BUSN68

Business Administration: Degree Project
– Accounting & Management Control

Spring 2012

Master Thesis

Comparative Study of Corporate Social Disclosure in the Context of Sweden and China

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Abstract

Title: Comparative Study of Corporate Social Disclosure in the Context of Sweden and China

Seminar date: 31, May 2012

Course: BUSN 68 Degree Project- Accounting and Management Control, 15 ECTS

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Key words: accounting choice, corporate social disclosure, culture, Sweden, China

Purpose: Our aim is to describe and explain similarities and differences of the empirical phenomenon of social disclosure practices in China and Sweden.

Methodology: This thesis applies a deductive approach. Annual reports were taken from a total of 558 companies. Data consists of 259 Swedish corporations from Nasdaq OMX Stockholm and 299 Chinese corporations from Shanghai Stock Exchange.

Theoretical Perspectives: A multi-theoretical approach has been adopted for the thesis. Size, profitability, industry, ownership structure, foreign listing, country, and audit firms are used to predict and explain the corporate social disclosure phenomenon in Sweden and China.

Empirical Foundation:
Pearson bivariate correlation and multiple linear regressions are conducted for the analyses.

Conclusions:
The study provided statistical evidence that size, profitability, industry, country, and audit firms have explanatory power regarding predicting and explaining corporate disclosure in Sweden and China. Moreover, ownership structure and foreign listing have shown limited explanatory power. It is further noticed that theories that are suitable for a phenomenon in Sweden might not necessary be so in China.

Acknowledgement

This master thesis completes a one-year master program: Accounting and Management Control at Lund University, Sweden. We would also like to thank our supervisor Torbjörn Tagesson. His guidance and suggestions have helped us along the way; his motivating attitude will keep us working for the future.

Marcus Nordgren **Hui Wang**

May 23, 2012

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Chapter 1 Introduction

1.1 Introduction

Corporate social disclosure (CSD), defined as reporting on ethical, environmental, and human issues (Gray et al., 1995a; Adams et al., 1998), has received increased international attention from the society. CSD has become an output (Wheeler and Elkington 2001) for corporations to meet various stakeholders' needs and social expectations. Numerous empirical (Magness, 2006; Clarkson, 2007, Solomon et al., 2002; Broberg et al., 2010; Tagesson et al. 2009) and theoretical (Deegan et al., 2002) studies have been conducted on CSD. Stakeholders, investors and different organizations all have claims and interest in corporate social responsibility. The trend of increasing CSD can be seen in international organizations which develop and promote sustainability reporting, as for example the Global Reporting Initiative (globalreporting.org), The World Business Council for Sustainable Development (wbcsd.org) and further voluntary reporting directives as ISO 26000 (iso.org). In Sweden, national governmental organizations promote corporations to include social and environmental impact, eg. Swedish Trade Council (swedishtrade.se). Transformations in stakeholder, consumer and public awareness pressure corporations to be aware of social and environmental impacts and to participate in the disclosure of how these matters are handled (Tagesson et al. 2009). As the second biggest economy in the world, China has shown rapid growth in the recent decade. Even though it has a short history in CSD, the topic has been gaining increasing attention. Compared to China, the CSD in Swedish companies has been well established (Windell et. Al, 2009). Because of the large international trade in China, it is beneficial to study CSD in China for the interests of various stakeholders, as investors, managers, consumers and media. China and Sweden, with different cultural, social and political background present an interesting comparison. Furthermore it is of interest to investigate how system-oriented theories in the western world can be applied to the Chinese context regarding CSD.

1.2 Purpose and Aim

The purpose of the thesis is to describe and explain similarities and differences of the empirical phenomenon of social disclosure practices in China and Sweden. This paper is built on the assumption that there are country specific differences that influence the corporate behavior of disclosure, as stated in van der Laan Smith et al (2005). Variables that contribute

to the comparison will be identified in the study. Plausible explanations will be provided as well. The paper is structured as follows. In chapter 2, research and theoretical methods are discussed. Chapter 3 includes a brief introduction of China and Sweden. Chapter 4 introduces hypotheses and chapter 5 discusses the operationalization of the variables. Chapter 6 presents the statistical data and analysis, while chapter 7 concludes the findings and comments on these.

Chapter 2 Method

This report uses a deductive approach to research, as stated by Bryman and Bell (2003, p.11), an approach where hypothesis is deducted from theory, in contrary to the inductive approach where the researcher uses empirical observation to distinguish a joint theory (ibid p.13-14).

The subject of interest being a comparison of variables in relation to country specifics that influence corporate social disclosure practice is not new (Deegan 2002, p. 2-3), but continues in a field of research with a comprehensive amount of knowledge and theory (as Gray et al. 2001; Orij 2010; Gamerschlag et al. 2010; Broberg et al. 2010). The extent of previous research further implicate that a deductive approach is preferable to be used. What is of interest in this study is to investigate the empirical relation between theory and the two different countries, China and Sweden, which may display differences. Pointed out by Bryman and Bell (2003, p.11), what is desirable is a confirmation or rejection of theory in relation to the empirical findings. As such this study may also be said to take on a primary deductive approach (ibid, p.12-13), but being that empirical evidence may lead to a slight revision of theory, a last step where theoretical assumptions may be criticized, a secondary inductive approach is also used.

2.1 Theoretical method

As this study will make use of a deductive research approach what become increasingly important is what theories are to be utilized and how one should relate and weigh these in comparison to each other. Following the purpose of explaining an empirical phenomenon, descriptive as opposed to normative theories are to be chosen (Deegan 2009, p.7).

Earlier studies have made use of different theories to explain the behavior of corporate social disclosure (Gray et al. (2001). As stated by Deegan et al. (2006), accounting theories can be used to support, explain, or predict accounting choices from various perspectives. The more understanding of the reasoning behind the accounting choices, the more equipped to succeed in the research as well as promote and improve accounting practices (Ibid, 2006). Furthermore in this study, in relation to the corporate social disclosure in the different contexts of Sweden and China, Hofstede's cultural dimensions (1980) and Gray's application (1988) on accounting will also be taken into consideration in order to give a more full understanding of

the issue from a cultural perspective. As this study is focused towards describing and explaining an empirical phenomenon, a multi-theoretical approach will be used (Cormier et al. 2005; Tagesson et al. 2009). By acknowledging that different theories give certain aspects of a phenomenon, using several theories might enhance and broaden the understanding, thus this study has an eclectic approach, and theories are complementary in contrary to competitive (Collin et al. 2009; Tagesson et al. 2009).

Chapter 3 Social environment in Sweden and China

3.1 Economy

Sweden, with merely around 9 million people, is considered as one of the richest and technically advanced countries in the world. Its Growth Domestic Product (GDP) in year 2011 is 458 billion US dollars, and GDP per capita is 38,000 US dollars (Worldbank.org). The economy is built on the natural resources such as forests, hydroelectric power, iron ore, copper and timber (state.gov). According to the statistics from state.gov, the major industries, which take approximately 26.1% of GDP, are involved with technical equipment, for example, machinery, electrical equipment, and aircraft, and major services, which take approximately 72.2% of GDP, are telecommunications, computer equipment, and biotech.

China, being the most populated country in the world, has a GDP of 5.93 trillion US dollars in 2011 (Worldbank.org). The GDP per capita is 7600 US dollars in 2010. Since the "Open Door" policy in 1978, the economic growth rate of China is around 10 percent each year (Welford & Hills, 2009), and it is predicted to be 8.5 percent in 2012 by the Asian Development Bank (ADB). The official currency is Yuan. The rapid economic growth is turning China from a centrally planned economy to a market based economy (Worldbank.org). The major financing source in China is governments and banks, while most of the businesses are separate entities and state-owned (Nobes & Parker, 2010).

3.2 Political System

As a constitutional monarchy, Sweden has monarch as chief of state, an elected prime minister as head of government, and cabinets that are appointed by prime ministers (cia.gov). The Swedish Constitution is based on four fundamental laws (state.gov), and the civil law system is influenced by Roman-Germanic law and customary law (cia.gov). According to state.gov, there are 21 counties, 18 county councils, 290 municipalities, and two regions as subdivisions, and political parties represented in Parliament are Moderate Party, the Liberal Party, the Center Party, the Christian Democratic Party, the Social Democratic Party, the Left Party, the Green Party, and the Sweden Democrats. Two majorities of the political parties are Moderate Party and Social Democratic Party. The former is focused on a more free business

environment and personal freedom with reduction of public-sector, while the latter is emphasized on the welfares of blue-collars and functions public sectors (state.gov).

The political system in China is centralized political power with strong socialistic state, and borrowed commercial law from Western Europe (Chen, 1998; Huang, 2001). The Communist Chinese Party (CCP) is the only party in China and it controls all government functions on both local and national level (Modern China, 2008). According to "Modern China" (2008), there is no independent legal system that is not operating under CCP's influences: court appointments are appointed by CCP and judges are responsible for the Party instead of the people. Both National People's Congress (NPC) and local people's congresses are formed from democratic elections. NPC is the highest legislative organization that its Standing Committee exercises the highest level of state legislative power, whereas the people's congresses are responsible for creating and supervising administrative and juridical issues on all levels of the government (lawinfochina.com). There is lack of neutrality and infrastructure in the legal system in China. Insofar, there is no official legal regulation on the corporate social disclosure, even though there is a large amount of considerations that have been put on the development of social responsibility (Liu, 1996).

3.3 Culture

Accounting is a social matter because it is influenced by the culture in which country it is in (Gray, 1988). Confucianism is one of the most important ethics that Chinese keep in mind and act according to. It is the ideology that people have different behaviors and ethics towards others depending on the relationship (Kwintessential.co.uk). It is focused on responsibility, loyalty, honor and respect. It has established complex relationships in the Chinese culture, with the effect that Chinese expressions require more implicitly. Sweden, on the contrary, has a more diverse population. Lutheranism, labor unionism, and individualism are associated with Swedish mentality.

3.4 Accounting System

Annual Accounts Act of 1995 and Bookkeeping Act of 1999 are the two most significant acts in accounting legislation in Sweden (iasplus.com). The Swedish accounting system is creditor protection oriented because of the Annual Accounts Act, which requires prudence on

companies' economic matters (Ibid). Domestic Swedish companies can follow general accepted accounting principles, which Bokforingsnamnden, BFN (The Swedish Accounting Standards Board) develops and acts as advisor to (iasplus.com). According to iasplus.com, "Finansinspektionen (The Swedish Financial Supervisory Authority) is responsible for issuing standards required for financial companies". Sweden furthermore adopted IFRS in 2005 and these standards are required to be followed by listed companies.

The accounting system in China is creditor protection and stakeholder view oriented (Nobes & Parker, 2010). The regulatory body is the Chinese Securities Regulatory Commission, which was established in 1992. Ministry of Finance is in charge of issuing regulations. According to Nobes & Parker (2010), prudence is the main characteristics of Chinese accounting, historical cost is usually adopted, and disclosure is lacked. Special rules "Accounting Standards for Business Enterprises" (ASBE) for listed enterprises are increasingly convergent with IFRS, whereas the accounting standards that unlisted companies apply still have substantial differences from IFRS. China has been influenced by Anglo-Saxon ideas, and Ministry of Finance received a US $2.6 million loan in 1992 from The World Bank to reform the accountancy profession (Davidson et al., 1996). The Ministry of Finance is also influential on extending the accounting standards, and drafts were issued between 1994 and 1996 in line with IASC standards (Nobes & Parker, 2010). On the other hand, it is argued that cultural constraints would slow down the process of convergence (Chow et al., 1995), and that a lack of competent accounting professionals and auditors would slow the adaption as well.

Chapter 4 Theory

In this section hypothesis are generated, which thus can be used to be empirically tested towards our data. Applying a multi-theoretical approach, four major theories are to be used, legitimacy, stakeholder, institutional and positive accounting theory (Tagesson et al. 2009). In addition, Deegan (2002) points out that research in corporate social disclosure have targeted different questions (p. 286-287). One of these research questions has been to analyze the link between corporate social disclosure and corporate characteristics, with factors as size, industry membership and country of origin (culture). Furthermore as proposed in Broberg et al. (2010), factors as ownership structure, profitability, debt ratio, foreign listing and regulation have been used in addition to distinguish patterns of disclosure. Building on Tagesson et al. (2009) which identified factors as size, profitability, ownership and industry to be associated with disclosure these factors are used to generate hypothesis. In addition to these, foreign listing, country of origin and audit firm will also be used to generate hypothesis. Foreign listing, as being described by Broberg et al. (2010) to be listed on more than one stock-exchange, imply that Swedish corporations are listed on another Stock Exchange in addition to the Nasdaq OMX Stockholm, and for Chinese corporations to be listed on another Stock Exchange in addition to the Shanghai Stock Exchange. Country of origin imply that according to van der Laan Smith et al. (2005) there are underlying differences in country-specifics as cultural, economic and political factors that affect the extent and quality of the corporate social disclosure. Audit firm is chosen as a variable following from Scott (1995) and Touron (2003), who pointed out that audit firms might exercise normative pressure on companies for them to adhere to professional norms and standards.

4.1 Size

As Gray et al. (2001) points out, several researches indicate that size correlate to disclosure practice. This point is further strengthened by empirical result in in Broberg et al. (2010) and Tagesson et al. (2009) which conclude that there is a positive relationship between corporate social disclosure and size. Following from positive accounting theory (Watts & Zimmerman, 1986), there is a continuous information asymmetry, which agents (management) wishes to reduce. The information asymmetry may in itself lead to increased agency cost, which implies that principals increase control and contracting cost over the agent. Thus, there is a wish for agents to disclose increased information (Adrem, 1999). Furthermore, size may also relate to

public visibility (Cormier et al. 2005) from which follow that there may be an increased demand for disclosed information both in regard to public interest (Stanny and Elly, 2008) and from the perspective of the company having a greater impact on the society. (Knox et al, 2006) Following from stakeholder theory (Freeman et al. 1983), increased size of the company relates to an increased number of stakeholders. Proposed by Ullman (1985) the company should strive to manage the most important stakeholders, which control scarce resources. Thus, with increased size more stakeholders may demand increased disclosed information (Stanny and Elly, 2008; Adrem, 1999). Furthermore following from Watts & Zimmerman (1986) size in itself may lead to increased political costs, increased disclosure practice may then be a consequence of minimizing these costs (Broberg et al. 2010; Gray et al. 1995). Based on earlier studies (Broberg et al. 2010; Tagesson et al. 2009) we hypothesize that:

H1. There is a positive relationship between firm size and the extent of the corporate social disclosure.

4.2 Profitability

Tagesson et al. (2009) points out that several researches have tried to relate profitability to disclosure practice; however the result has been inconclusive (Ullman, 1985; Belkaoui and Karpik, 1989). Further being proposed by Watson et al. (2002), profitability is related to disclosure practice in the perspective of agency and signaling theory. Agency Theory, with its similarity in the Positive Accounting Theory, implies that managers with knowledge that owners want to control them have an incentive to provide the owners with information, thus discloses more voluntarily. Signal theory (Spence, 1973) on the contrary concern information asymmetry, managers have more information than owners and wish by increased disclosure to distinguish themselves as being of high-quality and competitive, this point of view is further hold by Belkaoui and Karpik (1989). Inchausti (1997) further points out that managers in profitable companies wish to disclose information to keep their own position and compensation level. Tagesson et al. (2009) advance that a significant explanation to relate profitability to disclosure practice is that profitable companies have the means to disclose information and to make it available. (Pirsch et al., 2007; Broberg et al., 2010) This leads to our second hypothesis:

H2. There is a positive relationship between firm profitability and the extent of the corporate social disclosure.

4.3 Industry

Gray et al. (2001) has stated that industry as a factor for explaining disclosure practice has provided inconsistent results. While there is no general conclusion how industry impact disclosure, certain researchers as Cowen et al. (1987) and Adams et al. (1995) have found that specific areas of disclosure might be related to industry. Pointed by Broberg et al. (2010) industry is an ambiguous factor since it might also be a proxy for size (Watts & Zimmerman, 1986). In despite of inconsistencies industry is still used a factor (Broberg et al. 2010; Adams et al. 1998; Tagesson et al. 2009). Tagesson et al. (2009) conclude that industry as a factor has an association to corporate social disclosure. What is further concluded in Tagesson et al. (2009) is that in compliance with earlier studies different industries are associated differently to disclosure practice, e.g. Consumer Goods industry discloses more information about ethical information than companies in other industries. Tagesson et al. (2009) present a probable answer that differences in disclosure practices between consumer goods and other industries relate to an undergoing debate that highlights these questions. Watson et al. (2002) through Broberg et al. (2010) provides a probable answer by relating industry and disclosure practice through the perspective of agency and signaling theory, implying that companies in regulated industries have an incentive to provide information to reduce agency costs and to comply with regulation. Broberg et al. (2010) further discuss industry influence in relation to system-oriented theories, as legitimacy and institutional theory. Both these theories relate company behavior to the social position. Legitimacy theory as stated in Dowling and Pfeffer (1975) implies that the company wishes to adhere to societal norms and expectations. Institutional theory views the company as being under institutional pressure (Meyer, 2007) adopting a certain disclosure practice to be viewed as legitimate. With interest to our purpose of explaining differences between China and Sweden, Adams et al. (1998) states that country-specific factors may weigh less due to increased globalized business and harmonization in accounting, instead industry may prove more valuable as a factor. As can be noted in earlier studies industry have provided inconsistencies in general but have been able to prove certain relations in regard to specific sectors. In some industries there will be an more disclosure of corporate social information, in others there will be less. Based on previous research, agency and system-oriented theories our third hypothesis will be:

H3. There is a relationship between the industry in which the firm operates and the extent of the corporate social disclosure.

4.4 Ownership structure

Ownership structure refers to the concentration and separation of owners from the management of the company. In this separation, according to agency theory, agency costs will arise as a consequence of there being different interest between principals and agents (Fama and Jensen 1983). Furthermore, ownership structure also refers to the dispersion of shareholders, from a smaller group more tightly involved in the managing of the company to a wider area of shareholders (Prencipe, 2004). Adrem (1999) states that conflict of interest and opportunistic behavior is more likely to be developed in a company with dispersed ownership and low management ownership. Thus, it is more likely that according to agency theory that dispersed ownership concentration lead to increased disclosure (Prencipe, 2004). Cormier (2005) further states that dominant shareholders already have access to the information they need, thus companies with a concentrated ownership will be less expected to respond to public investor demand. Following from earlier research in relation to theoretical assumptions we derive our fourth hypothesis:

H4. There is a positive relationship between the dispersion of ownership and the extent of the corporate social disclosure.

4.5 Foreign Listing

Foreign listing can be a factor in the sense that certain companies may disclose more information than others in order to fulfill the requirements of another capital market. Listed corporations have higher agency costs, and corporations are inclined to reduce agency costs from the PAT perspective by disclosing social information (Reverte, 2009). On the other hand, applying the stakeholder perspective, managers should prioritize the needs of the most powerful stakeholders, those who have control over allocation of scarce resources that the organizations are dependent on (Ullman, 1985). Haniffa & Cooke (2005) point out that corporations are pressured by stakeholders to disclose social information. Moreover, Andrew et al. (1989) argues that in developing countries there are less powerful consumers with

interest that pressure corporations to be socially responsible. Therefore, corporations listed on domestic developing markets have less rules and regulations to follow than corporations listed on foreign market (Haniffa & Cooke, 2005). Earlier studies (Broberg et al., 2010, Tagesson et al., 2011) have shown that foreign listing has a positive relation to corporate social disclosure, thus we hypothesize that:

H5. Companies that are foreign listed disclose more corporate social information.

4.6 Culture

Hofstede (1980) develops a model of cultural dimensions that are used to explain the differences of one country to another. The criteria include individualism, power distance, uncertainty avoidance, and masculinity. Individualism is the preference that people in the society take care of themselves and their immediate family only, or that they work collectively. Power distance is the degree that how willing people are to accept distance to authority. Uncertainty avoidance means how readily people can accept unknown uncertainties. Masculinity/femininity refers to the preference for achievement, heroism or modesty, and caring (Nobes & Parker, 2010). Even though Hofstede's cultural dimensions have been criticized as being outdated and impartial, studying cultural differences among countries using his dimensions can help to obtain an understanding as to why international accounting harmonization is difficult. Convergence of accounting is not simply concerning changing accounting standards, it may also concern cultural adaptations. Although there are critiques pointed out, Hofstede's cultural dimensions provide a straightforward, comparable measurement in the study of culture of different countries. From Hofstede's study in 2010, scores of each dimension of China and Sweden are:

Individualism - China: 20, Sweden: 71
China is more focused on the collectivism, that people take care of each other, and group activities are usually conducted, while Sweden is more focused on individuals taking care of themselves.

Power distance - China: 80, Sweden 31
Chinese are more readily to accept higher power and authorities, whereas Swedes are more emphasized on equalities between individuals.

Uncertainty avoidance - China: 30, Sweden: 29
Both China and Sweden inclined to accept uncertainties and unknowns and do not feel threatened by them.

Masculinity/Femininity – China: 66, Sweden: 5
Chinese society is success oriented and driven, whereas Swedish society is more focused on the quality of life.

Gray (1988) applies the cultural dimension model to explain differences of accounting choices of various countries. The dimensions of the Hofstede study are transformed into professionalism, uniformity, conservatism, and secrecy. According to Gray, "the value systems or attitudes of accountants may be expected to relate to and derived from social values with reference to work related values. Accounting 'values' will in turn impact on accounting systems" (1988, pp. 5). Secrecy particularly concerns voluntary social disclosure, Gray (1988) suggests that high uncertainty avoidance, high power distance and low individualism would contribute to a high secrecy. Combining Hofstede's study of the cultural dimensions on China and Sweden and Gray's application on accounting system, we hypothesize that the accounting system in China possesses more secrecy character than that of Sweden. Empirical studies have found that although Chinese youth have stronger openness than conservatism, they have negative perception on corporate social responsibility (Wang & Juslin, 2010). Therefore:

H6. China discloses less voluntary ethical, environmental, and human resource information than Sweden.

4.7 Audit Firm

Despite China's fast-paced economic growth, the country still has a distance from being a developed country with standardized auditing. Tang (2000) has pointed out that lack of independent auditors cause incomplete compliance by companies with new rules. China has made efforts to move towards convergence with IFRS and to be more acceptable to "fair-value" accounting. To achieve this principle-based approach in accounting, China has translated and coded IFRS rules into Chinese Accounting Standard System (cfo.com). On the contrary, all Swedish listed companies apply IFRS.

Institutional theory (IT) proposes that actors, made up of individuals or organizations, construct the society, can be influenced by social institutions (Meyer, 2007). Organizations pressured by social institutional environment tend to adopt legitimate procedures regarded as appropriate accounting choices. As one of the dimensions to IT, isomorphism is "referred to the adaptation of an institutional practice by an organization" (Dillard et al., 2004). Normative isomorphism implies that organizations are pressured by professionals promoting certain norms. From IT perspective, audit firms would be able to exercise pressure on corporations, including social disclosure practice (Collin et al., 2009). Earlier studies have shown that audit firms are related to the accounting choices of corporations (Broberg et al., 2009; Collin et al., 2009). Furthermore corporations using the Big Four audit firms have been seen to disclose more social information (Inchausi, 1997). Although the presence of international audit firms is growing rapidly in China, there still are limitations on foreign international certified auditors (Nobes & Parker, 2010).

H7. Audit firms influence the extent of social disclosures of corporations.

Summary of hypothesis

H1. There is a positive relationship between firm size and the extent of the corporate social disclosure.

H2. There is a positive relationship between firm profitability and the extent of the corporate social disclosure.

H3. There is a relationship between the industry in which the firm operates and the extent of the corporate social disclosure.

H4. There is a positive relationship between the dispersion of ownership and the extent of the corporate social disclosure.

H5. Companies that are foreign listed disclose more corporate social information.

H6. China discloses less voluntary ethical, environmental, and human resource information than Sweden.

H7. Audit firms influence the extent of social disclosures of corporations.

Chapter 5 Empirical Method

5.1 Selection of countries

The selection of countries in this study has been made by several criteria. Country-specific differences in political, cultural and economic context between China and Sweden have made these two countries especially of interest. With one author from China and one from Sweden, these two countries felt naturally to select.

5.2 Data selection and reliability

The empirical data in this study is based on corporate social responsibility information provided in annual financial reports. Data was collected during April and May 2012. The data from the annual financial statements related to the financial year ended 2010. Following the purpose of describing and explaining corporate social disclosure practice between China and Sweden the annual reports were collected from Nasdaq OMX Stockholm and Shanghai Stock Exchange. All of the companies listed 2010 on the Nasdaq OMX Stockholm were chosen to be examined. Three stock exchanges can be found in China, Shanghai Stock Exchange, Shenzhen Stock Exchange, and Hong Kong Stock Exchange. As the stock exchange with most capital and registered companies, Shanghai Stock Exchange is selected as our primary focus for data collection. In both Shanghai and Shenzhen stock exchange, there are A-share and B-share. The distinction is that the A share is for domestic investors while B share is for foreign investors. Companies will be selected randomly regardless of A share or B share. Since Shanghai Stock Exchange have at present 937 listed companies it is necessary to select a lesser number due to shortage of time. By randomly selecting a third of the noted companies, reliable patterns of variables describing and influencing disclosure practice can still be achieved, although a small deviation can occur in comparison to if a full selection had been conducted. A total number of 558 companies consisting of 259 Swedish companies and 299 Chinese companies are thus selected (the selected companies can be found in appendix 5). The selection of the 2010 annual reports instead of the recent 2011 is due to probable difficulties in the process of collection, as a precaution 2010 financial statements is therefore collected. In regard to the concept of corporate social disclosure, a checklist has been derived from earlier studies (Tagesson et al. 2009)

There is a probability that differences in interpretation of the criteria might influence the collection. Since companies have been selected from Sweden and China there is a language barrier, which demand that one author proficient in either Chinese or Swedish, collect the specific data from that country. To minimize the differences in interpretation each criteria is discussed and defined.

5.3 Dependent variables

In the research of corporate social responsibility disclosures, dependent variables have been identified by previous studies (Tagesson, 2009; Tagesson, 2011). A checklist (appendix 1) has been compiled into environment disclosure, ethics disclosure, and human resource disclosure (Adams et al., 1988; Tagesson et al. 2009). There are eight areas in both environmental and ethics disclosures and six areas in human resource disclosure (Tagesson, 2009). Each area is measured by dummy variables: 1 for information disclosed and 0 for information not disclosed, and percentage of each area is calculated. An un-weighted approach is adopted (Tagesson, 2009).

5.4 Independent variables and control variables

Size: Size can be measured by turnover, total assets and number of employees (Trotman et al., 1981; Roberts, 1992; Gray et al., 1995c; Adams et al., 1998; Watson et al., 2002; Cormier et al., 2005). In this study, the former two measurements have been applied.

Industry: Nasdaq OMX Stockholm uses the Industry Classification Benchmark (ICB), developed by Dow Jones and FTSE, this classification is opted for the independent industry variables in this study. The ten categories for the industry are oil & gas, basic material, industrials, consumer goods, health care, consumer services, telecommunications, utilities, financials, and technology. Industrials have been used as a reference variable.

Ownership structure: Ownership structure can be measured as a percentage of votes/capital of the five largest shareholders. Percentage of votes is used in this paper. (Tagesson et al., 2009)

Profitability: Profitability can be measured by the return on total assets (ROA) and return on total equity (ROE) (Karpik, 1989; Ljungdahl, 1999; Tagesson, 2009).

Foreign listing: Foreign listing can be measured using dummy variables. 1 represents that companies are listed on more than Nasdaq OMX Stockholm and Shanghai Stock Exchange, and 0 represents that companies are only listed on either Nasdaq OMX Stockholm or Shanghai Stock Exchange. (Tagesson, 2009)

Audit firm: Audit firm can be measured by using dummy variables. Audit firms are categorized into PWC, Ernst & Young, Deloitte, KPMG, domestic audit firms, and other international audit firms.

Culture: Culture is assumed different in China and Sweden according to Hofstede (1980) and Gray (1988), and it is measured by dummy variables as well. 1 represents companies in China and 0 represents companies in Sweden.

Chapter 6 Analysis

In this chapter, analysis is drawn from statistical results. The comparison of CSD in China and Sweden is observed. The chapter is divided into two parts: in the first part, descriptive statistics are presented, and various factors such as country, size, profitability, industry, audit firms and ownership concentration are taken into account for the explanations of the differences; in the second part, multiple regressions have been opted to test hypotheses. The statistical results are generated using SPSS program.

6.1 Descriptive Statistics

A total of 558 annual reports consisting of 259 Swedish companies listed on the Nasdaq OMX Stockholm and 299 Chinese companies listed on the Shanghai Stock Exchange are collected and included in the sample without any exclusion (as shown in Table 1).

6.1.1 Size and Profitability

Table 1. Difference in size and profitability

	Frequency	Turnover (BN $)		Balance sheet total (BN $)		Profitability ROA (%)		Profitability ROE (%)	
		Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
Sweden	259	16.50	42.70	84.60	573.30	2.61	19.36	5.90	37.53
China	299	35.90	18.60	207.30	1390.00	12.96	9.85	11.67	11.90

Table 1 furthermore shows the differences of Sweden and China in terms of size, measured by both turnover and total assets, and profitability, measured by return of assets (ROA) and return of equity (ROE). Corporations in China on average are bigger than those in Sweden in size, with a higher probability as well, regardless of measurements. On the other hand, Swedish companies overall have more variation than Chinese companies, which means corporations in Sweden differs more than the ones in China regarding turnover and profitability. The relationship between size/profitability and the extent of CSD will be further tested.

Table 2. Differences of CSD in Sweden and China

	Environmental disclosure		Ethic disclosure		Human Resource disclosure		Total disclosure	
	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
Sweden	45.70	33.57	32.63	28.31	56.69	30.64	43.95	27.15
China	22.03	30.21	23.45	24.54	30.55	28.04	24.87	24.35
Total	33.02	33.91	27.71	26.73	42.68	32.03	33.72	27.37

Table 2 displays the differences of Sweden and China disclosing social information in terms of environmental, ethics, and human resource aspects respectively. Corporations in Sweden and China disclose ethics and human resource information frequently; corporations in China disclose environmental information less frequently while corporations in Sweden disclose environmental information more frequently. In general, Sweden displaying higher means on all three criteria's of CSD than China shows that Swedish companies disclose more social information than Chinese companies. This initial presentation may provide an indication to "H6. China discloses less environmental, ethics, and human resource information than Sweden". At same time, Swedish companies have a slightly larger variation, which means that the extent of the disclosure varies more in Sweden than in China.

6.1.2 Ownership structure

Table 3. Ownership by votes and capital

	Owner votes		Owner capital	
	Mean	Std.Dev	Mean	Std.Dev
Sweden	53.69	20.95	47.33	19.08
China	52.43	17.77	52.43	17.77

Ownership structure is analyzed by votes and capital (table 3) and different results can be seen. Swedish corporations have slightly more owner votes on average than the Chinese ones, but less owner capital. The standard deviations of Sweden are higher in both situations which indicate that the ownership structure varies in a larger extent in Swedish companies.

6.1.3 Foreign Listing

Table 4. Differences in CSD and foreign listings in Sweden and China

	Nr of companies, single/multiple listed share	Environmental disclosure		Ethics disclosure		Human Resource disclosure		Total disclosure	
		Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
Sweden	243 (93.8%) single	44.91	33.54	31.89	27.93	57.2	30.6	43.53	27.04
	16 (6.2%) multiple	21.01	29.46	22.16	23.72	29.26	27.63	23.68	23.61
China	282 (94.3%) single	57.81	32.56	43.75	32.6	48.96	31.31	50.28	28.96
	17 (5.7%) multiple	38.97	37.73	44.85	28.66	51.96	26.93	44.65	28.49
Both Countries	525 (94%) single	45.71	33.66	32.63	28.31	56.69	30.64	43.95	27.15
	33 (5%) multiple	22.03	30.21	23.45	24.54	30.55	28.04	24.87	24.35

Table 4 presents the differences in foreign listings and CSD in Sweden and China. Both for Sweden (243 companies, 93.8%) and China (282 companies, 94.3%), most corporations are listed on only one stock exchange, either Nasdaq OMX Stockholm or Shanghai Stock Exchange. In both Sweden and China, single listed corporations do not disclose less social information than multiple listed ones in general. Furthermore, only foreign listed corporations in China disclose marginally more ethics information than corporations that are not listed on other stock exchange than Shanghai Stock Exchange. Therefore, this observation might indicate an opposition towards hypothesis 5 that "companies that are foreign listed disclose more corporate social information". Alternatively, it is difficult to ignore the fact that only 299 corporations out of 935 were chosen from Shanghai Stock Exchange for the sample, thus it is possible that when all companies are selected, the number and percentage of foreign listed companies might change.

6.1.4 Industry

Table 5. Distribution of industries of companies

Industry	Sweden	China	Total
Basic Materials	12 (2.2%)	43 (7.7%)	65 (9.9%)
Consumer Goods	22 (3.9%)	57(10.2%)	79 (14.2%)
Customer Services	33 (5.9%)	8 (1.4%)	41 (7.3%)
Financials	46 (8.2%)	34 (6.1%)	80 (14.3%)
Health Care	31 (5.6%)	20 (3.6%)	51 (9.1%)
Industrials	69(12.4%)	82(14.7%)	151(27.1%)
Oil & Gas	6 (1.1%)	5 (0.9%)	11 (2%)
Technology	32 (5.7%)	21 (3.8%)	53 (9.5%)
Telecommunications	7 (1.3%)	5 (0.9%)	12 (2.2%)
Utilities	1 (0.2%)	24 (4.3%)	25 (4.5%)
Total	259 (100%)	299 (100%)	558 (100%)

Table 5 shows the distribution of industry affiliation for corporations in Sweden and China. In both Sweden and China, industrials are the most common industry, as well as when the countries are combined. Financials and technology industries are also common in both countries, while there are more customer services and health care industries in Sweden, and more basic materials and utilities in China. In general, the distribution of industries in each country is similar, except that there are much fewer corporations in consumer goods industry in Sweden (22 companies, 3.9%) than in China (57 companies, 10.2%).

Table 6. CSD by industries for both countries

Industry	Environmental disclosure		Ethics disclosure		Human Resource disclosure		Total disclosure	
	Mean	Std.Dev	Mean	Std. Dev	Mean	Std.Dev	Mean	Std.Dev
Basic Materials	38.18	37.46	27.3	24.78	34.46	28.78	34.46	28.78
Consumer Goods	24.68	33.07	22.94	37.77	30.8	31.13	25.72	28.04
Consumer Services	41.77	34.98	36.89	31.24	56.5	30.01	44.01	28.41
Financials	35.31	34.49	27.34	26.91	48.13	34.06	35.91	28.13
Health Care	29.17	29.33	22.79	26.19	42.82	30.23	30.57	25.31
Industrials	36.34	35.43	31.29	27.5	46.47	32.35	37.27	28.86
Oil & Gas	46.59	32.16	36.36	29.29	53.03	25.62	44.63	26.18
Technology	24.53	26.51	22.17	21.04	43.71	27	28.9	18.68
Telecommunications	27.08	34.88	26.04	25.82	26.39	18.06	26.52	23.8
Utilities	29	32.42	27	21.25	26	28.5	27.45	22.35
Total	33.02	33.91	27.71	26.73	42.68	32.03	33.72	27.37

Table 6 exhibits the CSD by industries in both Sweden and China. Besides that oil & gas and customer services disclose the most social information and technology disclose the least, basic materials relatively disclose the most environmental information. Industrials disclose the most ethics information and financials disclose the most human resource information.

Appendix 2.1 and 2.2 demonstrate the distribution of CSD by industry in Sweden and China respectively. In Sweden, the industry of basic materials discloses the most social information while utilities disclose the least on an average. Oil & gas discloses the most environmental information, consumer services disclose the most ethics information, and customer services discloses the most human resource information. In China, oil & gas industry discloses the most social information overall, followed by basic materials disclosing the most environmental information. Utilities on the other hand disclose the most ethics information, while industrials disclose the most human resource information.

6.1.5 Audit Firms

Table 7. Audit firms, both countries.

Audit firm	Sweden	China	Total
Deloitte	33 (12,7%)	8 (2,7%)	41 (7,3%)
Ernst & Young	60 (23,2%)	11 (3,7%)	7u1 (12,7%)
KPMG	59 (22,8%)	7 (2,3%)	66 (11,8%)
PWC	98 (37,8%)	18 (6%)	116 (20,8%)
Domestic	0 (0%)	251 (83,9%)	251 (43,8%)
International others	9 (3.5%)	4 (1,3%)	13 (3.5%)
Total	259 (100%)	299 (100%)	558 (100%)

Table 8. Audit firms and CSD, both countries

Audit firm	Environmental disclosure		Ethics disclosure		Human resource disclosure		Total disclosure	
	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev
Deloitte	47.56	35.38	32.93	26.18	56.10	34.72	44.57	38.72
Ernst & Young	36.44	34.89	27.64	26.13	50.47	29.81	37.07	26.66
KPMG	50.57	33.57	41.86	31.81	65.15	28.9	51.38	28.43
PWC	44.07	32.74	32.65	26.92	51.87	29.47	42.05	25.36
Domestic	19.62	28.63	20.87	23.18	27.69	27.13	22.27	22.94
International others	39.42	34.17	27.89	29.38	51.28	30.01	38.46	27.62
Total	33.02	33.01	27.71	26.73	42.68	32.04	33.72	27.37

There are major differences between corporations in Sweden and China opting audit firms from table 7. Swedish corporations mostly choose the Big Four (Deloitte, Ernst & Young, KPMG and PWC) as audit firms, PWC is the most common one, while Chinese corporations mostly choose to use domestic audit firms. The result for China is not surprising because the accounting standards in China is not entirely in convergence with international accounting standards and is not equipped with strong and competent auditing professionals either. From the statistics from table 8 corporations with KPMG as audit firm disclose the most social information, whereas domestic audit firms disclose the least. It seems that there might be a relationship between audit firms and whether corporations disclose social information. Furthermore corporations using the Big Four and other international audit firms tend to disclose more social information than the ones with domestic firms.

From studying appendix 3.1 and 3.2, Swedish corporations with international audit firms other than the Big Four disclose the most social information. Besides that, corporations with Deloitte slightly disclose more than the others. On the other hand, in China, corporations with KPMG disclose the most social information, whereas the ones with Deloitte disclose the least. Therefore, there might not be a strong connection between the audit firms and extent of CSD when observing specific country or it could indicate variations from a country to another. It is also possible that audit firms do not have the authority to decide what information that corporations disclose. Moreover, there are not a large percentage of corporations using the Big Four in China because most Chinese companies choose domestic audit firms. Hence, the sample is too small thus it might not be able to reflect the actual relationship.

6.2 Hypothesis Tests

6.2.1 Bivariate test

The bivariate test examines whether there exist a correlation between two variables. Although no causal relationship can be explained by this fact one can identify if two variables are likely to be simultaneous. In the correlation matrix, the plus sign before the coefficient indicate a positive relationship and the minus sign a negative relationship, which mean that the correlated variable are either to display an increased or lowered amount in relation to its correlated variable. Furthermore although a correlation cannot indicate a causal relationship a statistical covariance is principally necessary. (Djurfeldt et al. 2003, p. 144-146)

A total of 548 companies are used in the bivariate test due to the deletion of 9 companies, which displayed extreme outliers and therefore biased the data. According to Djurfeldt et al. (2003, pp. 389-389), independent variables that display strong correlations over 0.8 often imply a multicollinearity problem. In the bivariate test in table 9, strong correlations are found between audit firms, Big Four and Domestic, and Big Four and Country. Furthermore, strong correlations are also found between ROA and ROE, and owner capital and owner votes. In our further analysis ROA will be used as profitability measure, owner votes as ownership structure and total assets as size measure. Since both countries apply the IFRS accounting principles having a balance sheet orientation, thus total assets more directly relate to size. Although the strong correlations related to audit firms, Big Four will be used as a variable due to the lack of domestic audit firms in Sweden in relation to China. Big Four is thus grouped as one category rather than individual ones.

From the correlation mix, total CSD is negatively significant to country, which indicates a probable relationship between China and a lesser extent of CSD. The total CSD is furthermore positively significant related to size, showing that the bigger size of a corporation the more probable simultaneous CSD. Foreign listing has a positively significant relationship to CSD which indicate that corporations with multiple listings are correlated and simultaneous to CSD, this might verify hypothesis 5, that foreign listed are related to CSD. The Big Four audit firms are positively significant related to the total social disclosure, which indicate a probable confirmation for hypothesis 7. The correlation between CSD and industries differs: consumer goods as the most negatively significant in the model and customer services is slightly positive significant related to CSD. The differences in industry disclosure correlations indicate that there are probable industry norms and values that might influence the CSD behavior and response of corporations. In regard to the profitability and ownership structure no correlations to CSD can be noticed.

Table 9. Correlation coefficients

Correlation coefficients for independent variables

	Total	Turnover	Total assets	Owner votes	Owner capital	ROA	ROE	Foreign listed	Country	Big Four	Domestic	Int oth
Total	1											
Turnover	,146**	1										
Total assets	,139**	,263**	1									
Owner votes	,018	-,055	-,013	1								
Owner capital	-,068	-,056	,005	,887**	1							
ROA	,021	,012	,023	,094*	,114**	1						
ROE	,147**	,028	,028	,149**	,118**	,692**	1					
Foreign listed	,121**	,286**	,207**	,018	,029	,007	,028	1				
Country	-,364**	,061	,053	-,053	,127**	,340**	,070	-,029	1			
Big Four	,380**	,098*	,109*	,091*	-,049	-,261**	-,040	,204**	-,820**	1		
Domestic	-,389**	-,090*	-,101*	-,122**	,028	,273**	,044	-,193**	,845**	-,953**	1	
Int oth	,026	-,027	-,028	,102*	,070	-,039	-,015	-,038	-,073	-,162**	-,143**	1
Industrials	,080	,003	-,034	,079	,057	,022	,044	-,044	,006	,068	-,055	-,042
Oil&Gas	,056	,277**	,029	-,034	-,033	-,058	-,056	,190**	-,025	,086*	-,079	-,022
Health Care	-,035	-,050	-,056	-,044	-,053	-,170**	-,115**	,005	-,090*	,039	-,050	,034
Financials	,025	-,006	,266**	,031	,005	,041	,057	-,007	-,097*	,112**	-,136**	,076
Telecommuncations	-,015	,025	,011	,004	-,001	,059	,041	,085*	-,011	,022	-,016	-,021
Consumer Services	,112**	-,028	-,048	,028	,010	-,041	-,039	-,037	-,187**	,139**	-,141**	,003
Consumer Goods	-,122**	-,030	-,067	-,040	-,007	,081	,061	-,078	,148**	-,155**	,175**	-,064
Technology	-,059	-,039	-,054	-,091*	-,091*	-,046	-,028	-,053	-,096*	,031	-,053	,071
Basic Materials	,007	,013	-,040	,016	,042	,053	,002	,050	,161**	-,164**	,168**	-,012
Utilities	-,051	-,006	-,012	-,003	,034	,025	-,035	,098*	,183**	-,174**	,185**	-,034

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

6.2.2 Multiple Linear Regressions

Multiple regression analysis is used to tests the relationship between a dependent variable to one or more independent variables. In table 10 total CSD has been used as the dependent variable with the other variables being kept as independent. To test the predictability of the model and to how large extent the variables can be said to explain the variations in the dependent variable, R^2 is used. (Djurfeldt et al., 2003, pp. 168) An R^2 equal to 1 indicate full predictability of the model, and the further towards 0, the lesser the predictability of the model. Table 10 displays an R^2 in the full models around 0.2, which imply a fairly low predictability, thus caution in concluding and generalizing should be drawn upon. Adjusted R^2 compensates when R^2 is comprised of many small samples and is thus a smaller number, which imply how much in the dependent variable that can be explained by factors included in the model (Ibid, p.169). Furthermore according to Djurfeldt et al. (2003, pp. 196) it is of importance that the significance level of the model (p-value or significance value, Sig.) falls below 0.05 to be significant at a level of 5%. Table 10 displays a significance level of 0.000 (0.001 in China) which indicate that the model is significant and the null-hypothesis that CSD is not related to the independent variables can be rejected.

An indication of a multicollinearity problem needs to be noticed because some Variance Inflation Factors (VIF) is far above the critical number of 2.5 (Ibid., p. 389). Country and the Big Four audit firms are displaying significant VIF (multicollinearity) with other variables. When country is excluded, as done in the China and Swedish model, the VIF factor of the Big Four audit firm drops significantly which indicate that these two are correlated.

Table10 displays the regression results for the models with total CSD, and also the regression results excluding the size, since size has a correlation to many other independent variables. Size displays a positively significance to CSD in the full model, and Sweden, while it only shows slight positively significance in China. On the other hand, profitability shows a strong positively significance to CSD in the full model, and China, but only shows moderate positively significance in Sweden. The findings endorse the hypothesis 1 and 2. From the full model, the hypothesis 6 related to country, is once again proved to be significant related to the extent of CSD: corporations in Sweden disclose more social information than those in China.

In relation to audit firms, domestic audit firms are used as reference variable for total CSD, China and total CSD without size, while the Big Four is used as reference variable for Sweden

since no Swedish domestic audit firms were used by the included corporations. The Big Four shows a positively significance in China, and merely moderate positively significance in the full model. However, in the model without size, the Big Four display an even stronger significance than in the full model; furthermore international audit firms also display a slight significance.

Comparing the relationship of industry and extent of CSD, technology and financials are negatively significant related to CSD in the full model. When excluding size from the full model a slight increase in significance can be noticed for consumer goods, which might indicate a relation to this variable. Furthermore, in Sweden, technology, health care, financials and utilities all display a significantly negative relationship to CSD, while in China, consumer goods display a negatively significance to the CSD. China and Sweden display not only differences in industry relation to CSD but also when the extent of the relationship is compared, in Sweden industry has a stronger relationship to CSD while in China this can said to be of a less extent. Thus, industry indicates a relationship to CSD, even though the countries do not display similar relationships. Following from this, hypothesis 3 can be endorsed. Ownership structure and foreign listing do not show any significant relationship with CSD.

Table. 10 Multiple regression results

N=548	Total disclosure			China disclosure			Sweden disclosure			Total disclosure without size		
	B	SE	VIF	B	SE	VIF	B	SE	VIF	B	SE	VIF
Total assets	9,160E-11**	,000	1,197	5,431E-11†	,000	1,301	1,552E-10**	,000	1,094	-	-	-
Owner votes	-,073	,058	1,065	-,024	,084	1,150	-,111	,087	1,172	-,082	,058	1,063
ROA	0,360**	,089	1,188	0,406**	,140	1,027	0,288*	,120	1,147	0,353**	,090	1,187
Country	-15,823**	4,367	4,336	-	-	-	-	-	-	-12,570**	4,294	4,116
Foreign listed	3,936	5,009	1,229	6,245	7,552	1,498	4,609	7,357	1,257	6,310	5,003	1,204
Big four audit firms	10,504*	4,437	4,505	12,245**	4,718	1,481	-	-	-	13,549**	4,381	4,311
International others	11,670	7,677	1,253	4,039	11,836	1,020	7,260	8,870	1,058	13,089†	7,737	1,249
Oil&Gas	2,668	7,808	1,101	1,330	10,993	1,096	1,405	11,178	1,134	2,341	7,881	1,101
Health Care	-6,007	4,102	1,257	-,148	5,872	1,186	-11,754*	5,876	1,372	-6,196	4,139	1,257
Financials	-8,286*	3,569	1,396	-6,059	5,053	1,345	-10,522*	5,081	1,451	-5,507	3,501	1,319
Telecommuncations	-10,463	8,037	1,062	-8,159	10,740	1,046	-12,719	12,105	1,113	-10,220	8,112	1,062
Consumer Services	1,191	4,470	1,212	-1,037	8,717	1,091	,882	5,527	1,286	1,249	4,512	1,212
Consumer Goods	-6,727†	3,454	1,351	-8,159*	4,079	1,413	-,951	6,239	1,211	-6,894*	3,486	1,350
Technology	-10,547**	3,974	1,266	,930	5,825	1,221	-18,394**	5,503	1,310	-10,540**	4,011	1,266
Basic Materials	3,248	3,935	1,283	1,894	4,463	1,351	9,746	8,166	1,181	3,030	3,971	1,283
Utilities	,499	5,450	1,187	3,490	5,517	1,238	-54,379*	26,634	1,095	,251	5,501	1,187
Constant	39,878	5,722		19,778	5,319		53,708	5,955		37,315	5,722	
R^2	,226			,124			,158			,210		
Adj. R^2	,203			,077			,108			,188		
F-value	9,673			2,647			3,160			9,411		
Sig.	0,000			0,001			0,000			0,000		

**Correlation is significant at the 0,01 level (2-tailed)
*Correlation is significant at the 0,05 level (2-tailed)
†Correlation is significant at the 0,10 level (2-tailed)

6.2.3 Additional Analysis

Table. 11 Multiple regression results

N=548	Environmental disclosure			Ethics disclosure			Human resource disclosure		
	B	SE	VIF	B	SE	VIF	B	SE	VIF
Total assets	9,464E-11**	,000	1,197	9,909E-11**	,000	1,197	7,757E-11*	,000	1,197
Owner votes	-,074	,073	1,065	-,083	,060	1,065	-,060	,067	1,065
ROA	0,325**	,112	1,188	0,360**	,092	1,188	0,405**	,102	1,188
Country	-22,712**	5,498	4,336	-6,563	4,501	4,336	-18,986**	5,027	4,336
Foreign listed	4,985	6,306	1,229	7,686	5,163	1,229	-2,463	5,766	1,229
Big four audit firms	9,503†	5,586	4,505	9,197*	4,574	4,505	13,581**	5,108	4,505
International others	12,402	9,666	1,253	9,507	7,913	1,253	13,579	8,839	1,253
Oil&Gas	4,659	9,831	1,101	,169	8,049	1,101	3,344	8,990	1,101
Health Care	-7,677	5,164	1,257	-6,825	4,228	1,257	-2,688	4,722	1,257
Financials	-8,088†	4,493	1,396	-10,33**	3,678	1,396	-5,820	4,109	1,396
Telecommuncations	-8,190	10,119	1,062	-4,368	8,285	1,062	-21,621*	9,254	1,062
Consumer Services	-2,612	5,628	1,212	3,329	4,608	1,212	3,412	5,147	1,212
Consumer Goods	-5,704	4,348	1,351	-5,399	3,560	1,351	-9,863*	3,976	1,351
Technology	-15,063**	5,003	1,266	-9,783*	4,096	1,266	-5,544	4,575	1,266
Basic Materials	9,268†	4,954	1,283	-,710	4,056	1,283	,499	4,530	1,283
Utilities	5,333	6,862	1,187	1,098	5,618	1,187	-6,744	6,275	1,187
Constant	43,516	7,204		29,956	5,898		48,254	6,587	
R^2	,206			,136			,252		
Adj. R^2	,182			,110			,229		
F-value	8,597			5,197			11,151		
Sig.	0,000			0,000			0,000		

**Correlation is significant at the 0,01 level (2-tailed)
*Correlation is significant at the 0,05 level (2-tailed)
†Correlation is significant at the 0,10 level (2-tailed)

In this section, the relation of different criteria of social disclosure and variables in both countries is examined. Table 11 displays that size and country have a significant relationship with environmental and human resource disclosure, while profitability has a positive significant relationship in all criteria of CSD. The Big Four audit firms have a positively significance with human resource disclosure. Among all the industries, financials shows a weak negatively significance in the model with environmental disclosure, but a strong negatively significance with ethics disclosure. Consumer goods are negatively significant related to human resource disclosure. Technology is negatively significant to environmental disclosure, and moderate significant to ethics disclosure.

Appendix 4.1 and 4.2 shows the relationships between each independent variable with environmental, ethics, and human resource disclosure in the context of Sweden and China. Size is positively moderately significant to all the social disclosure in Sweden while not significant in China. Profitability shows positively significance in the model to human

resource disclosure in China, and a strong significance to ethics disclosure in Sweden. The Big Four has a moderate positive significance in all CSD criteria in China. In Sweden, financials shows a strong negatively significance with ethics disclosure, technology is negatively significance with environmental and ethics disclosure, and utilities displays a weak negatively significance all the CSD criteria.

Chapter 7 Summary

In this part, conclusions of the statistical results in combination with theoretical assumptions are drawn. Furthermore, own reflections regarding differences in culture and its impact on CSD are discussed. Research limitations of the thesis and ideas for further research are also commented on.

7.1 Conclusion

The purpose of this paper was to describe and explain similarities and differences of the empirical phenomenon of social disclosure practices in China and Sweden. Further assumption was that cultural differences existed. Drawing on the research of Hofstede (2010) and Gray (1988), China displayed differences in individualism, power distance and secrecy in relation to Sweden. Following from this it was hypothesized (H6) that there are disclosure differences related to specific cultural traditions and norms, which are inherent in the way that they will influence the extent of CSD. In regard to this hypothesis the statistical results, with significance, verified that there are differences in the extent of CSD in relation to the specific country. China as was hypothesized disclosed less environmental, ethical and human resources information, this was seen in both descriptive statistics, bivariate and multiple regression analysis, thus what could be concluded was that there is a an indication of there being certain values and norms related to the Chinese society that impact the extent of CSD.

As hypothesized (H1) in regard to size displaying a positive relationship to CSD, this is also supported by the statistical analysis. What is of interest and importance is the difference that can be seen in significance levels between total disclosure and Swedish disclosure and Chinese disclosure in relation to size. Analyzing each country there is a clear difference how size relates to environmental, ethics and human resources disclosure. Sweden has a strong positively significant relationship in all three criteria, while China only displays a weak significant relationship in ethics disclosure. Following this the hypothesis is verified in regard to total disclosure and Swedish CSD, while in the Chinese part the hypothesis cannot be confirmed with any significance.

What is furthermore hypothesized (H2) is the positive relationship between firm profitability and the extent of CSD. In regard to both total CSD and when each country is specifically analyzed there is a positively significant relationship between the extent of CSD and profitability; the only exception is displayed in regard to Swedish environmental disclosure. Thus the hypothesis can be confirmed.

The industry in which the firm operates was hypothesized (H3) to be related to CSD extent. Although earlier research could not conclude that industry in general provide a greater extent of CSD, some specific sectors were found to have a higher probability of disclosure extent. In relation to the statistical analysis, industry in relation to total CSD was found to be negatively significant related with consumer goods in total CSD and in China. Sweden on the other hand displayed negatively significant relationships with technology, financials and health care. Sweden has a positively significant relationship between basic materials industry and environmental disclosure, no positive relationship between industry and CSD could however not be found in relation to China. Although almost no positive relationships could be found in regard to industry, with the exception of environmental disclosure in Sweden, the more negative relationships were found which confirm the hypothesis that there are a relationship between industry and CSD. Generalizing from these results however should be made with caution; since there are differences in regard to what industries that have an impact on the CSD extent in relation to which country the firm operates.

Furthermore hypothesized (H4) was that a dispersed ownership, with many smaller shareholders is positively related to an increased in CSD. In regard to the statistical analysis no evidence can be found to confirm the hypothesis. There is a significantly negative relationship however in relation to Swedish ethics disclosure, which implies that a higher owner concentration is related to a less extent in ethics disclosure.

Foreign listing (H5) was used as a variable to explain increased extent of CSD. The statistical analysis however found no significant relationship to confirm this hypothesis. As both Sweden and China has a low amount of companies that are foreign listed, this may in combination with that Swedish companies already disclose to a great extent provide a probable answer to as why foreign listing have no effect on the extent of CSD.

Audit firms (H7) was also hypothesized to influence the extent of the CSD. This is supported by the statistical analysis in relation to both total and Chinese CSD. No support can though be found that audit firms impact the extent of CSD in Sweden. In relation to the Chinese companies the Big Four audit firms' significantly positive impact the extent of disclosure. Following these results, the hypothesis can be confirmed, furthermore the analysis also proves earlier research in regard to normative isomorphism, that organizations are pressured to adhere to professional norms. Earlier research also found that the Big Four audit firms disclosed more social information than others. These results confirms that an increasing number of Chinese companies using the Big Four audit firms will result in an increased CSD of these companies.

The above conclusion indicates that certain variables, as audit firms, size and profitability might be used as explanatory factors for the CSD extent. What are of certain interest are the differences that can be noticed, both in regard to industry, but especially in audit firms and size. Size especially, which have been confirmed by earlier research to be closely related to increased disclosure, have in the statistical analysis been found not to have any significant relationship in the Chinese context to CSD. Additional interest is the strong significant relation that the Big Four audit firms display to CSD. This indication, which has been discussed above might be due to the still lack of a standardized auditing. International audit firms impact and pressure Chinese companies to adhere to a more globalized standard of disclosing CSR information.

From a theoretical research perspective, the data and analyses of Swedish disclosure is in line with earlier western-oriented research drawn from legitimacy, stakeholder, institutional and positive accounting theory. In the context of China however, the empirical phenomenon of CSD, the theoretical explanations proposed somewhat lack explanations. This paper, being inspired by Gujic et al. (2012) also strengthens their result that western-oriented theories might not always be applicable in different contexts. Following this, the variables that have been used in this study might in a sense lack a direct relevance in the context of China, which still may demonstrate traditional conservative norms and values. Although globalization has become an international trend, cultural differences are necessary to take into consideration. Other variables and possibilities could be included and considered by researchers to generate better-rounded theories. For example, consumer goods has a negatively significance in relation to CSD in China, which could be a result of increasing exports and labor intensive

activities in China, thus labor intensiveness and extent of export can be probable variables to apply. Accessibility as another independent variable can also contribute to increasing trade of consumer goods and information sharing, in the context of China this variable can thus explain how different norms might be transferred and acquired. Increased communication might through more aware consumers and stakeholders influence companies to disclose information. Political majority can also be a probable variable to further investigate, due to the historic tradition of a strong state. Due to a somewhat low adjusted R^2 in many parts of the analysis, there is statistical result that external factors, which are not taken into account in this study, might provide additional explanation.

7.2 Own reflections

With assumption that although China have in recent years increased attention towards CSD, it came to us as a surprise that they already in a sense disclose fairly much. Our assumption that cultural differences exist and impact the extent of disclosure was through the study verified, although explanatory factors as to in what sense the culture influences is more of an uncertain area. The culture inherent in the societal values and norms have a probable impact on both stakeholders and consumers, this result in that the system-oriented theories might lack explanatory strength since individuals might not answer to similar objectives.

That China disclosed more than expected has made us wonder what would happen in the near future in China. The internationalization and global trade have made China, a country with tradition of being implicit and secretive, gradually accept and emerge with western culture. The phenomenon of China has become an eye opener for the western world at the same time. We speculate that China would develop more and more in line with global trends and harmonization of international accounting standards might eventually arise one day.

7.3 Future research and limitations

This study has been performed by comparing a sample of Chinese annual reports from companies listed on the Shanghai Stock Exchange to all of the annual reports from companies listed on the Nasdaq OMX Stockholm. Using only a third of the companies listed on the Shanghai Stock Exchange in combination with that this is one of third stock exchanges that exist in China, might result in a somewhat inaccurate data and some disclosure practice might

therefore be a bit biased. Furthermore, comparing the Chinese sample of companies to the full amount of companies on the Nasdaq OMX Stockholm might result in problems of generalization and inconclusiveness.

In addition to the above limitations, much of the corporate social disclosures might not have been shown in the annual reports but rather in other media, such as websites or separate sustainability reports. Website disclosures were not taken into consideration in this research, which can make the result less precise if the object is of achieving a complete view.

In regard to the proposal that western-oriented theories might not always be applicable in different contexts further research could be performed in other Asian countries to investigate if cultural aspects which have been found in this study of China might also be relevant in these countries. In addition to new theoretical structures that can be built up by investigating further similarities and differences in Asian countries to western-oriented theories, further research can also investigate the increased globalized economy and its relation to disclosure practice.

Appendix 1

Checklist

A. Environmental disclosures
1. Environmental policy
2. The corporation´s effect on the environment
3. Improvements – environment
4. Consumption
5. Discharge
6. Environmental certification
7. Environmental objectives
8. Follow-up of environmental objectives

B. Ethics disclosures
1. Code of conduct
2. Human rights
3. Charity and sponsoring
4. Investor relations
5. Business ethics
6. Safety and effect of the product
7. Investment policy
8. Supply chain

C. Human resource disclosures
1. Values
2. Conditions of employment
3. Change in number of employees
4. Education of employees
5. Health and Safety
6. Equal opportunities

Appendix 2

2.1 Distribution by industry, Sweden

Industry	Environmental disclosure		Ethics disclosure		Human Resource disclosure		Total disclosure	
	Mean	Std.Dev	Mean	Std. Dev	Mean	Std. Dev	Mean	Std. Dev
Basic Materials	79.17	22.19	43.75	22.30	62.50	34.17	61.74	22.64
Consumer Goods	55.11	34.43	37.50	32.27	56.06	31.09	48.97	29.59
Consumer Services	48.86	33.71	40.53	31.72	62.12	29.54	49.45	27.74
Financials	45.38	33.68	28.26	27.94	59.42	36.12	42.98	28.98
Health Care	33.06	30.71	22.98	27.40	49.46	29.96	33.87	26.55
Industrials	50.91	34.65	38.04	28.39	60.14	29.60	48.75	27.60
Oil & Gas	60.42	22.94	37.50	30.62	61.11	27.22	52.27	23.66
Technology	26.17	20.42	22.66	19.17	50.52	24.50	31.53	13.31
Telecommunications	33.93	37.30	25.00	26.02	35.71	17.82	31.17	25.50
Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	45.70	33.91	32.63	26.73	56.69	32.03	43.95	27.37

2.2 Distribution by industry, China

Industry	Environmental disclosure		Ethics disclosure		Human Resource disclosure		Total disclosure	
	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
Basic Materials	26.74	32.57	22.67	23.66	32.56	31.28	26.85	25.65
Consumer Goods	12.94	23.97	17.32	23.83	21.05	25.30	16.75	21.73
Consumer Services	12.50	24.09	21.88	25.66	33.33	19.92	21.59	19.55
Financials	21.69	31.13	26.10	25.81	32.84	24.09	26.34	24.18
Health Care	23.13	26.68	22.50	24.87	32.50	28.34	25.45	22.96
Industrials	24.09	31.35	25.61	25.53	34.96	30.16	27.61	26.38
Oil & Gas	30.00	36.01	35.00	31.12	43.33	22.36	35.45	28.64
Technology	22.02	34.21	21.43	24.09	33.33	27.89	24.89	24.59
Telecommunications	17.50	32.60	27.50	28.50	13.33	7.45	20.00	22.18
Utilities	30.21	32.54	28.13	20.93	27.08	28.58	28.60	22.04
Total	22.03	30.21	23.45	24.54	30.55	28.04	24.87	24.35

Appendix 3

3.1 Audit firms and CSD, Sweden

Audit firm	Environmental disclosure		Ethics disclosures		Human Resource disclosure		Total disclosure	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Deloitte	54.55	33.63	36.36	26.58	62.63	32.82	50.14	27.17
Ernst & Young	37.5	34.67	27.71	26.65	51.94	29.61	37.88	26.53
International Others	48.61	33.3	29.17	29.32	57.41	30.17	43.94	26.60
KPMG	49.58	34.43	34.93	31.41	31.91	29.76	50.00	28.80
PWC	45.15	31.84	30.49	27.40	52.89	30.46	41.93	25.93
Total	45.71	33.57	32.63	28.31	56.70	30.64	43.95	27.15

3.2 Audit firms and CSD, China

Audit firm	Environmental disclosure		Ethics disclosures		Human Resource disclosures		Total disclosure	
	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.	Mean	Std. Dev.
Deloitte	18.75	28.35	18.75	20.04	29.17	30.54	21.59	24.27
Domestic	19.62	28.63	20.87	23.18	27.69	27.13	22.27	22.94
Ernst & Young	30.68	37.23	27.27	24.25	42.42	31.06	32.64	28.23
International Others	18.75	29.76	25.00	33.85	37.50	28.46	26.14	29.55
KPMG	58.93	25.73	60.71	30.98	71.43	20.89	62.99	23.68
PWC	38.19	37.74	44.44	21.10	46.30	23.26	42.68	22.65
Total	22.03	30.21	23.45	24.54	30.55	28.04	24.87	24.35

Appendix 4

4.1 Multiple regression results, Sweden

N=250	Environmental disclosure			Ethics disclosure			Human resource disclosure		
	B	SE	VIF	B	SE	VIF	B	SE	VIF
Total assets	1,628E-10*	,000	1,094	1,641E-10**	,000	1,094	1,331E-10*	,000	1,094
Owner votes	-,014	,107	1,172	-0,201*	,091	1,172	-,121	,102	1,172
ROA	,192	,149	1,147	0,358**	,127	1,147	0,324*	,141	1,147
Foreign listed	9,540	9,091	1,257	9,426	7,735	1,257	-8,390	8,601	1,257
Big four audit firms	-	-	-	-	-	-	-	-	-
International others	10,905	10,961	1,058	6,088	9,327	1,058	3,961	10,371	1,058
Oil&Gas	7,612	13,812	1,134	-5,639	11,753	1,134	2,520	13,068	1,134
Health Care	-15,657*	7,261	1,372	-12,599*	6,178	1,372	-5,424	6,870	1,372
Financials	-9,330	6,278	1,451	-15,241**	5,342	1,451	-5,821	5,940	1,451
Telecommuncations	-9,866	14,958	1,113	-11,444	12,727	1,113	-18,221	14,152	1,113
Consumer Services	-1,591	6,829	1,286	1,846	5,811	1,286	2,892	6,461	1,286
Consumer Goods	3,430	7,710	1,211	-2,003	6,560	1,211	-5,390	7,294	1,211
Technology	-25,419**	6,800	1,310	-17,008**	5,786	1,310	-10,876†	6,434	1,310
Basic Materials	25,466*	10,091	1,181	,140	8,586	1,181	1,592	9,547	1,181
Utilities	-58,759†	32,911	1,095	-50,688†	28,003	1,095	-53,461†	31,138	1,095
Constant	50,332	7,358		47,733	6,261		66,176	6,962	
R^2	,170			,162			,088		
Adj. R^2	,120			,112			,034		
F-value	3,434			3,252			1,624		
Sig.	0,000			0,000			0,074		

**Correlation is significant at the 0,01 level (2-tailed)
*Correlation is significant at the 0,05 level (2-tailed)
†Correlation is significant at the 0,10 level (2-tailed)

4.2 Multiple regression results, China

N=297	Environmental disclosure			Ethics disclosure			Human resource disclosure		
	B	SE	VIF	B	SE	VIF	B	SE	VIF
Total assets	6,062E-11	,000	1,301	6,059E-11†	,000	1,301	3,755E-11	,000	1,301
Owner votes	-,098	,106	1,150	,062	,085	1,150	-,040	,097	1,150
ROA	0,397*	,177	1,027	0,328*	,142	1,027	0,520**	,161	1,027
Foreign listed	3,922	9,563	1,498	6,215	7,664	1,498	9,384	8,705	1,498
Big four audit firms	13,850*	5,975	1,481	10,308*	4,788	1,481	12,687*	5,439	1,481
International others	-,828	14,988	1,020	5,301	12,013	1,020	8,846	13,643	1,020
Oil&Gas	,181	13,921	1,096	2,235	11,157	1,096	1,655	12,672	1,096
Health Care	,921	7,436	1,186	-,865	5,960	1,186	-,617	6,769	1,186
Financials	-6,689	6,399	1,345	-4,895	5,129	1,345	-6,771	5,825	1,345
Telecommuncations	-7,395	13,601	1,046	1,574	10,901	1,046	-22,156†	12,381	1,046
Consumer Services	-5,936	11,039	1,091	,104	8,848	1,091	3,972	10,049	1,091
Consumer Goods	-8,625†	5,165	1,413	-5,491	4,140	1,413	-11,096*	4,702	1,413
Technology	1,296	7,376	1,221	-,199	5,912	1,221	1,949	6,715	1,221
Basic Materials	5,896	5,652	1,351	-,937	4,530	1,351	,331	5,145	1,351
Utilities	9,025	6,986	1,238	4,512	5,599	1,238	-5,253	6,359	1,238
Constant	20,096	6,735		14,577	5,398		26,289	6,131	
R^2	,094			,105			,126		
Adj. R^2	,046			,057			,079		
F-value	1,953			2,196			2,694		
Sig.	0,019			0,007			0,001		

**Correlation is significant at the 0,01 level (2-tailed)
*Correlation is significant at the 0,05 level (2-tailed)
†Correlation is significant at the 0,10 level (2-tailed)

Appendix 5

Selected companies

Swedish

AAK
ABB
Acando
ACAP
Acom
ActiveBiotech
Addnode
Addtech
Aerocrine
Alfa Laval
Allenex
Alliance Oil
Alltele
AnotoGroup
Arise
Artimplant
Aspiro
Assa Abloy
Astra Zeneca
Atlas Copco
AtriumLjungberg
Autoliv
AvanzaBank
Avega
Axfood
Axis
Balder
BBTools
BEGroup
BeijerAlma
BeijerElectronics
BergsTimber
Betsson
Bilia
Billerud
BioGaia
BioInvent
BioPhausia
Biotage
BjörnBorg
BlackEarthFarming
Boliden
Bong
BouleDiagnostics
Brinova
BTS
BureEquity
Byggmax
Cardo
Castellum
Catena
CDON
Cellavision
Cision
ClasOhlson
Cloetta
CoastalContacts
Concentric
ConcordiaMaritime
Connecta
Consilium
CoremPropertyGroup
Cybercom
Dagon
Dedicare
DGC
DiamydMedical
Diös
Doro
DUNI
Duroc
EastCapital
Elanders
Electra
Electrolux
Elekta
Elektronikgruppen
ELOS
Enea
Eniro
EnQuest
Epicept
Ericsson
Etrion
Ework
Fabege
Fagerhult
FastPartner
Feelgood
FenixOutdoor
FingerprintCards
FinnvedenBulten
Formpipe
Getinge
Geveko
GLBeijer
GlobalHealth
Gunnebo
HakonInvest
Haldex
Handelsbanken
Havsfrun
Heba
Hemtex
Hennes & Mauritz
Hexagon
Hexpool
HiQ
HLDisplay
HMS
Holmen
HQ
Hufvudstaden
Husqvarna
Höganäs
IFS
Imagesystems
Industrivarden
Indutrade
Intellecta
Intoi
IntrumJustitia
Investor
ITAB
Jeeves
JM

Kabe
Kappahl
KaroBio
Karolinska
Kinnevik
Klövern
KnowIt
Kungsleden
Lagercrantz
LammhultDesign
Latour
LELundbergs
LindabInternational
Loomis
Lundin Mining
Lundin Petroleum
Luxonen
Malmbergs
MEDA
Medivir
Mekonomen
MelkerSchörling
Metro
MicronicMydata
Midsona
MidwayHolding
Millicom
Mobyson
Morphic
MQ
MSC
MTG
MultiQ
NAXS
NCC
Nederman
NetEntertainment
NetInsight
Netonet
NewWaveGgroup
NIBE
Niscayah
Nobia
Nolato
Nordea
NordicMines
NordicServicePartner
Nordnet
NOTE
Novestra
Novotek
Oasmia
OddMolly
OEMInternational
Opcon
OrcSoftware
Orexo
Oriflame
Ortivus
PAResources
PartnerTech
Peab
Phonera
Poolia
PreciseBioMetrics
Prevas
Pricer
ProAct
Probi
Proffice
Profilgruppen
PSIGroup
Ratos
RaySearch
ReadSoft
Rejlers
Rezidor
RNB
Rottneros
RörvikTimber
SAAB
Sagax
Sandvik
SAS
SCA
Scania
SEB
SecoTools
Sectra
Securitas
Semcon
Sensys
Sigma
Sintercast
Skanska
SKF
SkiStar
SSAB
StjärnaFyrkant
Stora Enso
Studsvik
SWECO
Swedbank
Svedbergs
Swedish Match
SwedishOrphanBiovitrum
Swedol
Svolder
Systemair
SÄKL
Tele 2
Telia Sonera
Tieto
Traction
TradeDoubler
Transatlantic
Transcom
Transmode
Trelleborg
TrigonAgri
Unibet
Uniflex
Wallenstam
VBGGroup
VenueRetailGroup
Wihlborg
VitecSoftwareGroup
Vitrolife
Volvo
VostokNafta
XANO
ÅF
ÖresundInvestment

Chinese

Aisino Co.Ltd.
Anhui Expressway Company Limited
ANHUI HELI CO.,LTD.
ANHUI QUANCHAI ENGINE CO.,LTD.
Anhui shanying paper industry co.,ltd
ANHUI XINHUA MEDIA CO., LTD
anhui xinke new materials co.,ltd
Atlantic China Welding Consumables,Inc
AVIC HEAVY MACHINERY CO.,LTD
Bank of China Limited
Baoshan Iron & Steel Co., Ltd.
BEIH-PROPERTY CO., LTD
Beijing AriTime Intelligent Control Co., Ltd.
Beijing Capital Co.,Ltd
BEIJING CAPITAL TOURISM CO.， LTD
Beijing Teamsun Technology Co.,Ltd
Beijing TongRenTang Co.,Ltd
BEIJING URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT CO.,LTD.
BEIJING VANTONE REAL ESTATE CO.,LTD
BEIJINGHUALIAN HYPERMARKET CO.,LTD
BEIQI FOTON MOTOR CO.,LTD.
BENJING URBAN & RURAL TRADE CENTRE CO.,LTD
CANAL SCIENTIFIC AND TECHNOLOGICAL CO.,LTD
CANGZHOU DAHUA CO.LTD
CEC Corecast Corporation Limited
CHANG CHUN EURASIA GROUP CO.,LTD.
Changchun FAWAY Automobile Components Co., Ltd
Chengdu B-ray Media Co.,Ltd
Chengshang Group Co., Ltd.
china Animal Husbandry Industry Co.,Ltd.
CHINA CITIC BANK CORPORATION LIMITED
CHINA CNR CORPORATION LIMITED
China Coal Energy Company Limited
CHINA CONSTRUCTION BANK CORPORATION
China CSSC Holdings Limited
CHINA CYTS TOURS HOLDING CO.,LTD.
China Eastern Airlines Corporation Limited
China Gezhouba Group Company Limited
CHINA LIFE INSURANCE COMPANY LIMITED
CHINA MEHECO CO., LTD.
China Merchants Bank Co.,Limited
CHINA MINSHENG BANKING CORP.,LTD.
China National Medicines Co.,Ltd.
CHINA NATIONAL SOFTWARE & SERVICE COMPANY LIMITED
China North Optical-Electrical Technology Co.,Ltd

China Pacific Insurance (Group) Co.， Ltd.
China Petroleum & Chemical Corporation
china railway erju co.,ltd.(crec)
China Railway Group Limited
CHINA RAILWAY TIELONG CONTAINER LOGISTICS CO.,LTD
CHINA RESOURCES DOUBLE－CRANE PHARMACEUTICAL CO., LTD.
China Resources Wandong Medical Equipment Co.,Ltd
China Shipbuilding Industry Company Limited
CHINA SHIPPING DEVELOPMENT COMPANY LIMITED
CHINA SPACESAT CO.,LTD.
CHINA SPORTS INDUSTRY GROUP CO.， LTD.
China Television Media,Ltd.
CHINA UNITED NETWORK COMMUNICATIONS LIMITED
China World Trade Center Company Ltd.
CHONG QING BREWERY CO.LTD
CHONGQING DEPARTMENT STORE CO.,LTD
CHONGQING GANGJIU CO.,LTD.
CHONGQING TAIJI INDUSTRY (GROUP) CO.,LTD
Chongqing Three Gorges Water Conservancy And Electric Power Co.,Ltd.
Chongqing Three Gorges Water Conservancy And Electric Power Co.,Ltd.
Chongqing Water Group Co.,Ltd
CITIC Securities Company Limited
CITYCHAMP DARTONG CO.,LTD.
Cofco Tunhe Co.,ltd.
CSR Corporation Limited
DALIAN THERMAL POWER CO.,LTD
Dalian Dayang Trands Co.,Ltd
DAQIN RAILWAY CO.,LTD
DATANG INTERNATIONAL POWER GENERATION CO.,LTD
DAZHONG TRANSPORTATION（GROUP） CO.,LTD
DONGFANG ELECTRIC CORPORATION LIMITED
Dongfeng Automobile Co.,LTD
Everbright Securities Company Limited
Fiberhome Telecommunication Technologies Co.,Ltd
FOUNDER TECHNOLOGY GROUP CORP.
Fujian Expressway Development Company Limited
FuJian YanJing HuiQuan Brewery Co.,Ltd
Gan Su Jiu Steel Group Hong Xing Iron & Steel Co.,Ltd
GANSU QILIANSHAN CEMENT GROUP CO.,LTD.
GD POWER DEVELOPMENT CO., LTD
GEM--YEAR INDUSTRIAL CO.,LTD.
GUANGDONG BOXIN INVESTING & HOLDINGS CO.,LTD
GUANGXI GUIGUAN ELECTRIC POWER CO.,LTD.
Guangzhou Baiyun International Airport Co., Ltd.
Guangzhou Development Industry (Holdings) Co.,Ltd.

GUANGZHOU PEARL RIVER INDUSTRIAL D
Guangzhou Pharmaceutical Company Lim
GUANGZHOU SHIPYARD INTERNATIONAL
GUIZHOU CHITIANHUA CO.,LTD.
GuiZhou YiBai Pharmaceutical Co., Ltd.
Guodian Nanjing Automation Co.,LTD.
HAFEI AVIATION INDUSTRY
HAITONG Securities Company Limited
HangZhou Iron & Steel Co.,Ltd.
Harbin Air Conditioning Co.,Ltd.
HARBIN HATOU INVESTMENT CO.,LTD
Harbin Pharm Group Sanjing Pharmaceuti
HEBEI HENGSHUI LAOBAIGAN LIQUOR CO
HENAN HUANGHE WHIRLWIND CO.,LTD.
Henan Lianhua Gourmet Powder Co.Ltd.
Henan Lingrui Pharmaceutical Co., Ltd
Henan Pinggao Electric Co.,Ltd.
HENAN REBECCA HAIR PRODUCTS CO., LT
HENAN YUGUANG GOLD&LEAD CO.， LTD
Henan Zhongyuan Expressway Company L
HISENSE ELECTRIC CO.,LTD.
HIT. Shouchuang Technology Co.,LTD.
Huadian Power International Corporation
Huafa Industrial Co.,LTD.Zhuhai
Huaneng Power International, INC.
HUAYU Automotive Systems Company Lim
HUAYUAN PROPERTY CO.,LTD.
HUBEI CHUTIAN EXPRESSWAY CO.,LTD.
HUBEI XINGFA CHEMICALS GROUP CO.,LT
HUNAN CORUN NEW ENERGY CO.， LTD
INNER MONGOLIA JINYU GROUP CO.LTD
INNER MONGOLIA LANTAI INDUSTRIAL CO
Inner Mongolia North Hauler Joint Stock C
i[illegible]technology co.,ltd.
JIANGSHU HENGSHUN VINEGAR CO.,LTD
JIANGSU HENGRUI MEDICIN
Jiangsu Chengxing Phosph-Chemical Co.,L
JIANGSU KANION PHARMACEUTICAL CO.,
JIANGSU SKYRUN CORPORATION
JIANGXI COPPER CO., LTD
Jiangxi Ganyue Expressway CO.,LTD.
JIANGXI HONGCHENG WATERWORKS CO.
JIANGXI HONGDU AVIATION INDUSTRY CO
JIANGZHONG PHARMACEUTICAL CO.,LTD
JILIN FOREST INDUSTRY CO.,LTD.

JiLin Sino-Microelectronics Co.,Ltd
Jinduicheng Molybdenum Co.,Ltd
JONJEE HI-TECH INDUSTRIAL & COMMERCIAL HOLDING CO.,LTD
KINGFA SCI.&TECH. CO.,LTD.
LAO FENG XIANG CO.,LTD.
LESHAN ELECTRIC POWER CO.,LTD.
LIAONING SG AUTOMOTIVE GROUP CO., LTD.
LIAONING SHIDAI WANHENG INC.
Lingyuan Iron & Steel Co.,Ltd
Liuzhou Chemical Industry Co., Ltd
LONGJIAN ROAD & BRIDGE CO.,LTD.
Markor International Furniture Co.,Ltd.
MEIDU HOLDING CO.,LTD.
METRO LAND CO.LTD
MINMETALS DEVELOPMENT CO., LTD.
MUDANJIANG HENGFENG PAPER CO.,LTD.
NANHAI DEVELOPMENT CO., LTD.
NANJING CENTRAL EMPORIUM STOCKS CO., LTD
NANJING CHIXIA DEVELOPMENT CO., LTD.
Nanjing Iron&Steel Co.,Ltd.
NANJING TEXTILES IMP/EXP CORP.,LTD.
Nanjing Xingang High-Tech Co,.Ltd.
NANJING XINJIEKOU DEPARTMENT STORE CO.,LTD
Neusoft Corporation
NINGBO UNITED GROUP CO.,LTD.
Northern United Publishing & Media （Group） Company Limited
Orient International Enterprise LTD.
phenix optical company limited
PING AN INSURANCE（GROUP） COMPANY OF CHINA, LTD.
PINGDINGSHAN TIANAN COAL MINING CO., LTD.
POLY REAL ESTATE GROUP CO.,LTD
Qianjiang Water Resources Development Co.,Ltd
QINGDAO HAIER CO.， LTD
SANY HEAVY INDUSTRY CO.,LTD
SDIC XINJI ENERGY CONPANY LIMTEL
SHAANXI BROADCAST & TV NETWORK INTERMEDIARY （GROUP） CO.,LTD
SHANDONG HOMEY AQUATIC DEVELOPMENT CO.,LTD
Shandong Expressway Company Limited
SHANDONG GOLD MINING CO.,LTD.
Shandong Huatai Paper Co.,Ltd.
Shandong Jinjing Science & Technology Co.,Ltd
SHANDONG NANSHAN ALUMIUM CO.,LTD.
SHANDONG PHARMACEUTICAL GLASS CO.,LTD
SHANGHAI AEROSPACE AUTOMOBILE ELECTROMECHANICAL CO.,LTD
Shanghai Baosight Software Co., Ltd.
SHANGHAI CHENGTOU HOLDING CO., LTD.
SHANGHAI CONSTRUCTION GROUP CO.， LTD.
SHANGHAI DIESEL ENGINE COMPANY LIMITED
SHANGHAI EAST-CHINA COMPUTER CO.,LTD
Shanghai Fosun Pharmaceutical (Group) Co.,Ltd
SHANGHAI FRIENDSHIP GROUP INCORPORATED COMPANY
SHANGHAI HIGHLY(GROUP) CO.,LTD.
SHANGHAI INDUSTRIAL DEVELOPMENT CO.,LTD.
Shanghai International Airport Co., Ltd.
SHANGHAI JIABAO INDUSTRY & COMMERCE (GROUP) CO.,LTD
SHANGHAI JIAO YUN CO., LTD.
SHANGHAI JIAODA ONLLY CO.,LTD
SHANGHAI JIELONG GROUP INDUSTRY CORPORATION LIMITED
Shanghai Jin Jiang International Industrial Investment Co.,Ltd
Shanghai Jinfeng Investment Co.,Ltd.
Shanghai Jinjiang International Hotels Development Co.,Ltd
SHANGHAI KAICHUANG MARINE INTERNATIONAL CO.,LTD
Shanghai Material Trading Co., Ltd.
Shanghai Mechanical & Electrical Industry Co.,Ltd
SHANGHAI NEW WORLD CO.,LTD.
SHANGHAI NO.1 PHARMACY CO.,LTD.
SHANGHAI ORIENTAL PEARL(GROUP) CO.,LTD
Shanghai Pudong Development Bank Co., Ltd
SHANGHAI PUDONG ROAD & BRIDGE CONSTRUCTION Co.,LTD
Shanghai Shenda Co.,Ltd.
Shanghai ShentongMetro co.,LTD
SHANGHAI TIANCHEN CO.,LTD.
SHANGHAI TONGJI SCIENCE & TECHNOLOGY INDUSTRIAL CO.,LTD.
SHANGHAI TUNNEL ENGINEERING CO.,LTD.
Shanghai Xinhua Media CO.,LTD
SHANGHAI YIMIN COMMERCIAL GROUP CO.,LTD.
SHANGHAI ZHANGJIANG HI-TECH PARK DEVELOPMENT CO.,LTD.
Shanghai Zhixin Electric Co.,ltd
SHANGHAI ZIJIANG ENTERPRISE GROUP CO.,LTD
SHANGHI JINQIAO EXPORT PROCESSING ZONE DEVELOPMENT CO LTD
Shanxi Coal International Energy Group Co.,Ltd
Shanxi Lanhua sci-tech venture co.,ltd
SHANXI XINGHUACUN FEN WINE FACTORY CO.,LTD
SHEN MA INDUSTRY CO.,LTD
SHENERGY COMPANY LIMITED
SHENGYI TECHNOLOGY CO., LTD.
SHENZHEN EXPRESSWAY CO., LTD.
Shenzhen Heungkong Holding Co., Ltd
SICHUAN CHUANTOU ENERGY CO.,LTD.
SiChuan [illegible] Construction Co.,Lt
SICHUAN MINGXING ELECTRIC POWER CO.,LTD
SICHUAN SWELLFUN CO.,LTD
Sichuan Tuopai Shede Wine Co., Ltd.
SILVER PLAZA GROUP CO.,LTD
SINOPEC SHANGHAI PETROCHEMICAL CO.
Sinotrans Air Transportation Developmen
Star Lake Bioscience Co.,Inc Zhaoqing Gua
SUZHOU HEW DISTRICT HI-TECH IN
Tande CO.,LTD.
TBEA CO.,LTD
THE PACIFIC SECURITIES CO.,LTD
Tianjin Capital Environmental Group Prote
Tianjin Reality Development(Group) Co., L
Tianjin Tasly Pharmaceutical CO., LTD.
Time Publishing & Media CO., LTD.
TSINGHUA TONGFANG CO., LTD
[illegible] Food & Beverage Co.,Ltd
WOLONG ELECTRIC GROUP CO.， LTD.
WOLONG REAL ESTATE GROUP CO.,LTD.
WUHAN EAST LAKE HIGH TECHNOLOGY G
Wuhan Humanwell Healthcare (Group) Co
Wuhan Iron and Steel Company Limited.
Wuhan Jianmin Pharmaceutical Groups Co
WUHAN SANZHEN INDUSTRY HOLDING CO
Wuhan Yangtze Communication Industry
XIAMEN C&D INC.
XIAMEN INTERNATIONAL TRADE GROUP C
XIAMEN KING LONG MOTOR GROUP CO.,
XIAMEN [illegible] CORP.
XIAMEN XGMA COMPANY LIMITED
XIAMEN XGMA COMPANY LIMITED
XINJIANG GUANNONG FRUIT & ANTLER
XINJIANG [illegible] STEEL CO.,LTD
XINJIANG GUANGHUI INDUSTRY CO.,LTD
XINJIANG JIONWORID CO.,LTD.
XINJIANG [illegible] MODERN AGRICULTUR
Xinjiang Talimu Agriculture Development
Xinjiang Yilite Industry CO.,LTD
XINJIANG YOUHAO (GROUP) CO.,LTD
Xinyu Iron ＆ Steel Co.,Ltd
Y.U.D Yangtze River Investment Industry C
YABAO PHARMACEUTICAL GROUP CO., LT
YANG QUAN COAL INDUSTRY （GROUP）
Yantai Wanhua Polyurethanes Co.,Ltd.
YANTAI XINCHAO INDUSTRY CO.,LTD.
YANZHOU COAL MINING COMPANY LIMIT
YINCHUAN XINHUA DEPARTMENT STORE
YINGKOU PORT LIABILITY CO.,LTD.

YOUNGOR GROUP CO.,LTD.
YUEYANG FOREST & PAPER CO., LTD.
YunNan Metropolitan Real Estate Development Co.,Ltd
Yunnan Bowin Technology&Industry Co.,Ltd
YUNNAN YUNTIANHUA CO.,LTD
ZHEJIANG SHENGHUA BIOK BIOLOGY CO.,Ltd.
ZheJiang China Light&Textile Industrial City Group Co.,Ltd
ZHEJIANG CHINT ELECTRICS CO.,LTD
ZHEJIANG FEIDA ENVIRONMENTAL SCIENCE & TECHNOLOGY CO.,LTD.
Zhejiang FuRun Co.,LTD
ZheJiang GuYueLongShan ShaoXing Wine Co.,Ltd
ZHEJIANG HISUN PHARMACEUTICAL CO.,LTD.
Zhejiang Huahai Pharmaceutical Co.,LTD.
ZHEJIANG JIANFENG GROUP CO.,LTD
ZheJiang Ju Hua Co.,Ltd.
Zhejiang Longsheng Group Co.,ltd
ZHEJIANG MEDICINE CO.,LTD
ZHEJIANG ORIENT HOLDINGS CO.,LTD.
ZHEJIANG YANKON GROUP CO.,LTD
ZHEJIANG ZHONGDA GROUP CO., LTD.
Zhengzhou Yutong Bus Co.,Ltd.
Zhongchu development stock Co.,Ltd.
ZHONGJIN GOLD CORPORATION,LIMITED
ZHONGLU CO,.LTD.
ZIJIN MINING GROUP CO.,LTD
天津港股份有限公司

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