Better Achievement of SDGs Through Developing Better Firm Strategies for Efficient and Effective Disclosure of Corporate Social Responsibility

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SDGs can be better achieved when more firms are willing to fulfill their CSR and disclose their CSR information. Stakeholder theory argues that corporate stakeholders are one of the most critical driving forces for corporations’ willingness to fulfill their CSR and disclose their performance in CSR. Due to the global trend of advocating sustainable development and green consumerism, more and more corporate stakeholders incorporate enterprises’ efforts in CSR into their investment/procurement decisions. For example, KPMG’s survey (2017) indicated that stakeholders had started to view the environmental and social issues such as climate change, water scarcity, and human rights as financial issues rather than non-financial issues. Therefore, corporate stakeholders are incentivized by the global concerns of sustainable development to demand corporations’ disclosure of CSR information and, then, the corporations are incentivized by stakeholders to fulfill their CSR and report the results.

However, currently, CSR information is mainly reported by large or international firms. The key to the success of CSR disclosure scheme is for all firms, mostly small to medium enterprises (SMEs), to be willing to disclose. Nevertheless, many obstacles prevent SMEs from fulfilling CSR. The most concern for SMEs is the costs and efforts. SMEs do not know what to do and what to disclose and, thus, they imagine that CSR is a costly, heavy burden. Therefore, it is critical for firms to have better strategies for efficient and effective disclosure of CSR.

In this study, we argue that the content and extent of the disclosed information should be aligned with stakeholders’ desired information. Furthermore, we argue that the strategies for CSR reporting should be sector-specific because stakeholders in different sectors desire different sector-specific CSR information that is associated with sector-specific characteristics and impacts on sustainability.

In terms of methodology, we identify the “Topics” and Topic-specific “Disclosures” (according to GRI Standards) that are most disclosed in the CSR reports of the top corporations of that sector. Because the top corporations face the most attention from their stakeholders, the current CSR information disclosed by these top corporations can serve as the reference for forming “effective” CSR reporting strategies. Thus, the first step of the methodology is to obtain sector-specific
statistics based on the top corporations of that sector.

For developing “efficient” CSR reporting strategies, we differentiate the “Topics” and Topic-specific “Disclosures” into three Groups based on their disclosing rates, which are calculated by how many firms among the referenced/sample corporations disclose each Topic and its associated Disclosures. The three groups provide different sizes of firms different minimum (i.e., efficient) numbers of Topics/Disclosures reported, which reflect mainly the sector-specific characteristics. Therefore, the second step of this methodology is to differentiate the relevant Topics/Disclosures into three Groups. The third and last step is to analyze the information in each Group and to form the sector-specific strategies for CSR reporting based on the insights obtained from the analyses. Strategies developed using this methodology will be proposed. We shall apply this methodology to the international construction sector.