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Original Research Paper

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HOW CORPORATE DISCLOSURES ARE BENEFICIAL FOR THE FIRM?

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ABSTRACT The stress that is placed on companies to address concerns relating to the environment, society, earnings and ethics has made the concept of corporate disclosures more prevalent and obvious than ever before. The only way for the public to learn about the extent of CSR activities that companies engage in is through the disclosures. This study provides an overview of the previous research on corporate disclosure as well the influence of these corporate disclosures. The degree to which information is disclosed can be impacted by a various factors such as the size of the company, the industry, the level of visibility and so on.

KEYWORDS :

INTRODUCTION

Disclosure of corporate information is an essential instrument that reveals how effectively a firm governed (Pham & Tran, 2020). Corporate social responsibility, sometimes known as CSR, has recently emerged as a hot topic in the world of business. The internet has become as one of the most essential tools for disseminating information regarding CSR in recent years. This has enabled businesses to make more information readily available to public at a cheaper cost and in short amount of time (Soares et al., 2008). (Malik & Kanwal, 2018) conducted study of publicly traded pharamaceutical companies in Pakistan focusing on the impact of CSR disclosure on financial performance. The content analysis of annual reports was used to compile the panel data for this particular case study, which spans a period of ten years, from 2005 to 2014. Quantitative tools were used to measure the factors that were researched, and a scoring approach was utilised for the index that was generated. –(Agyei-Mensah & Buertey, 2019) the relationship between culture, corporate governance variables, and corporate risk reporting methodologies of listed firms in Nigeria and South Africa, which are both large African economies located to the south of the Sahara.

Further, for the purpose of study 500, firm year observations were collected over the period of 2013-2017 from companies that were listed on the Lagos and Johannesburg stock exchanges. In order to offer the background data of the variables that were explored, a descriptive analysis was carried out as part of the research process. After, this the regression analysis, which is the primary part of the data analysis, was carried out –(Agyei-Mensah & Buertey, 2019). (Hou & Reber, 2011) studied the actions and disclosures of corporate social responsibility made by prominent media corporations in United States. Findings states that nine out of ten companies have participated in various forms of CSR initiatives. These firms' corporate social responsibility initiatives vary depending on the sports of companies involved, and the scale of the company also has influence on how the CSR initiatives are reported.

Literature Review

Significant shifts in the creation and transmission of corporate information have been brought about as a result of the advent of social media as a channel for corporate disclosure '(Lei et al., 2019). (Lodhia & Mitchell, 2021) explored how the "Big Four" Australian banks have used disclosures regarding their corporate social responsibility in the wake of the banking royal commission to manage the reputational risk associated with their institutions. It is generally accepted that corporate social responsibility operates more effectively in open societies and competitive markets. This is because competitive markets encourage dissemination of the information and the voluntary adoption of self regulated, high quality CSR practises. Therefore, conventional wisdom argues that increasing a consumers' awareness of a company's beneficial CSR actions will result in the consumer developing positive perceptions about the company "(Naatu et al., 2022).

Efficiency in corporate investment has an effect on economic growth in the long run, but how much of an effect it has is mostly us to managers to decide. It is commonly held that disclosures on a company's corporate social responsibility might help reduce information asymmetries in emerging markets, despite the fact that information asymmetries are an issue in these areas. The authors investigate whether or not CSR disclosures have an effect on the efficiency of corporate capital expenditure in rising Asian economies –(Zamir et al., 2020).

CONCLUSION

Corporate disclosure leads make it easier for investors to make judgements based on accurate information when there is increased transparency in the operations and management of firms. In addition to this, there is a decreased likelihood of the investors money being mismanaged or wasted. By increasing the amount of information that is publicly available, serve financial and economic catastrophes can be prevented. An good illustration of a financial and economic catastrophe that was primarily, if not entirely, the result of a lack of transparency and accountability in the market is the global financial crisis 2008. This crisis began in 2008 and lasted until 2009. It resulted in corporation and financial institutions mishandling the money that has been invested by customers.

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