The Role of Hongxiang Group in Corporate Social Responsibility**

Hongxiang Group, a well-established and multifaceted enterprise, offers a case study of the evolving role of businesses in a rapidly changing global environment. Founded with a focus on a specific industry, Hongxiang Group has grown to become a diversified organization with operations spanning across manufacturing, construction, real estate, trade, and logistics. With strong local foundations and a global outlook, the company has established a reputation for innovation, quality, and commitment to CSR.

Over the years, Hongxiang Group has made significant strides in expanding its operations and adopting sustainable business practices. Its diversified business structure, consisting of specialized divisions in various sectors, allows it to leverage synergies across industries, ensuring operational efficiency while achieving strategic goals (Huang & Ge, 2019). The company has aligned its mission with both financial

success and social responsibility, demonstrating how businesses can thrive by integrating sustainability into their core operations.

As part of its CSR accounting information strategy, Hongxiang Group has placed a high emphasis on environmental sustainability, community development, employee welfare, and ethical business practices. Through regular CSR accounting information reporting, the company has been transparent about its efforts and achievements in these areas. Hongxiang's commitment to CSR is not just about fulfilling regulatory requirements but is also deeply embedded in its corporate culture and strategic vision. By actively contributing to social welfare and environmental protection, Hongxiang has become a leading example of how businesses can drive both economic growth and positive social impact.

The company's financial success has further reinforced its ability to continue investing in CSR initiatives. Hongxiang Group's reinvestment of profits into research and development, technological infrastructure, and market expansion ensures that its growth is sustainable and aligned with global trends in innovation and sustainability. These investments not only contribute to the company's competitive advantage but also reinforce its commitment to long-term CSR objectives. Hongxiang's proactive approach to CSR demonstrates that business success and social responsibility are not mutually exclusive but can be mutually reinforcing.

### **1.1.3 The Need for Examining CSR Accounting Information Disclosure**

While Hongxiang Group has made substantial progress in its CSR accounting information practices, there remains an ongoing challenge in ensuring that CSR information is disclosed effectively to stakeholders. The company, like many others, faces a range of factors that influence its CSR accounting information disclosure practices (Rudyanto & Veronica Siregar, 2018). These factors include internal management values, financial performance, corporate reputation, and the expectations of key stakeholders. Governments and regulatory agencies formulate laws, regulations and policies to promote enterprises to fulfill their social responsibilities and disclose information. For example, many countries and regions have issued laws and regulations on environmental protection, labor rights protection, product quality and safety, requiring enterprises to disclose relevant information in their financial reports or separate social responsibility reports (Hassan et al., 2018). In China, listed companies are required to disclose their social responsibility reports, explaining their information on environmental protection, social welfare, and employee rights and interests. The pressure of these policies and regulations encourages enterprises to disclose socially

responsible accounting information to avoid punishment for violating the regulations. Understanding how these factors shape CSR accounting information disclosure is critical for improving the transparency and effectiveness of CSR accounting information reporting, which, in turn, contributes to the company's long-term sustainability and reputation (Hassan et al., 2018).

At the internal level, management values play a central role in determining the depth and scope of CSR accounting information activities (Rudyanto & Veronica Siregar, 2018). A corporate culture that prioritizes social responsibility can lead to more comprehensive and transparent CSR accounting information disclosures. Conversely, a lack of commitment at the management level may result in minimal or superficial reporting, which undermines the potential benefits of CSR initiatives.

Financial performance is another crucial factor influencing CSR accounting information disclosure. Companies with strong financial results are more likely to engage in extensive CSR accounting information reporting, as they have the resources to support a wide range of social and environmental initiatives (Huang & Ge, 2019). Conversely, companies experiencing financial difficulties may struggle to maintain their CSR commitments, potentially leading to reduced disclosures or the prioritization of financial concerns over social responsibility.

Corporate reputation, shaped by public perception, media coverage, and industry standards, also plays a pivotal role in CSR accounting information disclosure. Companies with strong reputations are more likely to engage in transparent and proactive CSR accounting information reporting, as they understand the importance of maintaining trust with stakeholders (Rudyanto & Veronica Siregar, 2018). Conversely, companies facing reputational challenges may be less inclined to disclose CSR information, fearing negative publicity or scrutiny.

Finally, key stakeholders, including investors, consumers, employees, and regulators, exert significant influence on CSR disclosure (Huang & Ge, 2019). The demands of these stakeholders often drive companies to disclose more detailed and accurate CSR information. Investors, for example, increasingly rely on CSR accounting information data to assess the long-term viability and ethical practices of companies in which they invest (Akpan & Oluwagbade, 2023).

Therefore, a thorough study of the motivation for the disclosure of corporate social responsibility accounting information has an important practical background significance to improve this situation and promote the harmonious coexistence between enterprises and society.

## **1.2 Questions of the Study**

As organizations become more aware of their impact on society, the environment, and the economy, the need for transparency in CSR reporting has escalated. This shift has been influenced by various factors, including the growing expectations from stakeholders such as investors, consumers, employees, and regulatory bodies, as well as the increasing competition in the global marketplace. While substantial research has examined the factors influencing CSR accounting information disclosure, studies specific to the impact of internal management values, financial performance, corporate reputation, and stakeholder influence within a single organization, particularly in Chinese enterprises such as Hongxiang Group, are still limited. This research aims to fill this gap by investigating these elements and providing a nuanced understanding of the motivation for CSR accounting information disclosure within the context of a multinational company operating in a competitive and regulated market environment.

Q1: What is the impact of internal management values on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group?

Q2: What is the impact of financial performance on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group?

Q3: What influence does corporate reputation have on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group?

Q4: What role do key stakeholders play in influencing the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group?

## **1.3 Objectives of the Study**

1: To examine the impact of internal management values on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group;

2: To examine the impact of financial performance on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group;

3: To examine the impact of corporate reputation on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group

4: To examine the impact of key stakeholders on the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

## **1.4 Scope of the Study**

This study aims to explore the motivation of Hongxiang Group to disclose corporate social responsibility (CSR) accounting information and evaluate its impact on the company's performance and relationships with key stakeholders. CSR accounting information disclosure includes a company's social, environmental and governance practices and is increasingly seen as an important aspect of corporate identity and business strategy. Understanding the factors that drive Hongxiang Group's CSR accounting information disclosure can provide valuable insights into how the company aligns its strategy with social responsibility, market expectations and stakeholder interests.

On the one hand, the core focus of this study is to identify and understand the factors that influence Hongxiang Group's CSR accounting information disclosure practices, which are crucial in shaping the scope and quality of CSR accounting information shared by the company. This study aims to determine how these internal factors interact to influence CSR accounting information disclosure and how the disclosure affects the company's financial performance and overall reputation. On the other hand, an important aspect of this study is the role of various stakeholders in influencing CSR accounting information disclosure. Stakeholders include individuals or groups that are directly or indirectly affected by or interested in a company's CSR accounting information practices. These stakeholders can include company management, employees, investors, consumers and industry experts, who may have different expectations or requirements for the company's CSR performance. This study focuses on how these stakeholders influence CSR practices within Hongxiang Group. By understanding the motivation behind CSR accounting information disclosure, this study aims to gain a comprehensive understanding of the decision-making process within the Hongxiang Group regarding its CSR accounting information practices.

This study focuses on stakeholders who are either directly or indirectly involved in or influenced by Hongxiang Group's CSR accounting information disclosure practices, including company management, employees, investors, consumers, and industry experts. A purposive sampling method was employed to select 200 participants who possessed relevant knowledge or experience with CSR initiatives. The sample was divided into four groups: 50 senior managers, CSR team members, and financial officers, 50 employees, 50 investors, and 50 consumers. The inclusion criteria prioritized individuals who were directly engaged in CSR decision-making, affected by CSR accounting information practices, or had expertise in the area. Individuals who did not meet these criteria were excluded to ensure the sample's relevance. This purposive sampling approach was chosen because it allowed for the selection of participants with specific expertise and insight, ensuring that the data collected was directly relevant to



the research objectives. The sample size of 200 was large enough to provide statistically reliable results while remaining manageable for data collection, ensuring a comprehensive understanding of the motivations behind CSR accounting information disclosure. The scope included a comprehensive analysis of the relationship between the motivation for CSR accounting information disclosure and the resulting outcomes, providing insights into how Hongxiang Group can align its CSR accounting information strategies with long-term sustainable development. While the primary focus was on Hongxiang Group, the study also incorporated comparisons with industry peers and relevant case studies to contextualize findings.

## **1.5 Significance of the Study**

### **1.5.1 Theoretical Significance**

The study on information disclosure of corporate social responsibility accounting expands the boundary of traditional accounting. Traditional accounting mainly focuses on the financial information of enterprises, while CSR accounting extends the perspective to the influence of enterprises on the society and the environment, which enriches the connotation of accounting information. This is helpful to build a more comprehensive and comprehensive accounting theory system and inject new vitality into the development of accounting discipline.

There is an information asymmetry between enterprises and stakeholders, especially in the performance of social responsibility. Through the study of social responsibility accounting information disclosure, this study can further deepen the understanding of the theory of information asymmetry, and explore how to reduce this asymmetry and improve the market efficiency through the effective accounting information disclosure mechanism.

The stakeholder theory emphasizes the responsibility of enterprises to different interest groups. The study of CSR accounting information disclosure can better connect this theory with accounting information, analyze the needs of different stakeholders for social responsibility information and how enterprises meet these needs through disclosure, so as to improve the application of stakeholder theory in the field of accounting.

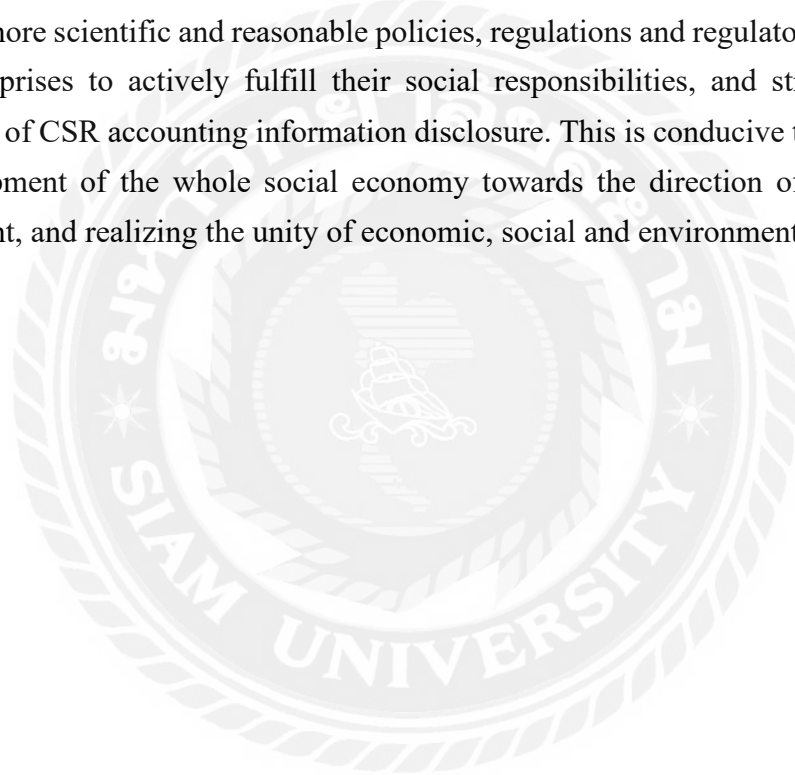
### **1.5.2 Practical Significance**

For enterprises, this study can help them to deeply understand the motivation and effect of social responsibility accounting information disclosure. According to the

research results, enterprises can clarify the internal and external driving factors of their own disclosure, formulate reasonable disclosure strategies, select appropriate disclosure contents and methods, and improve the quality of disclosure, to better meet the expectations of stakeholders and enhance the social image and market competitiveness of enterprises.

Investors, creditors, consumers, employees and other stakeholders can use the corporate social responsibility accounting information to evaluate the value and risk of the enterprise. The results can help them better interpret the CSR accounting information disclosed by enterprises, incorporate it into the decision-making process, and make more sensible decisions on investment, consumption, and employment.

The government and regulatory agencies can, according to the research results, formulate more scientific and reasonable policies, regulations and regulatory measures, guide enterprises to actively fulfill their social responsibilities, and strengthen the supervision of CSR accounting information disclosure. This is conducive to promoting the development of the whole social economy towards the direction of sustainable development, and realizing the unity of economic, social and environmental benefits.



## **Chapter 2 Literature Review**

This literature review examines the theoretical underpinnings, keywords, and framework of CSR accounting information disclosure, with a particular focus on Hongxiang Group. By exploring the stakeholder theory and the signalling theory, the study provides a comprehensive understanding of the factors influencing CSR accounting information disclosure. This review aims to uncover insights that will guide Hongxiang Group in developing more effective CSR accounting information disclosure strategies.

### **2.1 Related Theoretical Basis**

#### **2.1.1 Stakeholder Theory**

The stakeholder theory, developed by R. Edward Freeman in 1984, emphasizes that the success and sustainability of a business depend on its ability to manage relationships with multiple stakeholders (Jones et al., 2018). The stakeholder theory holds that the development of enterprises depends on multiple interest groups, including shareholders, creditors, employees, consumers, government, communities, etc. Each stakeholder has different interest demands for the enterprise. The theory has become a key consideration in the study of business ethics and has served as a platform for further study and development in the research and published work of many scholars, including those featured on this website. Enterprises need to consider these demands, satisfy the stakeholders' right to know about the performance of corporate social responsibility through social responsibility accounting information disclosure, and maintain a good relationship (Agmeka et al., 2019). The real stakeholders have an actual stake in the company and possess a legitimate claim, power and influence, and the firm has a responsibility and moral obligation toward them. The stakeholders do not truly have a stake themselves but act as proxies or intermediaries who protect the interests of real stakeholders. They comprise different associations that protect customers' rights, the environment and shareholders, and they act as a watchdog. The representations of the interests of real stakeholders are the source of their power. The corporation has no responsibility, power or moral obligation to attend to the wellbeing of the stakeholders who hold power over the firm. For example, employees pay attention to the working conditions and career development opportunities of enterprises, consumers care about

product quality and environmental protection measures of enterprises, and the government attaches great importance to the compliance operation of enterprises.

One of the foundational works on the stakeholder theory is by Freeman (2023), who emphasized the importance of recognizing all groups and individuals that can affect or be affected by a company's operations. A new way of thinking about business organization was initiated by Freeman (1984). He not only explains the relationship between the firm itself and the external environment, but also the relationship between the behaviour of a firm and the environment, which provides the basis for stakeholder theory. This approach was intended to broaden the focus of business strategy beyond mere profit maximization and towards creating value for all parties involved. Freeman et al. (2020) later tried to address these concerns by developing a strand of stakeholder theory called "Value Creation Stakeholder Theory." This version of the theory focuses on creating value for all stakeholders rather than satisfying the interests of one group over another. This approach seeks to resolve the issue of competing interests by proposing that businesses can generate value in a way that benefits multiple stakeholders simultaneously. Despite these advancements, the debate about the purpose and application of stakeholder theory continues. In a more recent paper, Barney and Harrison (2020) discussed the "crossroads" at which stakeholder theory finds itself. They observed that the theory is still divided by competing perspectives and lacks clear answers to some fundamental questions. The way in which control is exercised within firms is determined by the entire network of informal and formal relations, which is the focus of stakeholder theory. Different relations also affect the way in which risk and return are allocated among different stakeholders. This relationship often faces challenges due to information asymmetry, where managers have access to more information about company operations than shareholders. For Hongxiang Group, such asymmetry can lead to agency problems, such as mismanagement or decisions that conflict with shareholder interests. In one notable study, Chen (2018) noted that firms, especially those with access to favorable credit, may face a conflict of interest when making investment decisions. These firms might engage in projects that benefit their own interests in the short term but are not necessarily in the best interest of the firm's long-term goals or its stakeholders. This kind of behavior, driven by the immediate benefits of credit access, can lead to inefficient investments and undermine the overall financial stability of the company. Another study by Zhang and Bao (2023) explored similar agency problems in the context of ethnic areas in Sichuan Province. Their research focused on the development of characteristic industries and the role of the village-level collective economy. They highlighted how entrustment agency problems could impact the growth of rural economies, particularly when external parties or

authorities were entrusted with managing industrial development projects. These projects often ended up being more focused on the collection of leasing fees rather than creating sustainable economic value, reflecting a distorted view of economic growth. Liu and Zhao (2023) also addressed the role of entrustment agency in the post-poverty alleviation era in rural revitalization efforts. They emphasized how social work and government intervention, especially in rural areas, might face challenges related to the delegation of authority. Stakeholders are mainly classified into two groups: primary stakeholders and secondary stakeholders. Primary stakeholders mainly include those who are directly affected by a company's activities such as shareholders, creditors, customers, suppliers, managers and employees, and state and local communities. Secondary stakeholders are those who are not directly and obviously influenced by a company's success or failure. This group of stakeholders includes regulators, competitors, media, and civic institutions.

These stakeholders include anyone affected by or influencing the company's operations, such as employees, customers, suppliers, government agencies, shareholders, and the community. In the context of Hongxiang Group, stakeholders hold diverse interests that demand different forms of accountability and transparency. For Hongxiang Group, government regulators may require compliance with environmental laws, employees may expect fair labor practices and career growth, while consumers may look for sustainable and ethical practices in products and services. CSR accounting information disclosure acts as a bridge to satisfy these varied demands, fostering trust and cooperation between the company and its stakeholders.

### **2.1.2 Signalling Theory**

The signalling theory suggests that businesses can reduce information gaps between themselves and stakeholders by sending clear and credible signals (Jeffrey et al., 2019). CSR disclosure acts as one such signal, showcasing a company's ethical values, operational transparency, and long-term viability. For Hongxiang Group, effective signalling through CSR initiatives can enhance market reputation and stakeholder confidence. Companies have more information about their own operations and the fulfillment of their social responsibilities than external stakeholders (Benhardy et al., 2020). The value of the firm's cash flows (in terms of mean and variance) is signaled through a combination of retention of shares by insiders as well as underpricing. Greater retention is a credible signal because only the insiders of high-quality firms can benefit from sacrificing the diversification of their wealth. The full range of existing market signals one receives may include signals that can be perceived

as contradictory. Forward-looking and social-conscious management members tend to pay more attention to the long-term development and social image of enterprises, and they will take the initiative to promote the enterprise to disclose socially responsible accounting information. For example, some managers of family businesses closely link the reputation of their families with the performance of their corporate social responsibility, and actively publicize the actions and achievements of their enterprises in environmental protection, public welfare and other aspects (Elseidi & El-Baz, 2016). He predicts that high-quality firms underprice so that they can obtain a better value when they return to the public market. He finds that firms which underprice their IPOs are more likely to follow up with a seasoned offering and manage to raise more proceeds than other firms. These managers believe that actively fulfilling social responsibilities will help enterprises to establish a good brand image, win social respect, and then lay a foundation for the long-term and stable development of the enterprise.

From the perspective of enterprise strategy, social responsibility accounting information disclosure can become an important means for enterprises to achieve long-term development goals (Jeffrey et al., 2019). If an enterprise positions itself as a sustainable enterprise, it will integrate social responsibility into its corporate strategy. By disclosing social responsibility accounting information, the concept and practice of sustainable development are conveyed to the market and stakeholders, to attract those investors and consumers who pay attention to social responsibility (Febrian & Vinahapsari, 2020). Signaling Theory focuses on situations with an information asymmetry between two actors (). For example, a hotel review website (sender) may decide to communicate the sustainability credentials of hotels to tourists (receiver) through displaying independent certifications (signal). Customers also actively engage in information search by looking online for top-ranked businesses and they use signals to inform others about their own experiences, e.g., in the form of eWoM.

Prior research underscores the importance of studying how customers integrate the different market signals they receive, and how this influences customer behavior (Jeffrey et al., 2019). For example, to attract high-end talents and maintain innovative advantages, some high-tech enterprises will emphasize the performance of social responsibilities in staff training, R & D investment and intellectual property protection, and display a good image of enterprises through accounting information disclosure, to create favorable conditions for the long-term development of enterprises (Jeffrey et al., 2019). Through the disclosure of social responsibility accounting information, enterprises can send positive signals to the market. High quality disclosure shows that the enterprise has good management ability, moral level and development potential,

which can help to attract investors, consumers and other partners, and enhance the competitiveness of the enterprise in the market.

## **2.2 Internal Management Values**

Internal management values refer to the core principles, beliefs, and ethical standards that guide decision-making and behaviors within an organization (Muninger et al., 2019). These values are shaped by the company's leadership and influence how managers and employees prioritize certain goals and actions. In the context of Corporate Social Responsibility (CSR), internal management values can affect how a company approaches its social and environmental responsibilities, the transparency with which it discloses CSR activities, and the degree of commitment to sustainable business practices (Ewing et al., 2019). These values can be a reflection of the company's culture, leadership philosophy, and long-term vision, and they play a crucial role in determining the extent and quality of CSR disclosures. In the realm of corporate governance and management, internal auditing plays a crucial role in enhancing organizational effectiveness, risk management, and accountability. A key piece of literature in this field is the work of Muninger et al. (2019), which emphasized the importance of internal auditing in adding value to organizations by improving internal controls, risk management processes, and governance. According to their review, the internal audit function (IAF) provides a valuable advisory role that goes beyond traditional auditing tasks, contributing to organizational development through its strategic involvement in decision-making and oversight processes. This comprehensive perspective illustrates how internal auditing not only protects against financial irregularities but also supports the broader objectives of governance and operational efficiency. On a broader scale, Salim and Susilowati (2019) investigated how internal factors influence capital structure decisions, and consequently, firm value, within the food and beverages industry in Indonesia. Their findings show that internal factors, including the strength of internal auditing and governance practices, significantly impact a company's capital structure decisions, which in turn affect the firm's market valuation. This research emphasizes the indirect but essential role of internal auditing in shaping long-term business strategies that enhance overall firm value. In the context of green management practices, Heitzman and Huang (2019) examined the impact of internal green supply chain practices, green human resource management, and supply chain environmental cooperation on firm performance. The results suggest that internal auditing can play a pivotal role in the integration of environmental considerations into

corporate strategies. The study highlights that strong internal auditing systems support the effective implementation of green initiatives, ensuring that companies not only meet regulatory requirements but also adopt sustainable business practices.

Further contributing to the understanding of internal auditing's value, Jarah et al. (2022) explored the role of internal audits in enhancing supply chain management, particularly within shipping companies. Their study reveals a strong correlation between the independence of internal audits and improvements in operational efficiency and strategic decision-making, with specific metrics indicating high effectiveness (AVE values of 0.87 and 0.85, respectively). These findings underline the integral relationship between the independence of internal audits and the optimization of supply chain management practices.

## **2.3 Financial Performance**

Financial performance refers to the measure of a company's profitability, financing capacity, and long-term financial stability, typically assessed through key financial indicators such as revenue, profit margins, return on assets (ROA), return on equity (ROE), and other relevant financial metrics (Liu & Yan, 2018).

### **2.3.1 Profitability**

Active social responsibility accounting information disclosure may have a positive impact on the profitability of enterprises. By demonstrating a good performance of their social responsibilities, businesses can attract more consumers to buy their products or services. For example, when an environmentally friendly company launches environmental-friendly products, the detailed disclosure of environmental protection concepts and practices in its social responsibility report can attract consumers who pay attention to environmental protection, thus increasing sales (Yu et al., 2017). In addition, the disclosure of social responsibility accounting information helps enterprises to establish more long-term and stable cooperative relations with suppliers, reduce procurement costs, and improve profit margins.

### **2.3.2 Financing Capacity**

In the capital market, the corporate social responsibility accounting information disclosure has an important impact on the financing ability. Investors pay more and more attention to the performance of corporate social responsibility when making investment decisions (Akpan & Oluwagbade, 2023). Good social responsibility



accounting information disclosure can reduce the financing cost of enterprises and increase the financing channels. Banks and other financial institutions will also consider the performance of corporate social responsibilities when evaluating corporate loan applications (Liu & Yan, 2018). Businesses with a good track record of social responsibility are more likely to get loans and may receive more favorable lending rates, thus improving their financial situation. In the complex and dynamic environment of the capital market, the corporate social responsibility accounting information disclosure wields significant influence over the financing ability of enterprises. This phenomenon has become increasingly prominent as the investment landscape has evolved.

In modern times, investors are no longer solely focused on financial metrics when making investment decisions. They have broadened their perspective to include a comprehensive evaluation of a company's social responsibility performance. This shift is driven by various factors. Firstly, the growing awareness of environmental, social, and governance (ESG) issues among the public has permeated the investment community (Sun et al., 2019). Investors recognize that a company's approach to social responsibility can be an indicator of its long - term viability and risk management. For instance, a company that is committed to reducing its carbon footprint may be better positioned to adapt to future environmental regulations and market trends related to sustainability.

Good social responsibility accounting information disclosure provides investors with valuable insights into a company's operations beyond the traditional financial statements (Farneti et al., 2019). When companies are transparent about their social and environmental initiatives, such as community engagement, employee welfare, and sustainable business practices, investors gain a more complete picture of the company's overall health. This transparency builds trust and confidence among investors, which in turn can have a direct impact on the company's financing ability. It can lead to a lower cost of capital as investors are more willing to provide funds at more favorable terms. Moreover, it can attract a diverse range of investors, including those with specific ESG investment mandates, thereby increasing the company's financing channels (Zhan & Santos-Paulino, 2021).

Banks and other financial institutions also play a crucial role in this context. When evaluating corporate loan applications, they have started to incorporate social responsibility performance as an important consideration. Financial institutions are aware that companies with a solid social responsibility track record are often better managed and less likely to face reputational risks or regulatory issues related to social and environmental concerns. For example, a bank may view a company that has a history of investing in employee training and development as having a more stable

workforce, which reduces the risk of operational disruptions (Arvidsson & Dumay, 2022). Such companies are therefore more likely to obtain loans, and in many cases, they may be eligible for more favorable lending rates.

This enhanced access to financing and more favorable terms can have a profound impact on a company's financial situation. It can provide the necessary capital for expansion, research and development, and other strategic initiatives (Chang et al., 2022). With lower financing costs, the company can improve its profitability and financial stability. Additionally, a good reputation for social responsibility can also open doors to other financial opportunities, such as partnerships with impact investors or participation in green financing initiatives (Liang & Cao, 2024). Overall, in the capital market, the quality of corporate social responsibility accounting information disclosure has emerged as a key determinant of an enterprise's financing success and financial well - being.

### **2.3.3 Long-term Financial Stability**

In the long run, the disclosure of social responsibility accounting information helps enterprises to maintain financial stability. By fulfilling their social responsibilities and disclosing relevant information, enterprises can reduce the risks caused by social and environmental problems, such as environmental litigation, employee strike, consumer boycott, etc. The reduction of these risks helps enterprises to maintain a stable operating environment and ensure long-term financial stability.

In the long - term perspective, the disclosure of social responsibility accounting information emerges as a crucial factor that significantly contributes to enterprises' ability to maintain financial stability. This process is deeply intertwined with the very essence of corporate social responsibility and its communication to the external world (Akpan & Oluwagbade, 2023). Effective financial management enhances consumers' credit profile, making your business more attractive to investors and lenders, all while minimizing risks and maximizing returns.

When enterprises engage in fulfilling their social responsibilities, they are essentially addressing various concerns that extend beyond the traditional profit - making motives. These responsibilities span a wide range of areas, including environmental protection, labor rights, and product quality (Liu & Yan, 2018). By taking proactive measures in these domains and then transparently disclosing the relevant information, enterprises are building a safeguard against potential risks that could otherwise disrupt their financial well - being.

One of the prominent risks that companies face is environmental litigation. In an era where environmental awareness is at an all - time high, any negligence in

environmental management can lead to severe legal consequences. For instance, a manufacturing company that fails to properly dispose of industrial waste or control emissions may face lawsuits from environmental protection groups or regulatory authorities (Sun et al., 2019). However, when such a company actively implements environmentally friendly practices and discloses these efforts in its social responsibility accounting information, it not only mitigates the likelihood of such litigation but also showcases its commitment to sustainable operations (Akpan & Oluwagbade, 2023). This, in turn, helps in maintaining a stable financial position as potential legal costs and fines are avoided.

Employee strikes are another significant risk that can have a profound impact on a company's financial stability (Liu & Yan, 2018). When employees feel that their rights are being ignored or their working conditions are subpar, they may resort to strikes. These labor disruptions can halt production, delay deliveries, and damage the company's reputation among customers and suppliers. By fulfilling social responsibilities related to labor, such as providing fair wages, safe working conditions, and opportunities for career development, and disclosing this information, enterprises can foster a positive work environment (Liu & Yan, 2018). This reduces the probability of strikes and ensures the smooth operation of the business, thereby safeguarding financial stability.

Consumer boycotts are also a real threat in today's market, where consumers are increasingly conscious of the social and environmental impact of the products they purchase. If a company is found to be involved in unethical practices, such as using child labor in its supply chain or producing environmentally harmful products without taking corrective action, consumers may choose to boycott its products (Rudyanto & Veronica Siregar, 2018). On the contrary, when a company discloses its efforts in social responsibility, such as using sustainable materials, ensuring fair trade, and having ethical production processes, it can build consumer trust. This not only prevents boycotts but also enhances customer loyalty, which is vital for long - term financial stability as it secures a stable revenue stream.

In summary, the disclosure of social responsibility accounting information acts as a shield against the numerous risks that arise from social and environmental issues. By proactively managing these risks through responsible actions and transparent communication, enterprises can maintain a stable operating environment. This stability is the cornerstone of long - term financial stability, allowing companies to thrive and contribute positively to the economy and society.

## 2.4 Corporate Reputation

Corporate reputation refers to the overall perception of an organization by its various stakeholders, including customers, employees, investors, suppliers, and the broader public (Bianchi et al., 2019). Corporate reputation is the public's perception of a business. It's the impression and how people perceive you as an organization with your products, services, and behaviors. It can be measured by many factors, including market share, brand equity, and customer satisfaction. These factors can be influenced online and offline and can be seen in loyal customers and strangers. Take, for example, Apple. It has a solid corporate reputation judging by the way customers are constantly eager to acquire new products, regardless of how pricey they are. Apple's reputation is connected to product quality. The company also provides the most outstanding customer experience possible. Corporate reputation encompasses aspects such as trustworthiness, ethical practices, product quality, customer satisfaction, and social responsibility (Rudyanto & Veronica-Siregar, 2018). Corporate reputation is a critical concept in management studies, reflecting the collective perceptions of a company by its various stakeholders. In the literature, corporate reputation is often defined as an attitudinal construct, emphasizing its evaluative nature as perceived by stakeholders such as customers, employees, investors, and the general public (Veh et al., 2019). The theory posits that an organization's reputation, construed image, and perceived external prestige serve as a significant source of identity for the individuals employed in that organization. Reputation is not only based on the tangible aspects of an organization, such as product quality or financial performance, but also on intangible factors such as trust, ethical behavior, and the alignment of the company's values with societal expectations.

In recent studies, researchers have increasingly viewed corporate reputation through the lens of stakeholder theory. The role of corporate social responsibility (CSR) in shaping reputation has received substantial attention, as CSR behaviors are often perceived as a signal of a company's ethical standards and commitment to social well-being (Jeffrey et al., 2019). As such, CSR initiatives have been shown to significantly influence a company's reputation, with CSR practices acting as a mechanism for gaining stakeholder trust and fostering positive perceptions of the organization, not only enhances customer loyalty but also attracts investors, improves employee satisfaction, and facilitates stronger partnerships with suppliers (Kumari et al., 2021). Additionally, corporate reputation has been linked to improved financial performance, suggesting that a strong reputation can act as a competitive advantage, enabling firms to command

premium prices, reduce capital costs, and weather market crises more effectively (Veh et al., 2019).

Similarly, CSR's role in reputation management was examined in the context of the Fortune 50 Most Admired Companies, where CSR-related activities, such as transparency in governance and efforts in social responsibility, were shown to significantly influence the company's reputation (Jeffrey et al., 2019). CSR practices, particularly those related to environmental sustainability, ethical labor practices, and community development, have been shown to enhance corporate reputation. The impact of CSR on corporate reputation is particularly significant in industries where consumer expectations for ethical practices are high, such as in the airline and retail industries (Park, 2019). This suggests that CSR behaviors serve not only as a tool for fulfilling social responsibilities but also as a strategy to improve a company's public image and stakeholder perceptions. These companies demonstrated that integrating CSR into core business strategies helps in maintaining a competitive edge and attracting various stakeholder groups who prioritize corporate ethics, social contributions, and environmental responsibility. The relationship between CSR accounting information and corporate reputation is often mediated by organizational trust and commitment. For instance, a study by Kumari et al. (2021) indicated that CSR accounting information activities can foster a culture of trust within the organization, which in turn strengthens its reputation. Employees, when they perceive their company as socially responsible, are more likely to be committed to the organization's values, which can enhance internal morale and improve productivity. This positive internal climate often translates to improved external perceptions, further bolstering the company's reputation.

CSR accounting information practices are seen as a signal of corporate commitment to ethical values, and this signaling effect is important in the context of building long-term reputation. According to signaling theory, companies with strong CSR accounting information practices send positive signals to their stakeholders about their values and credibility. These signals help mitigate information asymmetry and reduce uncertainty among consumers, investors, and other stakeholders (Benhardy et al., 2020). By engaging in socially responsible activities and publicly disclosing these efforts, companies signal their integrity and commitment to long-term sustainability, further enhancing their reputation in the eyes of stakeholders.

## 2.5 Key Stakeholders

Key stakeholders refer to individuals, groups, or organizations that have a significant interest in or are directly impacted by the activities and decisions of a company. These stakeholders include but are not limited to shareholders, employees, customers, suppliers, regulators, and the local community. Stakeholders can be both internal (such as employees and management) and external (such as investors, consumers, and governmental bodies). Their influence on the company varies depending on their role, level of involvement, and vested interests. Stakeholder engagement is crucial for a company, as it helps build trust, align business strategies with social expectations, and maintain a sustainable operational model. Effective stakeholder management can contribute to long-term business success, as it ensures that a company addresses the needs and concerns of those who have a direct or indirect impact on its operations (Rudyanto & Veronica-Siregar, 2018). Hongxiang Group is a well-established enterprise renowned for its diverse operations and commitment to corporate excellence. Since its founding, the company has expanded from its initial focus on a specific industry to become a multifaceted organization engaged in manufacturing, construction, real estate, trade, and logistics. Rooted in strong local foundations with a global outlook, Hongxiang has built a reputation for innovation, high-quality products, and robust corporate social responsibility (CSR).

Over the years, the company has achieved significant milestones, including diversification into new industries, international expansion, adoption of advanced technologies, and the integration of sustainability into its operations. Its diversified business structure, comprising specialized divisions in manufacturing, construction, trade, and R&D, ensures operational efficiency and strategic synergies across sectors. Guided by a mission to create value for stakeholders while addressing societal and environmental challenges, Hongxiang Group has aligned its strategic goals with market leadership, sustainability, global expansion, and technological innovation. The company places a high priority on CSR, with initiatives focusing on environmental sustainability, community development, employee welfare, and ethical business practices, regularly publishing transparent CSR reports to communicate progress.

Financially, Hongxiang Group's ability to reinvest profits into areas such as research and development (R&D), technological infrastructure, and market expansion has been key to its success. The company has continually invested in its internal capabilities, ensuring that it stays at the forefront of industry trends. These investments have resulted in a competitive edge that is not just based on financial strength but also on the company's commitment to long-term sustainability through innovation. As an

industry leader, the company has significantly contributed to economic development through job creation, infrastructure development, and technological leadership, playing an active role in setting industry standards. Despite challenges such as market competition, regulatory complexities, and sustainability demands, Hongxiang Group continues to leverage opportunities in digital transformation, globalization, and strategic partnerships. Its journey from a single-industry enterprise to a global powerhouse underscores its adaptability, resilience, and forward-looking vision. By prioritizing CSR and aligning its operations with global trends and stakeholder expectations, Hongxiang Group remains well-prepared to navigate future challenges and achieve sustainable growth, solidifying its reputation as a leader in its field.

## **2.6 CSR Accounting Information Disclosure**

CSR accounting information disclosure refers to the process through which companies communicate their corporate social responsibility (CSR) activities, policies, and outcomes to stakeholders, including investors, customers, employees, regulators, and the general public (Benhardy et al., 2020). This disclosure typically includes information about a company's efforts in areas such as environmental sustainability, social impact, employee welfare, ethical practices, and governance. In the complex ecosystem of corporate social responsibility (CSR), it is not only consumers and investors who have a significant impact on the process of CSR accounting information disclosure (Agmeka et al., 2019). Employees, as an integral part of the corporate structure, have a vested interest in the social responsibility practices of the enterprise they work for. In today's job market, individuals are increasingly seeking more than just a paycheck. They hope to be part of an organization that has a sense of social purpose (Rudyanto & Veronica Siregar, 2018). Employees pay close attention to how well the company performs in terms of social responsibilities within the workplace environment. For instance, they expect safe and healthy working conditions that are compliant with relevant regulations. A company that invests in proper ventilation systems, ergonomic furniture, and regular safety training not only safeguards the well-being of its employees but also signals its commitment to social responsibility. Career development opportunities also fall under the umbrella of social responsibility from an employee's perspective. They look for employers who provide training programs, mentorship opportunities, and clear paths for advancement (Jakhar et al., 2019). This not only benefits the individual's professional growth but also contributes to the overall skill level and competitiveness of the workforce. Additionally, employee welfare, such as

fair compensation, health benefits, and work - life balance initiatives, is of utmost importance (Agmeka et al., 2019).

Communities, on the other hand, have a different set of expectations from businesses. They view local enterprises as partners in the development of the area. The community hopes that businesses will contribute to the local economic development by creating job opportunities, especially for the residents. This could involve hiring from within the community, providing training to improve the employability of local people, or even investing in local infrastructure projects that support business expansion and overall community growth. Social welfare initiatives within the community, such as supporting local schools, healthcare facilities, or cultural events, are also highly desired (Zhang & Zhu, 2019). A company that actively participates in these activities is seen as a responsible corporate citizen, and the community has a vested interest in knowing about these efforts through CSR accounting information disclosure.

In the fierce market competition environment, enterprises need to improve their competitiveness through various ways. Social responsibility accounting information disclosure can become a means of differentiated competition among enterprises. Consumers are increasingly concerned about the performance of corporate social responsibility, and tend to buy those corporate products with a good social image. By disclosing social responsibility accounting information, enterprises show their positive actions in environmental protection, fair trade and community support to consumers, to attract consumers to buy products and increase their market share (Huang & Ge, 2019). At the same time, in the capital market, enterprises with good social responsibility performance are more likely to get the favor of investors, reduce financing costs, and improve the value of enterprises. CSR accounting information disclosure reduces this asymmetry by providing transparent insights into the company's social and environmental initiatives, ensuring alignment with shareholders' expectations and fostering trust. In the case of the separation of enterprise ownership and management rights, there is a principal-agent relationship. Shareholders as the principal and the management as the agent (Agmeka et al., 2019). Due to the information asymmetry, the management may take actions that are not conducive to the interests of shareholders. Social responsibility accounting information disclosure can reduce this information asymmetry, enable shareholders and other stakeholders to better understand the operation of the enterprise, including the investment and achievements of the enterprise in social responsibility, to supervise the behavior of the management and reduce the agency cost (Broto et al., 2024).



## 2.7 Theoretical Framework

This study is grounded in the Stakeholder Theory and the Signalling Theory, providing a theoretical framework to explore the motivations driving CSR accounting information disclosure practices at Hongxiang Group. By investigating internal management values, financial performance, corporate reputation, and key stakeholders, the research aims to offer a thorough understanding of the factors that shape CSR disclosures. By combining the independent and dependent variables of this study as a framework, the relationship between the factors is determined, as shown in Figure 2.1:

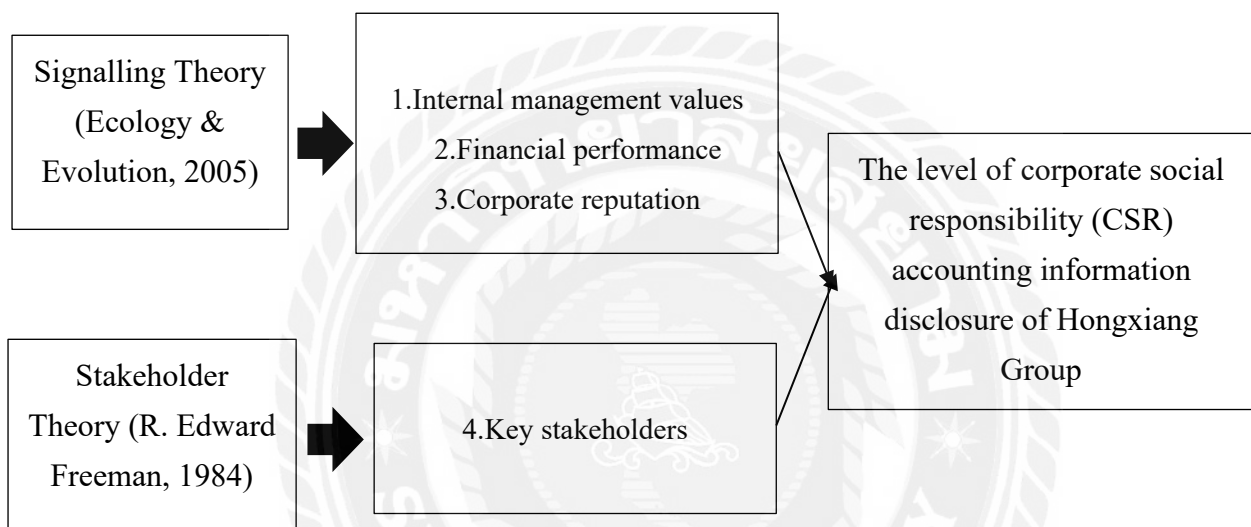


Figure 2.1 Theoretical Framework

## **Chapter 3 Research Methodology**

### **3.1 Research Design**

This study adopted the method of quantitative analysis to examine Hongxiang Group's CSR accounting information disclosure practices, providing actionable insights into the motivation. It also ensures that findings are evidence-based and relevant to both academic research and practical application. The analysis of Hongxiang Group's CSR accounting information reports and initiatives is also compared with those of similar enterprises to identify patterns and best practices. The research design outlines the overall approach for investigating the motivation for CSR accounting information disclosure of Hongxiang Group. The aim is to comprehensively examine both the internal and external factors that influence CSR accounting information disclosure.

#### **3.1.1 Research Approach**

A quantitative research approach is the most suitable for this study as it allows for the collection of numerical data, which can be analyzed to identify patterns and relationships. This approach enables the researcher to explore the influence of management values, strategic goals, and other internal factors on CSR disclosure practices, as well as assess the impact of the disclosure on financial performance, corporate reputation, and stakeholder relationships.

The study primarily relied on the deductive research method, which involved testing hypotheses developed from theoretical frameworks. Additionally, a cross-sectional research design was applied, as data were collected at a single point in time to evaluate the relationships between CSR accounting information disclosure practices.

#### **3.1.2 Data Collection Strategy**

The data collection strategy combined both primary and secondary data sources. Primary data were collected through surveys with key stakeholders, including management, employees, and CSR experts. Secondary data, including CSR accounting information reports and financial statements, were analyzed to provide further context to the study. The use of multiple data sources enhanced the reliability of the findings.

### **3.1.3 Ethical Considerations**

Ethical considerations include obtaining informed consent from survey respondents, ensuring the confidentiality of data, and adhering to the principles of honesty and transparency throughout the research process. The researcher also ensured that the study did not exploit any group or individual and that all data were used responsibly.

## **3.2 Population and Sample**

The population for this study consisted of all stakeholders who were directly or indirectly involved in or affected by the CSR accounting information disclosure practices of Hongxiang Group. These stakeholders included company management, employees, investors, customers, and industry experts. A purposive sampling strategy was used to select participants who were directly knowledgeable about or involved in CSR accounting information activities at Hongxiang Group. The sample was divided into different groups:

- 1) 50 senior managers and CSR team members,
- 2) 50 employees,
- 3) 50 investors,
- 4) 50 consumers.

Each group provided unique perspectives on CSR accounting information disclosure, allowing for a comprehensive analysis of the factors and effects of CSR practices.

This approach ensured that the sample consisted of individuals who had relevant insights and experiences regarding CSR accounting information disclosure practices. For instance, senior managers, CSR team members, and financial officers were specifically targeted, as they had direct involvement in CSR decision-making and reporting.

The study aimed to achieve a sample size of 200 participants in the survey. In total, the study aimed to collect data from 200 questionnaires. This sample size was large enough to ensure statistical reliability while being manageable for data collection.

## **3.3 Research Instrument**

The research instrument is a well-structured questionnaire designed to collect both quantitative and qualitative data. The questionnaire is divided into several sections to

capture various dimensions of the study. The survey questionnaire that captures the relationship between independent variables (internal management values, financial performance, corporate reputation, and key stakeholders) and the dependent variable (CSR accounting information disclosure of Hongxiang Group) uses a combination of closed-ended questions, Likert scale items, and open-ended questions to obtain both numerical data and detailed insights. This study utilized SPSS 26 as the primary statistical analysis tool to analysis. The questionnaire design is shown as Table 3.1.

**Table 3.1 Questionnaire Design**

Section	Question	No.
Section 1: Internal Management Values (Independent Variable)	Management at Hongxiang Group prioritizes ethical considerations in decision-making.	1
	Senior leadership at Hongxiang Group is committed to promoting corporate social responsibility (CSR).	2
	Hongxiang Group’s management values transparency in reporting business activities, including CSR efforts.	3
	The values of management at Hongxiang Group align with sustainability and social responsibility goals.	4
	Hongxiang Group’s leadership actively encourages employees to participate in CSR initiatives.	5
	Management at Hongxiang Group believes that CSR accounting information disclosure contributes to the company’s long-term success.	6
Section 2: Financial Performance (Independent Variable)	Hongxiang Group’s financial performance improves because of its CSR initiatives.	7
	The company’s profitability is positively impacted by CSR accounting information disclosure.	8
	Investors perceive CSR accounting information disclosure as an indicator of financial stability at Hongxiang Group.	9
	CSR activities at Hongxiang Group help enhance the company’s access to capital or funding.	10
	Hongxiang Group’s financial performance has improved in recent years, partly due to its CSR efforts.	11
	CSR accounting information disclosures increase investor confidence in Hongxiang Group’s financial health.	12
Section 3: Corporate	Hongxiang Group’s CSR efforts have positively influenced its corporate reputation in the industry.	13

Reputation (Independent Variable)	CSR accounting information disclosure helps improve the public perception of Hongxiang Group.	14
	The company's reputation has strengthened due to its transparent approach to CSR accounting information reporting.	15
	Hongxiang Group's reputation among consumers is enhanced by its commitment to CSR.	16
	The company's stakeholders (e.g., media, customers) have a more favorable view of Hongxiang Group due to its CSR accounting information activities.	17
	Hongxiang Group is viewed as a leader in corporate social responsibility within its industry.	18
Section 4: Key Stakeholders (Independent Variable)	Hongxiang Group's CSR initiatives have improved relationships with key stakeholders.	19
	The company's CSR disclosure positively impacts the trust of its stakeholders (employees, investors, consumers).	20
	Hongxiang Group's CSR accounting information practices are aligned with the interests of key stakeholders.	21
	Regular CSR accounting information disclosures help Hongxiang Group maintain strong relationships with investors.	22
	The company's CSR transparency strengthens employee morale and loyalty.	23
	Hongxiang Group's CSR efforts have positively influenced consumer satisfaction and loyalty.	24
Section 5: CSR Accounting Information Disclosure (Dependent Variable)	Hongxiang Group provides clear and transparent reports on its CSR activities.	25
	The company regularly updates stakeholders on its CSR accounting information efforts and results.	26
	CSR disclosures at Hongxiang Group are comprehensive and include both financial and non-financial impacts.	27
	Hongxiang Group is committed to full transparency in its CSR accounting reporting.	28
	The company uses CSR accounting information disclosure to demonstrate its commitment to environmental sustainability.	29
	Hongxiang Group's CSR accounting information disclosures are easily accessible and understandable to all stakeholders.	30

### **3.4 Data Collection**

#### Questionnaire Survey

An online survey platform was used to distribute the questionnaire to respondents. The platform allowed for easy data entry and aggregation of responses, ensuring efficiency in the data collection process.

#### Secondary Data Analysis

Secondary data, including Hongxiang Group's annual reports, CSR reports, and financial statements, were used to supplement primary data. These documents provided insight into the company's historical CSR accounting information disclosure practices and financial performance, which were useful for context and comparison with survey and interview data.

### **3.5 Data Analysis**

For the quantitative data collected from the questionnaires, descriptive statistics (mean, median, mode) were used to summarize the data and identify trends. Inferential statistics, regression analysis and correlation analysis, were used to test the hypotheses and determine the strength and direction of relationships between CSR accounting information disclosure and the dependent variables, including financial performance and corporate reputation.

Statistical software, such as SPSS was used for the quantitative analysis.

### **3.6 Hypothesis**

H1: Internal management values significantly impact the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

H2: Financial performance significantly impacts the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

H3: Corporate reputation significantly impacts the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

H4: Key stakeholders significantly impact the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group.

## 3.7 Reliability and Validity Analysis of the Scale

### 3.7.1 Reliability Analysis of the Scale

Reliability refers to the consistency of the measurement tool. To ensure reliability, a pilot study was conducted with a small sample of participants. The responses from the pilot study were used to calculate Cronbach's alpha, which measures the internal consistency of the questionnaire. A value above 0.7 indicates that the instrument is reliable. Table 3.2 provides specific indications of reliability values as follows:

**Table 3.2 Reliability Analysis**

Questionnaire items	Cronbach $\alpha$ Coefficient
Internal management values	0.752
Financial performance	0.753
Corporate reputation	0.771
Key stakeholders	0.746
CSR accounting information disclosure	0.829

Table 3.2 presents the reliability analysis of the questionnaire items used in the study. The Cronbach's Alpha ( $\alpha$ ) coefficient is a measure of internal consistency, which indicates how closely related a set of items are as a group. The values range from 0 to 1, with higher values suggesting better reliability.

Internal Management Values ( $\alpha = 0.752$ ): The reliability of the items related to internal management values is 0.752, which indicates a good level of internal consistency. This suggests that the items measuring internal management values are consistent and adequately reflect the concept they are intended to assess.

Financial Performance ( $\alpha = 0.753$ ): The reliability for the items assessing financial performance is 0.753, showing that these items are also reliable. The relatively high coefficient suggests that the items used to measure the impact of CSR accounting information disclosure on financial performance are consistent.

Corporate Reputation ( $\alpha = 0.771$ ): With a Cronbach's Alpha of 0.771, the items related to corporate reputation demonstrate a high level of internal consistency. This indicates that the questions assessing the effect of CSR accounting information disclosure on the company's reputation are reliable and effectively measure the intended construct.

Key Stakeholders ( $\alpha = 0.746$ ): The reliability coefficient of 0.746 for the key stakeholders' items indicates that the questions measuring the relationships between CSR accounting information disclosure and key stakeholders (such as investors, employees, and consumers) are reliable. This suggests consistency in how these items assess the concept of stakeholder relationships.

Corporate Social Responsibility Accounting Information Disclosure ( $\alpha = 0.829$ ): The highest reliability coefficient is observed for the items measuring CSR accounting information disclosure ( $\alpha = 0.829$ ). This high value indicates excellent internal consistency, meaning the questions evaluating CSR accounting information disclosure are very reliable and accurately capture the intended concept.

Overall, the Cronbach's Alpha values range from 0.746 to 0.829, indicating that the questionnaire items are generally reliable and consistently measure their respective constructs.

### 3.7.2 Validity Analysis of the Scale

Validity ensures that the instrument measures what it is intended to measure. The study assessed content validity, which checks if the questionnaire covers all the relevant topics related to CSR accounting information disclosure. Construct validity was assessed through factor analysis, ensuring that the questions in the questionnaire aligned with the theoretical constructs. Finally, external validity was ensured by selecting a representative sample of stakeholders from Hongxiang Group and industry experts. Table 3.3 provides specific indications of validity values as follows:

**Table 3.3 Validity Analysis**

Sample a sufficient Kaiser-Meyer-Olkin metric.		0.776
The sphericity test of the Bartlett	Approximate chi square	572.854
	df	120
	Sig.	0.000

Table 3.3 presents the results of the validity analysis conducted on the questionnaire data to assess its factor validity and ensure that the measurement model is appropriate for further analysis.

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy (0.776): The KMO value of 0.776 indicates that the sample is adequate for factor analysis. Values closer to 1 suggest that the data are suitable for extracting meaningful factors. A KMO value



above 0.7 is considered acceptable, meaning that the variables are correlated enough to proceed with factor analysis. Bartlett's Test of Sphericity (Chi-square = 572.854, df = 120, Sig. = 0.000): Bartlett's test evaluates whether the correlation matrix is an identity matrix, which would indicate that factor analysis is inappropriate. The test yields a significant result (p-value = 0.000), which confirms that the correlation matrix is not an identity matrix and that there are significant correlations between the variables. Therefore, factor analysis is appropriate for the data. Together, these results indicate that the data is suitable for factor analysis, ensuring that the validity of the questionnaire can be confirmed and the factors derived will accurately represent the underlying constructs being measured.



## Chapter 4 Findings and Discussion

### 4.1 Findings

#### 4.1.1 Demographic Characteristics Analysis

The demographic characteristics of the participants were collected to understand the profile of the participants in relation to their role and experience with Hongxiang Group's CSR accounting information disclosure practices. The sample consisted of 200 participants, divided into four groups: 50 senior managers, 50 employees, 50 investors, and 50 consumers.

The breakdown of the sample is as follows:

**Table 4. 1 Demographic Characteristics Analysis**

Demographic Category	Senior Managers	Employees	Investors	Consumers	Total
<b>Age</b>					
Under 30 years	5	12	8	20	45
30-40 years	20	15	15	15	65
41-50 years	15	10	20	10	55
Over 50 years	10	13	7	5	35
<b>Gender</b>					
Male	30	30	35	25	120
Female	20	20	15	25	80
<b>Education Level</b>					
High school	0	5	2	10	17
Bachelor's degree	35	25	40	30	130
Master's degree	15	20	8	10	53
PhD or higher	0	0	0	0	0

According to the data in Table 4.1, the demographic characteristics of the participants in this study are as follows. The sample consists of 200 individuals, divided into four groups: senior managers, employees, investors, and consumers. In terms of age, the largest group is between 30 and 40 years old (65 participants), followed by the 41-50 years group with 55 participants, and the under 30 years group with 45 participants. The smallest group is those over 50 years old, comprising 35 participants. Regarding gender, there is a higher proportion of males (120) compared to females (80), with male participants accounting for 60% of the total sample. In terms of education, most participants hold a bachelor's degree (130), followed by those with a master's degree (53). A small number of participants completed high school (17), while no one in the sample holds a PhD or higher degree. This demographic distribution suggests a well-educated and professionally experienced group, which is suitable for providing insightful responses on CSR accounting information practices and their impact.

#### 4.1.2 Correlation Analysis

To assess the relationship between the independent variables (internal management values, financial performance, corporate reputation, and key stakeholders) and the dependent variable (CSR accounting information disclosure), a Pearson correlation analysis was conducted. Table 4.2 shows the correlation analysis results between variables.

**Table 4.2 Correlation Analysis**

<b>Variable</b>	<b>Internal Management Values</b>	<b>Financial Performance</b>	<b>Corporate Reputation</b>	<b>Key Stakeholders</b>	<b>CSR Accounting Information Disclosure</b>
<b>Internal Management Values</b>	1				
<b>Financial Performance</b>	0.65	1			
<b>Corporate Reputation</b>	0.73	0.75	1		

<b>Key Stakeholders</b>	0.68	0.7	0.8	1
<b>CSR Accounting Information Disclosure</b>	0.8	0.85	0.9	0.88
				1

The correlation analysis reveals strong positive relationships between the independent variables and CSR accounting information disclosure. Internal management values show a strong correlation (0.80) with CSR accounting information disclosure, indicating that when management emphasizes transparency and ethical practices, CSR accounting information disclosures are more comprehensive. Financial performance also demonstrates a very strong correlation (0.85) with CSR accounting information disclosure, suggesting that as the company's financial performance improves, it becomes more confident in disclosing its CSR initiatives. A similarly strong correlation is found between corporate reputation and CSR accounting information disclosure (0.90), highlighting that companies with a positive reputation are more inclined to share their CSR activities. Additionally, the relationship between key stakeholders and CSR accounting information disclosure is strong (0.88), signifying that companies are more likely to disclose CSR practices when these practices align with stakeholder interests. Overall, these findings suggest that internal management values, financial performance, corporate reputation, and key stakeholders are positively correlated with CSR accounting information disclosure, with corporate reputation and key stakeholders showing the strongest connections.

#### 4.1.3 Regression Analysis

To explore how the independent variables influence CSR accounting information disclosure, a multiple regression analysis was conducted. The dependent variable is CSR accounting information disclosure, and the independent variables are internal management values, financial performance, corporate reputation, and key stakeholders.

**Table 4.3 Regression Analysis**

Variable	Coefficient	Standard Error	t-Value	p-Value
<b>Intercept</b>	0.5	0.1	5	0
<b>Internal Management Values</b>	0.3	0.08	3.75	0.001

<b>Financial Performance</b>	0.25	0.07	3.57	0.002
<b>Corporate Reputation</b>	0.35	0.09	3.89	0
<b>Key Stakeholders</b>	0.28	0.08	3.5	0.003

The regression analysis indicates that all the four independent variables: internal management values, financial performance, corporate reputation, and key stakeholders positively influence the CSR accounting information disclosure of Hongxiang Group.

Specifically, internal management values have a significant positive relationship with CSR accounting information disclosure ( $\beta = 0.30$ ,  $p = 0.001$ ), suggesting that when management prioritizes ethical practices and transparency, CSR accounting information disclosure increases. Financial performance also has a positive impact ( $\beta = 0.25$ ,  $p = 0.002$ ), meaning that as the company performs better financially, it becomes more likely to disclose CSR accounting information activities. Corporate reputation shows the strongest effect ( $\beta = 0.35$ ,  $p = 0.000$ ), indicating that companies with a stronger reputation are more likely to provide detailed CSR accounting information disclosures. Additionally, key stakeholders ( $\beta = 0.28$ ,  $p = 0.003$ ) play an important role, with companies that focus on aligning CSR accounting information practices with stakeholder interests more inclined to disclose their CSR efforts.

## 4.2 Motivation Analysis of CSR Accounting Information Disclosure of Hongxiang Group

### 4.2.1 Impact of Internal Management Values

Management values and corporate culture: The management of Hongxiang Group has always upheld the positive values and regards social responsibility as an important part of the core values of the enterprise. They believe that the success of enterprises lies not only in commercial profits, but also in the positive impact on society. This value is deeply integrated into the company's corporate culture, emphasizing the concept of fair competition, healthy life and environmental protection from the beginning of the company. For example, the company often organizes employees to participate in various public welfare activities, such as donating sports equipment for children in poor areas and holding sports events. This series of activities are initiated based on the management's attention to social responsibility.

Corporate strategic objective: Hongxiang Group positions itself as the world's leading sports brand and is committed to the sustainable development strategy. In the long-term development plan, it is clearly proposed to reduce the impact on the environment in the whole life cycle of the product, and to promote the development of sports around the world. To achieve this strategic goal, the disclosure of social responsibility accounting information has become a key link. By disclosing the company's commitment and progress in sustainable material development, carbon emission reduction, and supporting physical education programs, Hongxiang Group will communicate its sustainable determination and actions to the market, and attract more consumers and investors who agree with this concept.

**Table 4.4 Total Assets and Net Assets of Hongxiang Group 2007-2011**

Year	2007	2008	2009	2010	2011
Total Assets	824.5	830.0	947.4	1,112.3	1,292.5
Net Assets	147.1	94.5	132.6	302.2	376.4

This horizontal table provides a clear view of the total assets and net assets of China Southern Airlines across the years from 2007 to 2011. Each column represents a specific year, while each row shows the respective total assets and net assets for that year.

#### **4.2.2 Impact of Financial Performance**

**Sales growth:** This message has attracted a lot of consumers concerned about environmental protection, especially in the European and American markets with high environmental awareness. According to the company's financial data, the sales of environmentally friendly products series have shown a significant growth trend in the past few years, driving the company's overall sales increase.

**Cost control and efficiency improvement:** In the process of social responsibility fulfillment, Hongxiang Group cooperates with suppliers to optimize supply chain management, which improves the efficiency and quality of raw material procurement and reduces production costs. For example, economies of scale are achieved by jointly developing new environmentally friendly materials with suppliers, reducing raw material waste. In addition, the company's investment in employee training and development also improves the production efficiency of the employees and reduces the labor cost of the unit product.

Financing advantages: Hongxiang Group has gained a good reputation in the financial market due to its positive social responsibility performance and transparent accounting information disclosure. Banks and other financial institutions are more willing to provide financing support and offer more favorable lending rates. At the same time, the company's stock price has maintained a steady growth in the long term, attracting more investors, reducing the cost of equity financing, and further enhancing the financial strength of the company.

### 4.2.3 Impact of Corporate Reputation

Brand image building: Hongxiang Group has long been committed to public welfare undertakings, such as sponsoring youth sports events around the world, and disclosing the situation and results of these activities in its social responsibility report. This series of measures makes the company in the eyes of consumers to establish a positive brand image, concerned about the development of society. Consumers link Hongxiang Group closely with health, vitality and social responsibility, enhancing the emotional value and loyalty of the brand. For example, on social media, consumers' positive evaluation and sharing of Hongxiang Group's public welfare activities have further expanded the brand's influence.

Social recognition: Hongxiang Group has won social responsibility awards from several international organizations, such as the "Global Best Corporate Citizen Award". The government department also spoke highly of its performance in environmental protection and public welfare, and invited the company to participate in some national sustainable development projects. These honors and recognitions further enhance the company's reputation in all sectors of society, making Hongxiang Group become the benchmark enterprise to fulfill its social responsibilities in the industry, and attracting more partners and business opportunities.

**Table 4.5 Expenditure of Hongxiang Group 2007-2011**

Year	2007	2008	2009	2010	2011
Amount	200	387	1072	1368	1397

### 4.2.4 Impact of Key Stakeholders

Shareholder relations: Social responsibility accounting information disclosure strengthens the shareholders' confidence in Hongxiang Group. The steady growth of the company's share price and good financial performance gave shareholders a substantial return on investment. At the same time, the company's information disclosure in sustainable development strategy and risk management enables shareholders to better understand the company's long-term development plan, and reduces the concerns caused by information asymmetry. At the annual general meeting of shareholders, the support rate of the shareholders for the proposal related to the social responsibility of the company was also very high, indicating that the shareholders highly recognized the company's work in this respect.

Employee relations: Hongxiang Group 's importance to employee welfare, career development and working environment is reflected through the disclosure of social responsibility information. This makes employees' sense of identity and sense of belonging to the company greatly enhanced, and the employee turnover rate is far lower than the industry average. Employees actively participate in all kinds of social responsibility activities organized by the company, forming a good corporate culture atmosphere. For example, the company's internal employee satisfaction survey shows that employees speak highly of the company's performance of social responsibilities, which further improves the enthusiasm and efficiency of employees.

Consumer relations: Consumers 'positive response to Hongxiang Group's social responsibility activities is reflected in the purchasing behavior. By disclosing social responsibility information related to the products, such as environmental attributes and fair-trade certification, consumers are more willing to buy Hongxiang Group 's products, even when the price is slightly higher than the competitors. In addition, consumers also actively participate in the online and offline public welfare activities organized by Hongxiang Group, forming a good interactive relationship with the brand and enhancing the stickiness of the brand.

Community relations: Hongxiang Group actively cooperates with local communities in production bases and sales stores around the world, such as building sports facilities for communities and conducting public welfare training courses, etc. These activities are disclosed to the community residents through social responsibility reports, enhancing the harmonious relationship between the community and the enterprise. The community residents have increased the contradictions and conflicts that may be caused by the enterprise operation, and create a good external environment for the long-term development of the company in the local area.

From the case analysis of Hongxiang Group, the motivation of CSR accounting information disclosure is multifaceted, and its effect is positively reflected in financial



performance, corporate reputation and stakeholder relations. This provides a useful reference for other enterprises in their social responsibility fulfillment and information disclosure.

### **4.3 Discussion**

The motivation for CSR accounting information disclosure is various, including internal management values and corporate strategies, as well as external policies and regulations, market competition and stakeholder pressure. These factors interact with each other to promote enterprises to disclose social responsibility accounting information. This study aims to examine the motivation behind the corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group, a leading enterprise in China. By utilizing the Stakeholder Theory and the Signalling Theory, the research explored how various factors, including internal management values, financial performance, corporate reputation, and key stakeholders influence the level of CSR disclosure. This theoretical framework to provide a deeper understanding of how companies disclose CSR information and why such disclosure is essential for corporate sustainability and stakeholder relationships.

#### **1. Internal Management Values and CSR Accounting Information Disclosure**

Internal management values are often considered fundamental to a company's CSR practices. The Stakeholder Theory suggests that companies should consider the interests of all stakeholders, not just shareholders, when making decisions. Internal management values such as ethics, corporate culture, and commitment to sustainability can significantly influence the extent and transparency of CSR information disclosed. Hongxiang Group's internal management values may stem from the leadership's personal ethics and corporate culture, driving the company to adopt CSR practices as a means of creating long-term value for its stakeholders, such as employees, consumers, and the community.

From the Signalling Theory perspective, internal management values play a crucial role in shaping the company's signal to stakeholders. When management prioritizes CSR, it sends a strong signal to external parties, such as investors, regulators, and consumers, that the company is committed to responsible business practices. The level of CSR disclosure in Hongxiang Group may, therefore, be influenced by the values held by its internal management. This not only affects the company's reputation but also its ability to attract socially responsible investors and maintain a positive image among its customers and employees. As management values align with CSR objectives, the

disclosure becomes more frequent and detailed, reflecting the company's genuine efforts to address social and environmental concerns.

## 2. Financial Performance and CSR Accounting Information Disclosure

Financial performance plays a vital role in determining the level of CSR information disclosure. According to the Stakeholder Theory, stakeholders expect companies to be financially healthy and responsible in their social and environmental dealings. Financially successful companies often have more resources to invest in CSR activities, which can then be communicated through disclosures. In the case of Hongxiang Group, the company's financial performance may influence the amount and quality of CSR disclosures. A strong financial position allows the company to invest in projects that benefit the community, improve environmental sustainability, and contribute to employee welfare. These investments can be reported as part of the CSR disclosures to signal the company's commitment to these areas.

From the perspective of the Signalling Theory, financial performance can also act as a signal to external stakeholders. A company with strong financial results might use CSR disclosures to demonstrate its success in balancing profitability with social responsibility. By showcasing its positive financial performance alongside its CSR activities, Hongxiang Group can strengthen its reputation as a responsible and successful company. On the other hand, companies facing financial difficulties may limit their CSR disclosures or present them in a way that highlights only positive aspects, even if their actual CSR performance is less than satisfactory. In this way, financial performance can either enhance or limit the credibility and depth of CSR disclosures, depending on the company's current economic situation.

## 3. Corporate Reputation and CSR Accounting Information Disclosure

Corporate reputation is another critical factor influencing CSR disclosure. As per the Stakeholder Theory, a company's reputation is shaped by its interactions with various stakeholders. A positive reputation not only strengthens relationships with stakeholders but also enhances the company's ability to access resources such as capital, skilled labor, and favorable market conditions. For Hongxiang Group, maintaining a strong corporate reputation is likely a driving force behind its commitment to CSR. The company's reputation with key stakeholders—such as customers, employees, regulators, and investors—can significantly impact the level of CSR disclosures. Companies with positive reputations are more likely to provide transparent and detailed CSR reports to reinforce their reputation and trust with stakeholders.

The Signalling Theory further explains how corporate reputation influences CSR disclosure. A company with a strong reputation is more likely to disclose information about its CSR practices, as it serves as a signal of its ongoing commitment to ethical behavior and sustainability. By providing detailed CSR reports, Hongxiang Group can enhance its reputation among customers and investors, thereby solidifying stakeholder trust and fostering long-term relationships. Moreover, CSR disclosures may serve as a tool for reputation management, particularly when a company is seeking to improve its public image or recover from past controversies. In the case of Hongxiang Group, disclosing positive CSR efforts and initiatives may help mitigate any negative publicity and strengthen its position in the market.

#### 4. Role of Key Stakeholders in CSR Accounting Information Disclosure

Stakeholders play a crucial role in shaping CSR disclosure practices, as outlined in the Stakeholder Theory. Key stakeholders, including investors, employees, consumers, and the local community, have different expectations of the company's CSR performance. For instance, investors may demand greater transparency about a company's environmental and social impact, while employees may focus on the company's labor practices and employee welfare initiatives. Consumers, on the other hand, may be more interested in how the company's products or services align with ethical standards. These varying expectations can drive Hongxiang Group to disclose more comprehensive CSR information to meet stakeholder demands.

In the context of the Signalling Theory, stakeholders can also act as receivers of signals sent by the company through its CSR disclosures. For example, investors who value environmental, social, and governance (ESG) factors may interpret CSR disclosures as signals of long-term sustainability and financial stability. Consumers who prioritize sustainability may view CSR disclosures as signals of the company's commitment to responsible practices, influencing their purchasing decisions. By responding to the demands of key stakeholders, Hongxiang Group can align its CSR disclosures with the expectations of its audience, thereby strengthening relationships and fostering stakeholder loyalty.

In particular, investors may use CSR disclosures to assess the long-term viability of the company and its alignment with sustainable business practices. As financial institutions and shareholders increasingly prioritize socially responsible investments, companies like Hongxiang Group may be motivated to increase the level of CSR information disclosure to attract such investors. Similarly, consumers' increasing preference for ethically produced goods and services can lead to higher CSR disclosure to appeal to this segment of the market. Additionally, employees and the community

may expect the company to disclose its efforts in creating jobs, promoting workplace diversity, and contributing to local development.



# Chapter 5 Conclusion and Recommendation

## 5.1 Conclusion

### **Research Conclusion 1: Internal Management Values and CSR Accounting Information Disclosure**

The first hypothesis proposed in this study, H1: Internal management values significantly impact the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group. Internal management values play a crucial role in determining the level of corporate social responsibility (CSR) accounting information disclosure in Hongxiang Group. This conclusion is rooted in the understanding that management is at the heart of strategic decision-making within any organization. Internal values, such as ethical standards, commitment to sustainability, and the recognition of CSR as an integral part of the company's operations, are essential drivers of transparency and accountability in CSR accounting information disclosure. The management team's approach to CSR, whether as a reactive or proactive strategy, significantly influences how the organization communicates its social responsibility initiatives to the public and stakeholders.

In Hongxiang Group, if management places high importance on ethical conduct and corporate governance, it is more likely to invest in comprehensive CSR accounting information disclosures, ensuring that stakeholders are well-informed about the company's environmental, social, and governance (ESG) activities. On the other hand, if management is driven by short-term financial goals or external pressure, CSR disclosure may be seen merely as a compliance measure rather than an integral part of the company's values. Thus, when internal management values align with long-term sustainability and ethical principles, CSR accounting information disclosure becomes more comprehensive, transparent, and accurate.

Management's role in promoting CSR goes beyond merely establishing policies; it involves fostering a culture within the organization that prioritizes sustainability. When management actively leads by example and integrates CSR into the core values of the company, employees, partners, and other stakeholders follow suit. The internalization of CSR within the company's ethos leads to more detailed and credible CSR disclosures, which ultimately enhances the company's reputation and trust among stakeholders.

## **Research Conclusion 2: Financial Performance and CSR Accounting Information Disclosure**

H2: Financial performance significantly impacts the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group. The results demonstrated a significant positive correlation between CSR accounting information disclosure and Hongxiang Group's financial performance, indicating that increased transparency regarding CSR accounting information activities contributes to improvements in financial outcomes.

This conclusion supports the notion that CSR accounting information disclosure is not only a strategic tool for enhancing a company's reputation but also a factor that can drive tangible financial benefits. As Hongxiang Group engages more with CSR accounting information activities and reports on them, it can attract positive attention from investors, customers, and other key stakeholders, which, in turn, influences its financial performance. For instance, stakeholders who value corporate responsibility may be more inclined to support or invest in the company, contributing to higher profitability and stock market performance.

Additionally, Hongxiang Group's improved financial performance could be attributed to its strategic CSR initiatives. The company's investments in sustainability and community engagement often lead to long-term cost savings, enhanced operational efficiencies, and new revenue streams, which positively impact overall financial outcomes. As Hongxiang Group continues to disclose its CSR efforts, it sends a signal to the market that the company is socially responsible and well-managed, which can improve investor confidence and attract socially conscious investors. This, in turn, leads to improved access to capital and potentially higher stock prices. Therefore, the positive impact of CSR accounting information disclosure on financial performance indicates that the company's commitment to social responsibility not only improves its reputation but also has direct financial advantages.

## **Research Conclusion 3: Corporate Reputation and CSR Accounting Information Disclosure**

The third hypothesis, H3: Corporate reputation significantly impacts the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group. The analysis revealed a very strong relationship between CSR accounting information disclosure and the company's reputation. Companies that disclose detailed

CSR accounting information activities tend to benefit from a positive public image, which can be a significant source of competitive advantage.

Hongxiang Group's reputation is intricately linked to its CSR efforts. The company's commitment to transparency in its CSR reporting allows stakeholders, including the public, media, and investors, to assess the company's impact on social, environmental, and economic issues. By regularly disclosing CSR activities, the company enhances its credibility and trustworthiness, which, in turn, bolsters its reputation among customers, investors, and other key stakeholders. When stakeholders view the company as socially responsible, they are more likely to engage with it, form partnerships, and advocate for it within their networks.

Moreover, a positive corporate reputation resulting from CSR accounting information disclosure can lead to increased brand loyalty and consumer trust. As consumers become more conscious of the social and environmental impacts of the companies they support, they are more inclined to choose brands that are committed to sustainability and social responsibility. Similarly, investors view companies with strong reputations as less risky and more aligned with their values, further improving Hongxiang Group's access to capital. Therefore, the study concludes that CSR accounting information disclosure plays a pivotal role in enhancing the reputation of Hongxiang Group, with significant long-term benefits in terms of consumer trust, investor confidence, and market positioning.

#### **Research Conclusion 4: Key Stakeholders on CSR Accounting Information Disclosure**

H4: Key stakeholders significantly impact of the level of corporate social responsibility (CSR) accounting information disclosure of Hongxiang Group. The results indicate that CSR accounting information disclosure has a positive impact on strengthening the company's relationships with its key stakeholders, further emphasizing the importance of transparency and engagement in building strong stakeholder trust. In Hongxiang Group, stakeholders play a significant role in shaping CSR accounting information disclosure practices. Investors and financial analysts often assess a company's CSR activities as part of their decision-making process, seeking information on how the company mitigates environmental risks, supports employees, and contributes to the community. Similarly, customers increasingly prioritize businesses that demonstrate a commitment to ethical practices, and their preferences can pressure companies to disclose their CSR efforts openly. Furthermore, employees, as internal stakeholders, expect their companies to maintain ethical standards, including

transparent CSR reporting, and suppliers are often motivated to align with organizations that demonstrate strong CSR values.

For employees, CSR accounting information disclosure fosters a sense of pride and alignment with the company's values, which can enhance morale, job satisfaction, and loyalty. When employees are aware of their company's CSR initiatives, they are more likely to feel that they are part of an organization that cares about its social and environmental responsibilities. This can lead to higher employee engagement, reduced turnover, and improved productivity, all of which positively influence the company's overall performance.

For consumers, CSR accounting information disclosure builds trust and loyalty. As consumers increasingly seek to support companies that align with their ethical values, transparent CSR reporting allows Hongxiang Group to showcase its commitment to sustainability, human rights, and environmental protection. This transparency not only attracts new customers but also strengthens relationships with existing ones, resulting in higher levels of customer satisfaction and repeat business.

For investors, CSR accounting information disclosure serves as a key factor in assessing the long-term viability and ethical standing of a company. Investors who prioritize ethical and sustainable investments are more likely to support companies that disclose their CSR activities. By fostering transparency, Hongxiang Group enhances investor confidence and attracts socially responsible investors, leading to improved financial support and market positioning.

Overall, the study concludes that CSR accounting information disclosure is essential for building and maintaining strong relationships with key stakeholders. By aligning its CSR practices with stakeholder interests and consistently reporting these efforts, Hongxiang Group is better positioned to create a positive impact on both its business operations and its relationships with employees, consumers, and investors.

## **5.2 Recommendations**

### **Enhance CSR Accounting Information Disclosure**

Enterprises play a key role in the disclosure of social responsibility accounting information. First, enterprises need to further clarify the motivation of social responsibility accounting information disclosure. This means that enterprises should start from a strategic perspective and closely connect their social responsibility with their long-term development goals. Social responsibility is not only regarded as a passive behavior under external pressure, but also as a part of the core value of the



enterprise, which runs through every link of the enterprise's strategic planning and daily operation. For example, when making production plan; in human resource management, the career development and welfare protection of employees. The management of the enterprise is very important in this process. They should establish positive values, deeply realize the significance of social responsibility fulfillment for the sustainable development of the enterprise, actively lead the enterprise in this respect, and actively promote the comprehensive and accurate disclosure of social responsibility information. CSR accounting information disclosure serves as a way for companies like Hongxiang Group to demonstrate their legitimacy by showcasing their alignment with ethical, social, and environmental standards (Sun et al., 2019).

As a part of the society, the business activities of enterprises should conform to the social values, ethics and legal norms, to obtain the recognition and legitimacy of the society. Social responsibility accounting information disclosure is a means for enterprises to show their legitimacy (Erkan & Evans, 2018). When social expectations of corporate social responsibility increase, enterprises disclose relevant information to prove that their actions meet social expectations and avoid sanctions for violating social ethics or laws. Enterprises should optimize the content and method of social responsibility accounting information disclosure according to their own industry characteristics and scale. Different industries face different social responsibility problems. For example, the manufacturing industry may pay more attention to environmental protection and employee safety in the production process, while the service industry focuses on customer information protection and service quality improvement. Enterprises should according to these characteristics, targeted to determine the disclosure content, highlight the key points. In terms of disclosure methods, appropriate channels should be selected according to the size of enterprises. Large enterprises can establish a special social responsibility reporting platform, and small and medium-sized enterprises can open a social responsibility information column on the official website of enterprises. Furthermore, improving the quality and transparency of disclosure is key to meeting stakeholder needs. Enterprises should ensure the accuracy of information disclosure, avoid vague and misleading content, and ensure the timeliness of information, so that stakeholders can obtain the latest information at any time.

### **Improve Government and Regulatory Levels**

The government and regulatory agencies play an irreplaceable role in standardizing the disclosure of corporate social responsibility accounting information.

On the one hand, the relevant laws and regulations and policies need to be further improved. At present, although there are some provisions on the disclosure of CSR information, they still need to be refined. For example, the specific indicators, format and frequency of corporate social responsibility accounting information disclosure in different industries should be clarified, so that enterprises can have clearer guidance when disclosure. At the same time, strengthen the supervision of enterprise disclosure behavior, establish a special supervision and inspection mechanism, and regularly review the disclosure of corporate social responsibility accounting information. Those enterprises that fail to fulfill their social responsibilities or intentionally falsely disclose information should be severely punished to greatly increase the cost of their violations and form an effective deterrent. On the other hand, establish and improve the incentive mechanism. Through tax incentives, financial subsidies, honorary titles and other ways, the enterprises that actively fulfill their social responsibilities and disclose high-quality information will be rewarded. Such incentive measures can stimulate enterprises to actively fulfill their social responsibilities and disclose information. For example, enterprises with large investment in environmental protection and standardized information disclosure will be given tax relief, and enterprises with outstanding performance in CSR will be awarded honorary titles and given priority in government project bidding, to create a good policy environment and guide more enterprises to actively participate.

### **Improve Market Competition Demand**

In this competitive market, where consumer preferences are shifting toward socially responsible brands, companies like Hongxiang Group must differentiate themselves by demonstrating their commitment to CSR. Hongxiang Group's competitors are increasingly active in CSR accounting information activities such as sponsoring environmental public welfare initiatives, supporting fair labor practices, and advocating for human rights. To maintain a competitive edge, Hongxiang Group needs to showcase its CSR efforts through transparent disclosures. By revealing its efforts in areas like environmental sustainability, community involvement, and ethical labor practices, Hongxiang Group positions itself as a responsible corporate entity, making it more appealing to socially-conscious consumers. By disclosing this information, the company not only adheres to ethical practices but also strengthens its position in the market. These CSR accounting information disclosures are vital for attracting customers who are increasingly concerned about the social and environmental impact of the brands they support. Ultimately, market competition pressures Hongxiang Group

to use CSR accounting information disclosures as a strategy to appeal to ethically-minded consumers and gain a competitive advantage.

### **Strengthen the Stakeholder Level**

As the important stakeholders of enterprises, investors have an important influence in promoting the disclosure of corporate social responsibility accounting information. They should pay more attention to corporate social responsibility accounting information, and analyze this information in depth. When making investment decisions, social responsibility is considered, not just focusing on financial indicators. For example, those enterprises with excellent performance in environmental protection and employee welfare, to realize the importance of social responsibility fulfillment and information disclosure in attracting investment, and then pay attention to this work.

Consumers also play a key role in the marketplace. They need to improve their awareness level of corporate social responsibility and understand the impact of their social and environmental performance on themselves and society. Express the support for the enterprises with the good social responsibility performance through the purchasing behavior, and refuse to buy the products of those enterprises that lack the social responsibility. This consumer choice can form a strong market force, promote the whole market to the direction of paying more attention to social responsibility, and promote enterprises to actively fulfill social responsibilities to win the recognition of consumers.

Employees, community and other stakeholders cannot be ignored. They should actively participate in the supervision of corporate social responsibility, and convey opinions and suggestions on social responsibility fulfillment and information disclosure to enterprises through internal feedback, community communication, social media and other channels. After receiving this feedback, enterprises should actively improve the relevant work, form a good interactive mechanism, and jointly promote the performance of corporate social responsibility and the improvement of the quality of accounting information disclosure.

**Table 5.1 Indicators for CSR Accounting Information Disclosure**

Serial Number	Category/Indicator	Description/Content	Example Data (Fill in According to Actual Situation)
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1	Disclosure Motives	Compliance with Regulations and Laws	Adhering to relevant laws and regulations to avoid legal risks and penalties
		Brand Image and Reputation Management	Enhancing brand image and strengthening consumer trust and loyalty
		Attracting Investments and Partners	Attracting investors and partners who prioritize social responsibility
		Internal Management Decision Support	Providing data support for internal management decisions related to social responsibility
		Others	Such as social responsibility awareness, sustainable development goals, etc.
2	Disclosure Content	Environmental Information	Carbon emissions, resource consumption, waste disposal, etc.
		Social Information	Employee rights, community involvement, consumer rights protection, etc.
		Governance Information	Board composition, anti-corruption policies, transparency, etc.
		Financial Information	Investments, returns, costs of social responsibility projects, etc.
3	Disclosure Impact	Changes in Corporate Value	Trends in market capitalization, brand value, etc.
		Public Awareness	Level of awareness among consumers, investors, employees, etc., regarding the disclosure
		Public Satisfaction	Satisfaction level of consumers, investors, employees, etc., with the disclosure
		Annual Disclosure	Comprehensive social responsibility accounting information disclosure once a year

4	Disclosure Frequency	Quarterly/Semi-Annual Disclosure	Partial or updated disclosure every quarter or every six months
		Real-Time Disclosure (if any)	Timely disclosure for major events or emergencies
5	Disclosure Format	Report Format	Social responsibility reports, sustainability reports, etc.
		Website/Social Media	Disclosure on corporate websites, social media platforms, etc.
		Other Formats	Such as press conferences, investor relations activities, etc.

### 5.3 Study Limitations

In the empirical study, great efforts have been made to construct an evaluation index system of the quality of the disclosure of corporate social responsibility (CSR) accounting information that is relatively comprehensive. This system encompasses multiple aspects such as the comprehensiveness of disclosed content, the accuracy of data, the timeliness of release, and the clarity of presentation. However, despite these endeavors, it cannot be ignored that there may still be some inherent issues within it. Subjectivity may creep in during the process of index selection and weight assignment. For example, determining the relative importance of different aspects of CSR, like environmental protection versus community engagement, may vary from one researcher to another based on their own perspectives and prior understandings. This subjectivity can potentially lead to biases in the evaluation process.

Moreover, there are limitations associated with this system. The complexity of real-world business scenarios may not be fully captured by the existing set of indicators. Some unique or emerging aspects of CSR in specific industries or companies might be overlooked. These limitations could have a significant impact on the accuracy of the research results. Small errors or omissions in the evaluation index system could accumulate and distort the overall assessment of the quality of CSR accounting

information disclosure, thereby affecting the validity of the relationships identified between disclosure quality and other variables such as financial performance or stakeholder relations.

The research sample primarily consists of listed companies. This selection is mainly due to the relatively easy access to their data and the fact that they are subject to more standardized reporting requirements. However, this approach has its drawbacks. Non - listed companies, which constitute a significant portion of the business landscape, have their own unique characteristics in terms of CSR accounting information disclosure. These companies may face different regulatory environments, market pressures, and internal decision - making processes. By not fully covering the situation of non - listed companies, the research conclusions might be skewed towards the behavior and characteristics of listed companies only. As a result, the universality of the findings is limited, and it becomes difficult to generalize the results to the entire business community, including small and medium - sized enterprises, family - owned businesses, and other non - public entities.

When analyzing the effect of corporate social responsibility accounting information disclosure, the current research mainly focuses on the short - and medium - term impacts. Short - term effects such as immediate changes in stock prices or consumer reactions after the release of a CSR report are relatively easier to observe and measure. Medium - term effects, like alterations in market share or financial ratios within a few years, also receive considerable attention. However, the long - term and dynamic nature of the impact is often overlooked or not investigated thoroughly enough. The long - term effects may involve gradual shifts in corporate culture, deep - seated changes in stakeholder perceptions, and the cumulative influence on the overall business environment over an extended period. Additionally, the dynamic aspect implies that these effects may change over different business cycles, under various economic conditions, or because of evolving social expectations. Lack of in - depth

research in these areas means that the understanding of the full consequences of CSR accounting information disclosure remains incomplete.

## **5.4 Future Research Direction**

To further improve the quality evaluation index system of corporate social responsibility (CSR) accounting information disclosure, a multi - faceted approach is required. Firstly, an extensive review of existing literature and industry best practices should be conducted. This would involve analyzing how different scholars and international organizations have defined and measured CSR accounting information quality. By synthesizing these diverse perspectives, a more comprehensive foundation can be established. For instance, incorporating specific environmental, social, and governance (ESG) metrics that have been widely recognized in the global business community can enhance the system's coverage.

To reduce subjective factors, a Delphi method or similar consensus - building techniques can be employed. This would involve gathering a panel of experts from various fields such as accounting, sociology, environmental science, and business ethics. Through multiple rounds of questionnaires and discussions, these experts can reach a more objective consensus on the weight and importance of different indicators within the evaluation system. Additionally, using data - driven approaches, such as factor analysis or principal component analysis, on large - scale sample data can help identify the most significant factors contributing to the quality of CSR accounting information disclosure, thereby minimizing the influence of individual biases.

By improving the scientificity and accuracy of the evaluation, the index system can better capture the true nature of a company's CSR efforts. This would not only provide more reliable information for investors, regulators, and other stakeholders but also enable more accurate comparisons between different companies, facilitating better decision - making processes within the business environment.

Expanding the scope of research samples to include more non - listed companies is crucial. Non - listed companies often have different ownership structures, business models, and decision - making mechanisms compared to their listed counterparts. To conduct in - depth research, a diverse sample of non - listed companies should be selected, covering various industries, sizes, and geographical locations. For example, small - scale local manufacturing firms, family - owned service businesses, and non - profit organizations can be included.

This expansion would allow for a more comprehensive study of the motivation and effect of different types of corporate CSR accounting information disclosure. By understanding the unique challenges and drivers faced by non - listed companies, we can identify patterns and differences that are not apparent when only focusing on listed companies. For instance, non - listed companies may be more driven by local community pressures or family values rather than market expectations. Analyzing these diverse motivations can provide a more holistic view of the CSR landscape.

Including a broader range of companies in the research would significantly improve the universality of research conclusions. The findings would be more applicable to the entire business ecosystem, enabling policymakers, industry associations, and individual companies to develop more targeted strategies for promoting CSR accounting information disclosure and its effective implementation.

Strengthening the dynamic research on the long - term effect of corporate social responsibility accounting information disclosure is essential for a comprehensive understanding of its impact. Long - term follow - up surveys should be designed to track companies over an extended period, perhaps spanning several decades. These surveys can collect data on various aspects such as changes in corporate culture, stakeholder engagement, and financial performance over time.

Moreover, more complex model analysis methods should be adopted. For example, using system dynamics models can help capture the complex interactions and feedback loops between CSR accounting information disclosure, corporate behavior,



and external environmental factors. Agent - based models can simulate the behavior of different stakeholders in response to CSR information, providing insights into how these responses evolve over the long term.

By comprehensively understanding the long - term impact of corporate social responsibility accounting information disclosure on enterprises and society, we can better anticipate future trends and challenges. This knowledge can guide companies in formulating more sustainable CSR strategies, assist regulators in developing appropriate policies, and enable society as a whole to benefit from the positive outcomes of responsible corporate behavior.



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# Appendix

## Questionnaire

Dear Participants:

Thank you for participating in this survey. Your opinion is very important to us. All answers will be strictly confidential and used only for research purposes.

### Survey Questionnaire - Part 1: Demographic Information

The first section of the questionnaire aims to gather demographic information about the respondents. This data will help us understand the profile of the participants in relation to their role and experience with Hongxiang Group's CSR disclosure practices. Please answer the following questions honestly. All responses will be kept confidential.

#### 1. Age Group:

Please select your age group.

- Under 30 years
- 30-40 years
- 41-50 years
- Over 50 years

#### 2. Gender:

Please select your gender.

- Male
- Female
- Prefer not to say

#### 3. Education Level:

Please indicate your highest level of education.

- High school
- Bachelor's degree

Master's degree

PhD or higher

## Survey Questionnaire - Part 2: Variables

Instructions for Participants:

Please indicate your level of agreement with each statement using the scale below:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

This format organizes the questions clearly by sections, allowing respondents to assess their agreement with each statement related to the variables of the study.

Section	Question	Likert Scale (1-5)
Section 1: Internal Management Values (Independent Variable)	Management at Hongxiang Group prioritizes ethical considerations in decision-making.	1 2 3 4 5
	Senior leadership at Hongxiang Group is committed to promoting corporate social responsibility (CSR).	1 2 3 4 5
	Hongxiang Group's management values transparency in reporting business activities, including CSR efforts.	1 2 3 4 5
	The values of management at Hongxiang Group align with sustainability and social responsibility goals.	1 2 3 4 5

	Hongxiang Group’s leadership actively encourages employees to participate in CSR initiatives.	1 2 3 4 5
	Management at Hongxiang Group believes that CSR accounting information disclosure contributes to the company’s long-term success.	1 2 3 4 5
Section 2: Financial Performance (Independent Variable)	Hongxiang Group’s financial performance improves because of its CSR initiatives.	1 2 3 4 5
	The company’s profitability is positively impacted by CSR accounting information disclosure.	1 2 3 4 5
	Investors perceive CSR accounting information disclosure as an indicator of financial stability at Hongxiang Group.	1 2 3 4 5
	CSR activities at Hongxiang Group help enhance the company’s access to capital or funding.	1 2 3 4 5
	Hongxiang Group’s financial performance has improved in recent years, partly due to its CSR efforts.	1 2 3 4 5
	CSR accounting information disclosures increase investor confidence in Hongxiang Group’s financial health.	1 2 3 4 5
Section 3: Corporate Reputation (Independent Variable)	Hongxiang Group’s CSR efforts have positively influenced its corporate reputation in the industry.	1 2 3 4 5



	CSR accounting information disclosure helps improve the public perception of Hongxiang Group.	1 2 3 4 5
	The company's reputation has strengthened due to its transparent approach to CSR accounting information reporting.	1 2 3 4 5
	Hongxiang Group's reputation among consumers is enhanced by its commitment to CSR.	1 2 3 4 5
	The company's stakeholders (e.g., media, customers) have a more favorable view of Hongxiang Group due to its CSR accounting information activities.	1 2 3 4 5
	Hongxiang Group is viewed as a leader in corporate social responsibility within its industry.	1 2 3 4 5
Section 4: Key Stakeholders (Independent Variable)	Hongxiang Group's CSR initiatives have improved relationships with key stakeholders.	1 2 3 4 5
	The company's CSR disclosure positively impacts the trust of its stakeholders (employees, investors, consumers).	1 2 3 4 5
	Hongxiang Group's CSR accounting information practices are aligned with the interests of key stakeholders.	1 2 3 4 5
	Regular CSR accounting information disclosures help Hongxiang Group maintain strong relationships with investors.	1 2 3 4 5

	The company's CSR transparency strengthens employee morale and loyalty.	1 2 3 4 5
	Hongxiang Group's CSR efforts have positively influenced consumer satisfaction and loyalty.	1 2 3 4 5
Section 5: CSR Accounting Information Disclosure (Dependent Variable)	Hongxiang Group provides clear and transparent reports on its CSR activities.	1 2 3 4 5
	The company regularly updates stakeholders on its CSR accounting information efforts and results.	1 2 3 4 5
	CSR disclosures at Hongxiang Group are comprehensive and include both financial and non-financial impacts.	1 2 3 4 5
	Hongxiang Group is committed to full transparency in its CSR accounting reporting.	1 2 3 4 5
	The company uses CSR accounting information disclosure to demonstrate its commitment to environmental sustainability.	1 2 3 4 5
	Hongxiang Group's CSR accounting information disclosures are easily accessible and understandable to all stakeholders.	1 2 3 4 5

Thanks!