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DOES TODAY'S CSR DISCLOSURE DIFFER FROM THE DISCLOSURE OF THE 1970s? AN EMPIRICAL ANALYSIS

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ABSTRACT

In this paper, we respond to the call for further research on whether the accountability disclosure of today differs from the social disclosure of the 1970s. We do this by examining for differences in corporate social responsibility (CSR) disclosure in the late 1970s (using data from Ernst & Ernst, 1978) relative to disclosure from 2010 corporate reports. More specifically, we show (1) the breadth of CSR disclosure (using two different measures of disclosure extensiveness) has grown dramatically, (2) that there is no significant change in the relation between legitimacy variables and differences in CSR disclosure, and (3) that differences in CSR disclosure (using either of the breadth measures) were not significant in explaining differences in the market value of firms in the late 1970s and continue to be insignificant today. In general, our results suggest that CSR disclosure, while more extensive today than it had been three decades ago, fails to provide information that is relevant for assessing firm value.

Keywords: corporate social responsibility, disclosure change, disclosure valuation, legitimacy, social disclosure