

Chapter 12

Corporate Social Responsibility Disclosure (CSR)

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Abstract Modern environmental issues, such as the effects of global warming like ozone depletion and climate change, made companies realize the negative indirect environmental effect of their daily business activities. Not only do the environmental themes are important, but also the present financial crises have contributed to global concerns. At present, businesses are not always concerned with profit. The existence of a business cannot unattached with social and ethical responsibility issues. Corporate Social Responsibility (CSR), appears to be everywhere and is known to be relevant to firms all over the world. Companies are not only responsible to shareholders alone but also, they have to be responsible for their social, environmental and financial sides. They have expended money on social projects, such as education, art, sport and investment in environmental facilities. They have considered the interests of employees and some other actions that service not only the company but also society as a whole. The companies are facing increasing pressure due to grow the customers' consciousness of CSR-related issues. This pressure to deliver their CSR activities during compulsory and voluntary disclosure to assurance that shareholders are recognizing the suitability of their procedures undertaken about environmental and social issues. The desires of society to obtain the largest possible amount of social and environmental information have urge companies to disclose their environmental and social information in several ways to meet these demands. Through this chapter, an adequate picture of corporate social responsibility will be presented, its most important historical stages, and the challenges facing its disclosure.

Keywords Corporate social responsibility disclosure · Sustainability · Accountability · Social audit · Rating of ethics · Eco-management and audit scheme · Agency/legitimacy/signaling theory · The global reporting initiative GRI

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12.1 Introduction

Corporate influence on the environment and society is facing global attention. Consumers, employees, investors, business partners, and local communities are increasingly looking for the role of business in community. Public, private and human rights organizations demand greater transparency and accountability, not only in the day-to-day operations of companies but their impact on society and the environment, especially after recent financial and accounting scandals and their impact on capital markets as well as the big banks and firms.

These issues have become more imperative than before. Despite this increasing interest, it remains difficult to assess and measure the influence of a firm on society against setting norms. Stakeholder groups try to design valuation tools according to standards professional organizations attempt to implement social audits. Governments on the other hand are working on developing legislation that requires the preparation of social reports, rating agencies, classifying and ranking the companies. The companies themselves are constantly displaying growing numbers of reports regarding their social performance and behavior. Despite these many efforts, stakeholders are dissatisfied with the reports and demand to make a greater effort to minimize the negative effects of institutions on society. They also work on how to harmonize this impact with the needs of society.

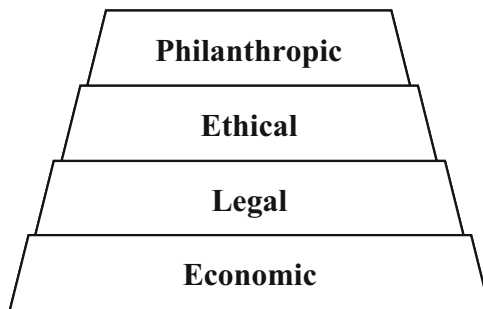
The main purpose of this chapter is to try to give a complete and clear image of corporate social responsibility disclosure by defining CSR, explain its principles, its important dimensions, the key theories that support it, and the methods of measurement used to evaluate it.

12.2 Definition and History of CSR

The following passage will try recounting a brief history of social responsibility and the most common and acceptable definitions for it. Throughout the 1960s until the early 1970s, groups of social activists and others were calling for a general idea of corporate responsibility. These messages became very clear and new governmental entities (the Equal Employment Opportunity Commission (EEOC), the Environmental Protection Agency (EPA), the Consumer Product Safety Commission (CPSC) and the Occupational Safety and Health Administration (OSHA)) assured that national public policy formally has acknowledged the environment, consumers, and employees, to be considerable and rightful stakeholders of business. In that period, companies' administrators had to confront how they could make equilibrium between obligations to the owners of the firm with their liabilities to an ever-widening group of stakeholders who request both ethical and legal rights (Carroll 1991).

In the 1980s, the concentration had increased on improving and developing new definitions of CSR and research on it and a divided of writings into various concepts

Fig. 12.1 The pyramid of corporate social responsibility (Carroll 1991: 228)



and subjects such as corporate social responsiveness, social performance, public politics, ethics of business, and stakeholder theory/management, etc. It was defined at that time as the idea that companies had to commit to constituent groups in society, not just its shareholders. The commitment must be applied voluntarily and to be widespread, to extend beyond the classical duty to shareholders into other social groups such as customers, employees, suppliers, and neighboring societies (Jones 1980).

In the early 1990s, quite a few contributions to the definition of CSR occurred. Its concept became a base for other related concepts and themes; many of them adopted CSR thinking and were very compatible with it. The corporate social responsibility pyramid below defined the four forms of CSR (Carroll 1999).

Besides, Brummer (1991) have tried to provide obvious definitions of responsibility and searching at the different philosophical methods. Through an accurate review of the content of responsibility, Brummer suggested that the meaning of responsibility is to hold directors accountable for their activities. He totalized three kinds of corporate behavior demanding are introduced from director: (1) when the procedures that are being carried out exceed the scope of the company in terms of permissibility or authority. (2) If the company's activity is not within the limits of its responsibility. (3) The performance of acts was inferior (Fig. 12.1).

Carroll and Shabana have stated the definition of CSR as the social responsibility of companies include the philanthropic, ethical, legal, and economic predictions that the community has of companies at a specific time. Also, they opined that this definition could be a positive and sufficient definition to use as it is consistently applied in corporate social responsibility research at the time (Carroll and Shabana 2010).

In the early 2000s, to CSR, continued, the search to find business legitimacy has increased and the concern and up growth with business ethics hid the persistent increase and expansion of the topic of responsibility of society, although important advances were achieved, particularly in Europe and the UK. The pursuit of the case for CSR surely became a prevailing subject through this time, particularly the society of business were willing to legalizing and rationale on actions and activities that have started and are still ongoing (Carroll and Shabana 2010).

Some scholars consider CSR is a matter of public relations. Frankental (2001) submit that CSR is an innovation of public relations and it may only have a real

presence if it takes into account all interest groups and is enhanced by changes in firm law or rewarded in financial markets.

CSR was defined by the World Business Council for Sustainable Development as the moral behavior of a firm towards the community. The management has acted responsibly with other interest groups who have a legal interest in the business, and CSR is the persisting obligation by working to manage, participate and ethically to economic growth while optimizing the life quality of the laborers and their families, further of the domestic society and society at all (Moir 2001).

Hancock (2005) identified a set of core CSR drivers, such as the main impact of the integration of social responsibility elements within the activities of the company. Reduce investment risk premium in stocks, the direct link between financial and reputation result assess, and credit rating and stock price. The effects of scandals of companies as Enron, WorldCom, and others have grown the realizing greed among the top business executives in the firms' world. Finally, the CSR programs could build loyalty with customers, which presentation a competitive feature in diverse markets where consumers desire goods and services that are delivered or produced ethically.

Based on all, it could be said that CSR is a moral and national sense of social contribution toward the environment and society represented by people who worked in the organization or those living in society and the surrounding environment. Besides, the firms want to take a comprehensive and integrated program to structure a CSR system that permits them to instinctively manage in a socially responsible way. In exchange for exploiting the material and human resources of society and making profits.

12.2.1 Principles of CSR

Although the definition of CSR has not been stabled yet, it has been known as long-term work planning. By its various methods, it tries to strike a balance between the economic rights of businesses and their social and environmental obligations. CSR linked these methods with the companies' strategies recognizing four basic principles (Mermod and Idowu 2014).

1. The societal approach: this principle is supposed that business companies have to participate in construction preferable communities, therefore, they have to combine the social interests into their essential strategies to take into account the full extent of their influence on societies. Additionally, these principally require business firms to support human rights as well as labor rights, and to deal with any other related moral issues.
2. The economic principle: this principle emphasized the effectiveness of business companies in providing or producing goods and services without causing harm to social or environmental values.

3. The environmental principle: this principle states that the companies must not damage the environment to aggrandize their profits, also they ought to play the main role in fixing any environmental harm caused by their unaccountable use of natural resources.
4. The stakeholder approach: this principle holds the business firms responsible to consider the legal interests of their stakeholders. Because of the lack of clarity on the nature of CSR practices, it is hard to define it and to be sure of any activity. Therefore, it is necessary to determine these activities (Crowther and Aras 2008). Crowther and Aras (2008) believe that three basic principles include all activity of CSR:
 - (a) Sustainability: It is concerned with the influence of actions taken now on the choices available for the future. The resources that are utilized now maybe will not be available for use in the future, and this is of special worry if the resources are limited in quantity. Thus, sustainability means that society must use no more of a resource that can be renewed.
 - (b) Accountability: It is concerned with an enterprise admitting that its activities impact the surrounding environment, and therefore supposing responsibility for the influences of its behaviors. It is also a mean measurement of the effects of actions taken, whether internal to the organization and externally.
 - (c) Transparency: it is meant that the influence of the firm's activities and behaviors is clear and explicit through the company's reports, as well as the relevant facts visible in those reports. Also, it can be considered that the concept follows the other two principles and is part of the procedure of accepting responsibility on the part of the company for the outward impacts of its operations and an equal part of the procedure of transfer control and control to external stakeholders.

12.2.2 Motivation for CSR

For many centuries, the motive and requirement that the business firm has some a sense of responsibility and concern for the sake of society have existed with interest generating revenues. CSR existence broadly accepted by several sectors through the years has been over and over studied under various names that include company citizenship, social accountability, and strategic charity among many others. The idea of corporate social responsibility depends on the core idea of creating "shared value". CSR aims to generate value for the company, its consumers, and society as a whole, besides generating higher revenues. There are many reasons beyond the motivations of organizations for engaging in efforts of social responsibility (Sprinkle and Maines 2010).

- Companies have altruistic intentions; they merely think their CSR efforts are an integral part of being a good habitat. Recognized, it is hard to separate these intentions from profit-seeking ambitions.

- CSR can be a further cost for business: it is anything companies feel they should do to avoid negative advocacy and other reactions from various stakeholder groups, such as Nongovernmental Organizations (NGOs).
- Possible contracting benefits: companies suppose that CSR assists motivate, recruit, and holdover employees. Many sources listed these reasons as one of the most important benefits of practicing CSR programs.
- Motivations of customers: CSR may attract consumers to buy a firm's products or services. Such as, earn price premiums or set apart increases in market share.
- Firms' focus on concerns of the environment can lead to reduced production costs.
- CSR could be perceived as a part of a firm's risk management efforts. To achieve this end, CSR can be an efficient instrument for reducing legal or regulatory limitations.

12.2.3 Dimensions of CSR

While companies are trying to reach ethical standards that can be applied globally, the focus is on the decision-maker and his commitment to taking into account the CSR dimensions when decision-making. Carroll (1991) identified four dimensions of corporate responsibility through what is known as the corporate social responsibility pyramid:

1. The real economic commitment of companies in the implementation of their duties in the production of goods and services needed by society, and effectiveness and efficiency are the basis and precondition for other responsibilities towards society and the surrounding environment.
2. The legal responsibilities of companies are their obligations to implement laws, whether they are local, international, regional, or even transnational.
3. The company's ethical commitments are its obligations to follow and respect social customs, even those not enveloped by the law.
4. Charitable responsibilities in the first degree. They are not specific activities or commitments, but they are just expectations or indicators of what the community expects to satisfy its desires, such as charitable donations, funding schools, health care, and development programs in the community.

Through analyzing the definitions of CSR (Dahlsrud 2008), it became obvious that they were pointing to several of the same aspects of CSR. Therefore, the clauses, which indicated the same dimension, were collected together. This process determined five dimensions that were named to express the content of the phrases.

- The environmental dimension: means the natural environment, for instance, environmental oversight, environmental cleanliness, and environmental worries in firms' actions.

- The social dimension: refers to the relationship between society and business, for example, merge social concerns in their business operations, contribute to the best society, consider the full extent of their influence on societies, and contribute to economic development.
- The economic dimension: refers to financial aspects or socio-economic, involving describing CSR in the terminology of business operation, for example, keeping the profitability, engage in economic evolution and business operations.
- The stakeholder dimension: refers to stakeholder or stakeholder groups for example how companies interact with their workers, customers, suppliers, societies, and interaction with their stakeholders, and addressing the stakeholders of the company.
- The voluntariness dimension: means the procedures not expressly provided for by law, including, for example, that are based on moral values, without exceeding legal and voluntary obligations.

The European Commission Green Paper 2001 determines two dimensions of CSR. These are external and internal. The external dimension comprises business partners, local communities, consumers, suppliers, human rights, and the global environment. The internal dimension involves health and safety at work, human resources, environmental influences, and natural resources. The internal issues are supposed to be those dealing with firms' internal management. Similarly, external issues concern external management (Nasrullah and Rahim 2014).

12.3 Disclosure of CSR

CSR Disclosure has known as the delivery transaction of the social and environmental influences of companies' economical actions to certain categories of interest inside the society and its effects on community as whole (Gray et al. 1996). Furthermore, Heemskerk et al. (2002) referred to CSR may be realized as an informed operation of environmental and social effects caused by a company's economic business to certain concerned and the firm as all.

CSR is the thematic depiction of environmental and social practices so that stakeholder groups could use it reliably to assess the execution of the company's liability for society. Governmental and international bodies as Development and the International Labor Organization, the Organization for Economic Cooperation, and the United Nations, have advanced guidelines, principles, statements, and other tools, that provide schema the public criteria for agreeable behavior of firms. During the last 10 years, sundry national governments in Europe and the USA series of regulations have passed on environmental and social investments. Several regulations and laws call firms in sharing their CSR actions and practices with the audience via the reveal of non-fiscal information (Najah and Jarboui 2013).

Reports of CSR have to include four parts (Moravcikova et al. 2015):

1. **Credibility:** The reliability of the reporting may be binding on senior management. Also describe the introduction of personal responsibilities, company policy, data collection methods, and goals. Besides, credibility is affected by the level of participation of key stakeholders and has been grown through independent third-party confirmation.
2. **Completeness:** The CSR report involves all action and office operations in the region. They have to report on the major areas that the company impacts on the environment and society.
3. **Significance:** The company should improve the use of quantitative and qualitative indexes to assess its social and environmental liability.
4. **Appropriate format:** The format of the reporting has an important effect and helps to identify if the disclose is long and fairly clear.

With great acceleration, there are rising demands that corporates take responsibility for their societal and environmental effectiveness. As a consequence, many firms provide optional reports on the impacts of their commercial or industrial activities on the environment and society, and how they manage these businesses, which has led to great interest among academics and professionals. Therefore, organizations spend money and time for optional disclosure of CSR, so the follower expects that companies will benefit from the decision to provide such disclosures, otherwise they will be required to do so. How companies benefited from the voluntary disclosure of CSR that was investigated by researchers in a deferent of methods, with much focus on the worth of information related to investors and investments (Bowerman and Sharma 2016).

The main issue facing researchers is that the literature lacks a predominantly accepted theoretical perspective on the main reason organizations participate in social and environmental disclosure, and what are the effects of this on the different stakeholder groups and beneficiaries of that disclosure. Hence, a lot of the academic discourses in this field has been and persist to be, philosophical in its nature, focusing on the role of social accountability in institutions and society, and dealing with problems related to sustainability in the new company environment. These researches have raised normative inquiries about the scope to be taken by academics. The area of accounting involved in it and more controversy about environmental and societal problems caused by companies. Some researchers believe that the primary objective of an organization's disclosure is to influence impressions about the company's future financial prospects in the brains of external stakeholders, primarily financials, rather than trying to minimize social or environmental damage. Additionally, there is evidence that when disclosures are voluntary, companies will only present a judiciously selected portion of the information that presents the firm in a positive light, that increase questions about the integrity of disclosures of corporate social and demands for supporting these reports (Brooks and Oikonomou 2017).

12.3.1 Theories of CSR

CSR has been proven through a multiplicity of theories that include many solutions and alternatives. Included in the list and the most acceptable are agency theory, stakeholder theory, legality theory, and signal theory.

12.3.1.1 The Agency Theory

Also known as positive accounting theory relates to the view that a company is a contract among different economic agents that compete within efficient competitive markets. Here it can be said that the social and environmental reporting will be a useful guide in defining the contractual commitments of the debt, the implicit political costs, or the administrative compensation contracts. Nevertheless, the focus of agency theory on fiscal or wealth and value considerations among competitors in highly-efficient markets and informatics availability limit related environmental and social disclosure, also its intentional objective (Reverte 2016).

In the CSR respect, public interest attentions and image building can restrain the managers' decision to expand on social performance and to disclose social information. Nevertheless, net income is decreased by social performance costs. Consequently, the companies that favor conducting social performance and uncover it are more probably have lower monitoring and contracting costs, and to have high political costs but the decision to uncover social performance is positively associated with social performance, political visibility, and economic performance, and is negatively associated with monitoring and contracting costs (Wuttichindanon 2017).

In the view of agency theory, disclosure works as a control mechanism for manager performance. According to political cost theory, politically sensitive firms will be affected by high political costs (depending on the size of the firm), therefore will tend to disclose more information (Karim et al. 2013).

12.3.1.2 The Stakeholder Theory

Wuttichindanon (2017) found that, a stakeholder is any individual or group who affects or is affected by the accomplishment of the company's objectives.

The stakeholder theory assumes that a firm report is a tool, to manage the informational needs of several strong stakeholders (investors, shareholders, consumers, employees, public authorities and NGOs, etc.). Directors use the information to treat or address the strongest stakeholders with a view to earn their support that is needed for existence and continuity (Reverte 2016).

The anticipations may be diverse for every stakeholder, so company management has to match firm policies and resources with the stakeholders' concerns. The CSR model is formulated to comprise the external effects that suppose adversarial attitudes to the firms, for instance, special concern groups, such as NGOs and

regulatory. The principle of CSR then originally included obligations to society (Pintea 2015).

Like the firm, the stakeholders have a negative or positive effect on the persistence of business. Stakeholders are individuals and groups that influence or be impacted by the policies, decisions, and operations of the Organization. Business persists to become more complex, the correlation between firms and stakeholders are now not limited to investors, employees, and customers. Stakeholder theory states that firms must disclose to be one of social responsibility to their stakeholders (Tjia and Setiawati 2012).

In sum, a company's financial success depends on the capability to formulate and implement a CSR strategy that runs effectively its relations with stakeholders as the stakeholders have their rights to seek information about how the company is affecting them (Tanggamani et al. 2017).

12.3.1.3 The Legitimacy Theory

Roots of this theory is in the idea of a social contract between the corporation and society. A firm's growth and survival depend on its ability to reach the desired results from the groups from which it derives its power (Duff 2017).

The legitimacy theory considers that organizations will strive to convince that their activities are conducted within the acceptable scope and norm set by the society where they work. This theory is instituted on the assumption that there is a social contract between the enterprise and its social environment that demands that the organization report their activities voluntarily provide that the management views that it is expected by the community. Information disclosure is used as a means for an organization to create a respectable image and to justify that it operates in accordance with social values held by the society in order to maintain or gain social legitimacy. Legitimacy theory is used to analyze the social and environmental accounting of the firm. It is closely tied to intellectual capital reporting. Firms tend to report intangibles if they need to do so for certain purposes. In other words, firms cannot legitimate their status only by revealing tangible asset that is considered to be a traditional symbol of the firm's success (Karim et al. 2013).

12.3.1.4 The Signaling Theory

Signaling theory is one of the theories that underlie the voluntary disclosure of where the firms were driven to offer information to external parties. The push was because of the asymmetry of information between outside parties and management. The existence of information asymmetry happens due to one party knows additional information than others. The manager of the organization has full information about the activities of the firm while stakeholders and shareholders lack the completeness of the information. The signaling theory declares that the companies give signals to the external firms with the goal to enhance shareholder value. In this case, the

information will be meaningful if used by investors in considering the decision to invest in the stock market. Accordingly, to minimize the asymmetry of information, disclosure has to be carried out by the firm (Tjia and Setiawati 2012).

Signaling theory demonstrates why companies have a motivation to disclose information optionally to the financial market: voluntary disclosure is substantial for companies to rival successfully in the market of capital (Omran and Ramdhony 2015).

12.3.2 Models for CSRD

Environmental and social responsibility methods have evolved considerably to cover different demands and purposes. They are all classified under the term CSRD, below some of the models used will be introduced and discussed, which may provide more benefit (Reynolds and Yuthas 2008):

12.3.2.1 Eco-Management and Audit Scheme (EMAS 1995, 2001)

The European Commission identified the basic principles, which they have established, the EMAS design in Council Regulation 1836/93—EMAS of the European Commission. The main points were the growth and improvement of ecological and social execution, which also was at first aimed at industrialization organizations. That has been reached out to permit wide investment by any private or public company craving to take part. The guideline is requiring environmental reporting from the firm and requiring reviewing. Moreover, there is a request to documenting persistent improvement through following the policies, programs, and the board frameworks by a deliberate, objective, and patrol assessment of execution. There is likewise a commitment to educating the general population of the consequence of the assessment. The section on engagement mentioned that the system is released to general or personal companies working in the EU or the European Economic Area (EEA). The site may be recorded if it has a policy, environmental check, the goals of continuous improvement reports, and an assurance that includes the policy, management system, programs, inspection and audit procedures, and reports submitted. And after the responsible body in the member state certifies the environmental report, it is sent. This report is also published to the public but only after the completion of the site registration. The report shall contain a brief and clear characterization of all actions at the site; Also, assess the relevant important environmental issues. Including disposal of waste, toxic and harmful emissions, consumption of raw materials, natural resources, water, energy, noise, and other important aspects; The report offers the firm's environmental policy, program, on-site management system, deadlines for the following reports, and the name of the Certified Environmental Auditor. Requiring ISO 14001 as the environmental management system strengthened the EMAS 2001.

12.3.2.2 International Organization for Standardization (ISO 14000 Series, 1997, 2002)

The International Organization for Standardization (ISO) released the 14,000 series (1997, modified 2002) as an environmental management system (EMS) norm comparable to the issuance of the ISO 9000 quality control standard. The aim is to present some consistency that enables outside gatherings to make decisions and survey patterns. This EMS show incorporates prerequisites for the executives' promise to the ecological and social approach. These policies should be defined with supporting documents related to organizational responsibility towards workers, implementation of the planned program, control measures, preparations for emergency conditions, verification and auditing, documentation, and communication. It can be said that the last three features produced EMS forms under the specialty of accounting and professional auditing (Mathews and Reynolds 2000). Beyond this standard, there is a significant shift from control and command to the protection and continuous improvement with a concentrate on the ISO firm or organization. Therefore, the organization must provide documents and make them available to the public upon request. Thus, though this is an optional standard, the moment that it is approved by the organization all social stakeholders' groups have the right to check the information.

12.3.2.3 Council on Economic Priorities Accreditation Agency Social Accountability Standard (SA 8000, 1998). Renamed Social Accountability International (SAI)

The criterion contains an alteration of concentrate and is interested in fair business practices around the world. It is split into objective and range, important standard elements and their explanation, concepts, conditions of responsibility, and social accounting. Social security requirements involve the work of minors, forced to work, safety and safety, association licensing and the right to social negotiation, discrimination, discipline, compensation, daily working hours, management systems and methods, internal control corrective, external communications, access to investigations and records. Entities that choose this norm are supported to demand their suppliers to be interrogated with their demands as well. This helps to apply them to the global community. Firms may apply these norms voluntarily and might report adaptation to the provisions of the rule as an integral part of other issued statements.

12.3.2.4 Institute of Social and Ethical Accountability Standard AA1000 (1999)

In November 1999, the date of issuance of the first standard for building company responsibility and confidence was by the Institute for Social and Ethical

Accountability (ISEA). ISEA stated that the AA1000 standard outfits a clear frame that companies can apply to identify and optimize their moral performance and is considered a tool to sentence on the truth of moral desires. The AA1000 norm is qualified as a responsibility standard, concentrated on guaranteeing the quality of ethical and social accounting, auditing, and reporting. AA1000 (2008) includes principles as features for a quality operation, also a collection of practicability norms. The practicability criteria are covering the planning, auditing, and reporting, accounting, stakeholder engagement, and merging. The concentrate is on optimizing total performance out of quality management, measurement, retention and recruitment of workers, outward stakeholder engagement, co-partnership, investors, risk management, governance, and regulatory relations and practice. As a part of the system, Auditing and quality confirmation are required. The users of AA1000 are anticipated to comprise adopting Entities, stakeholders, service suppliers, and standards providers. Consequently, the implying that the social stakeholders from constituents.

12.3.2.5 The Copenhagen Charter (1999)

The instructor was released at the third global seminar on Ethical and Social Accounting, Auditing, and Reporting, this convention was an introduction in the Danish offices of Ernst and Young, KPMG, Price Waterhouse Coopers, and the House of Mandag Morgan. The requisite attention of the convention is upgrading the sensibility to the worth of stakeholders. It goals to develop, briefly and accurately, the most important motivations and principals engaged. The scripts of the convention display the concentrate on stakeholders as an integrated side of the decisions and values of the firm. Dealing with reporting and its ingredients are directly and the principles are developed. The principles were listed in three groups: lay essentially, embedding, and communication. Lay essentially comprises the participation of top management that has to show commitment, select purposes and resource devote, create task groups, and get ready employees and management. The embedding process comprises reviewing values and vision strategies, determining key stakeholders and concentrate regions, determining worth and elements critical superiority, discussing with stakeholders, identifying the main performance indexes, an adaptation of administration information systems, and following efficiency for persistent enhancement. Communication is divided into having goals; presenting reports, conduct plans for improvements and budgets, checking reports, publication reports, and consulting shareholders about values and performance. Next part, Truthfulness in Stakeholder Reporting and includes principles of accounting (not necessarily GAAP), appropriate information (involving even the negative information if needed), and investigation. The perfect framework immediately dealings with stakeholder communication. The announced goal is frequent react and communication that depends on stakeholder esteems as expressed. Was launched as an administration guide to stakeholder connections.

12.3.2.6 Global Reporting Initiative Sustainability Reporting Guidelines (2000, 2002)

It was established in 1997 as a section of the Coalition for Environmentally Responsible Economies (CERES). The purpose is to give internationally viable directions for setting up sustainability reports, as opposed to environmental reports, sustainability is held to comprise ethical environmental and social sides. One aim is the offering of uniform disclosures about the economic, social, and environmental information in annual reports and media. The international guidelines committee, that supervises the activities of the GRI, involves NGOs, professional accounting bodies, corporations, and the United Nations. This process is suitable for ISO 14000 and the World Business Council for Sustainable Development (WBCSD).

12.3.3 Measures of CSR

Based on previous studies the CSR is measured by diverse ways including the analysis of CSR information in company reports, questionnaires, ethical rating, expense measurement, reputational measures, and unidimensional and multidimensional assessments depend on some observable social accountability indexes (Soana 2011):

12.3.3.1 Content Analysis

Includes the assessment of the part related to social responsibility in reports released about a firm. Maybe progressed with just a few words, sentences, or lines, to the computation of the quantity of social information or a test of their goodness. Acceptance of this method assumes a social disclosure is a better representative of the company's social performance.

12.3.3.2 Surveys by Using Questionnaires

His questionnaire is sent to the officials in the higher management of the company, and then the researchers analyze it, then the answers received are detailed and accordingly it gives an evaluation of the level of social performance achieved by the companies. The main point is that the ruling here is internal and mostly reflects the perception and orientation of the higher management on the issue of social responsibility.

12.3.3.3 Measures of Reputational

Professional journals or researchers establish a set of ratios that are based on an individual description of social performance, and a mark is calculated for the reputation associated with the company's reputation. Connecting CSR to reputation indicators means accepting two assumptions: the first is that the reputation perceived by external parties is the best picture of responsible behavior that companies actually practice, and the second is that reputation measures are not affected by the good financial and economic performance of firms.

12.3.3.4 Unidimensional Indicators

Concerns indexes that express an evaluation from one side of diverse socially responsible activities that firms may conduct. The CSR proxies most used in the literature are; orientation towards the customer, interlocutor with domestic society and charity, the degree of engagement in illegal practices, and respect for the environment.

12.3.3.5 Measures of Spending

The CSR could measure through the level of expenditures and costs consumed such as voluntary donations and charitable contributions made by the company in order to improve and protect the environmental and social well-being of its stakeholders.

12.3.4 Rating of Ethics

A multi-dimensional indicator designed by specialized entities. Each one of these has inventive its quantitative model on the social outcome of firms for the identification of some indexes (The major part relates to the types of stakeholders that are relevant to firms) an individual score is attributed to it, which is then grouped into a synthetic result (moral assessment) according to a weighted or arithmetic average.

Many tools of rating CSR also are considered ways of measurement and guidelines for CSR. For example, KPMG that used in (De Klerk et al. 2015), MSCI (The KLD) has been used in studies (Birkee et al. 2016), (Ding et al. 2016) and (Wuttichindanon 2017), as well the GRI in studies like (Mukhtaruddin et al. 2014; Nekhili et al. 2017; Plumlee et al. 2015; Reverte 2016).

Evaluations are prepared for several purposes, including, for example, providing important and accurate information to assist investors in assessing the financial, social, and environmental commercial risks that result from companies' activities. Rating agencies provide important information about a company's sustainability

activities, mainly to investors and ethical managers who notice weaknesses in their organizations that are vulnerable to their mistakes or a target for their competitors. The evaluations take place in a practical form and the evaluation result is based on the standard. Through this operation, the required information is alternated between the rating agencies and the corporate is rated. Ratings can be classified as required or not required. Meaning that the required ratings are the evaluations requested by the company that seeks and requests the evaluation, and there is, broadly, clear and explicit contractual relationship between the requesting firm and the rating agency. Conversely, unsolicited assessments are not based on an explicit contractual relationship, and the rating agency performs the rating at its own risk. The evaluations are treated as a form of disclosure as the company that was evaluated publishes data that the stakeholders will not be able to know or see in another way, and in this way, the rating agencies certify and document the validity and merit of the evaluations they have provided (Schafer et al. 2006). The following is a definition of these tools:

12.3.4.1 KPMG

The KPMG “Klynveld, Peat, Marwick, Goerdeler” survey of corporate responsibility reporting, its surveys depends on a long time of research by specialists at KPMG member companies across the world, who analyzed thousands of corporate responsibility (CR) reports, firm annual financial reports, and websites (KPMG 2015).

The study is afforded in three parts:

Part 1: Accounting for carbon

Part 2: Quality of CSR disclosing

Part 3: Global directions in CSR disclosing

In Parts 1 and 2, KPMG valued the goodness of CSR disclosing from the world’s 250 largest firms by revenue (G250) with a specific concentrate on the carbon information these firms present in their annual reports. The quality was valued by using valuing methodologies depend on KPMG professionals’ judgment of leading reporting practices.

In Part 3, the study offers international CSR disclosing directions-based reports released by the top 100 firms in the 45 countries.

The report searches how the world’s biggest 250 firms report on carbon in their annual reports. Further, it covers quantitative data on CSR reporting trends, involving 4500 firms from 45 countries. KPMG has published this survey at orderly periods since 1993. The increase in the number of countries and firms involved is just one reference for how CSR reporting has progressed into Business practice prevalent over the past two decades.

12.3.4.2 MSCI (The KLD)

Morgan Stanley Capital International (MSCI) is supporting a pioneering investment decision. MSCI ESG STATS (known as KLD Research & Analytics Inc. “the Kinder, Lydenberg, and Domini, Inc.”) It is a statistical analysis of the US MSCI ESG Research’s Environment, Society and Governance database. KLD offers an overall CSR rating of more than 3000 U.S. companies. To meet the needs of investors in society and the environment, KLD provides research services, standards, compliance, and related advice similar to those offered by companies specializing in financial research. KLD has consistently provided support for research products and services to the financial services market since 1988. Made up of the largest corporate social research teams in the world, KLD produces consistent, high-quality, integrated research that is a pillar for organizations to rely on. This classification is based on 8 social and environmental dimensions, which are adapted to more than 60 criteria. Nonetheless, because of their heterogeneity, SER investors are motivated by various values and will seek firms respecting specific dimensions of Corporate Social Responsibility (CSR) (Cabello et al. 2014).

The KLD measures, ratings, and analysis both the strengths and concerns of the CSR program in each dimension of CSR (community relations, diversity issues, employee relations, environmental issues, product issues, governance, and human rights) through a binary system. If the company implements the criteria, it scores a (1). Otherwise, it scores a (0). It uses the company’s internal sources of annual reports and external sources (articles in the business press) to conduct annual assessments of the social and environmental performance of 650 companies, including companies involved in the S&P 500 composite index and those included in the Domini 400 Social Index. Since 2001, KLD has developed its business to include the 1000 largest American companies by market value, and this expansion increased in 2003 with the listing of the 3000 largest American companies. Independent researchers also consistently apply the above criteria and debate ambiguous judgments to reduce the subjectivity of the entire process (Waddock 2003).

12.3.4.3 The GRI

The Global Reporting Initiative (GRI) The Sustainability Reporting Guidelines provide, Standard Disclosure Principles and Implementation Guides for developing sustainability reports by companies, whether it is their size, sector type, or geographic position. These principles also represent a global reference for all concerned in disclosing the system of government, performance, and the influence of organizations. The guidelines are helpful in preparing any type of documentation and reports that require such disclosure. These principles have been progressed through an international approach involving multiple stakeholders including representatives from different businesses, financial markets, and civil society, as well as experts and auditors in diverse scopes; And through close discussions with governmental

organizations and agencies in many countries. The guidelines have been sophisticated in line with internationally known reporting documentation, which is referenced throughout the guidelines (GRI 2013).

The principles are presented in two parts:

- Standard Disclosure Principles
- Implementation guide

Part One—Standard Disclosure Principles: It contains the standard disclosure principles and standards that the company should apply to prepare its sustainability reports. Introduction of the main terms is also involved. The most important categories are:

- (a) Economic: It covers economic performance, position in the market, indirect economic influences, and purchasing practices.
- (b) Environmental: Includes raw materials, water, energy, biodiversity, liquid and toxic wastes, products and services, emissions, compliance, supplier environmental assessment, transportation, and environmental grievance mechanisms.
- (c) Social: Includes Sub-Categories (Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility).

The second part—contains the implementation guide: It includes explanations of how to apply the principles of the disclosure, how to prepare and classify information, and how to interpret the different concepts in the instructions and directives. And notes on reports in general.

Bowerman and Sharma (2016) were discovered that CSRD, which followed GRI guidelines, was more helpful to investors and helped them conduct a more accurate market assessment of the company. He further noted that the information received on CSRD reduces information asymmetry, makes it comparable, and has added value for investors. Depending on KPMG (2008), the GRI framework is the most widely used global framework for corporate social responsibility reporting (De Klerk et al. 2015).

12.3.5 Challenges of CSR Disclosure

The requirement to get benefits related to CSR is the consciousness of CSR activities. Companies are meeting rising pressure from stakeholders' groups to engage in social responsibility activities and are predictable for reporting their CSR efforts (Grougiou et al. 2016). Corporations communicate CSR information to their stakeholders through a variety of channels. These reports cover environmental and social disclosure, sustainability information, media, corporate websites and advertising releases, and corporate social responsibility presentation. Among these channels, reporting of CSR has become an essential means used to deal with stakeholders' informational needs concerning firms' social and environmental performance. CSR reporting is knowing as the practice of communicating the

environmental and social influences of firms' economic actions to certain interest categories inside society and the community as a whole (Gray et al. 1996). The organization can enhance the community's perceptions of the organization's interest in some issue of corporate social responsibility by using annual reports that contain non-financial information, as well as for keeping them away from observing negative attitudes of the company. Disclosures are optional, and therefore the company must disclose some information that is expected to contribute to shaping the way stakeholders perceive the company (Neu et al. 1998).

Several studies have shown that there is uncertainty about the level of reliability in the corporate social responsibility information disclosed by companies in their annual reports. The absence of acceptable standards for the disclosure of corporate social responsibility, especially with regard to the type and quantity of information disclosed in the annual reports of corporates that reach the stakeholders, has made disclosure practices of corporate social responsibility many, very diverse, unequal, and incapable of making comparisons (Nekhili et al. 2017). Lack of consensus on what should be included (or should be excluded) in corporate social responsibility activities confuses the interpretation and understanding of the contents of the reports, as well as the information related to corporate social responsibility that has been disclosed that shows companies in a generally positive image "self-praising". Consequently, CSR tends to avoid negative or possibly harmful information, and little motivations exist to report in areas where the firm has a worse track record (Aerts et al. 2008). Several companies that participate in CSR disclosure increase the size of information and over-report CSR investments for impression management. Corporate social responsibility disclosure is a powerful strategy for influencing public perceptions and expectations about the company and charting the way stakeholders perceive the company (Perks et al. 2013). Many companies consider corporate social responsibility disclosure as a system for building general bonds to create a good image and achieve a strong reputation in the market and among customers. Companies may try to use CSR reports to enhance the confidence and perceptions of stakeholders regarding the appropriateness and credibility of the social and environmental actions and activities of their companies, and voluntarily positively disclosing corporate social responsibility practices may lead to misleading and biased reports (Mahoney et al. 2013).

Previous studies confirm that the tremendous diversity and difference in the methods of disclosure of voluntary corporate social responsibility causes uncertainty about the validity of the declared corporate social responsibility activities. Some corporate social responsibility scandals have negatively affected the opinion and perceptions of the public about companies and corporate social responsibility reports, adding to the question marks and ambiguity about the validity and reliability of these disclosures (Du et al. 2010). Stakeholder beliefs are strong self-evident that companies spend more money and time implementing demands for accountability than they are concerned with implementing and practicing social responsibility that will reduce the negative environmental and social effect of their processes. The voluntary nature of social responsibility disclosure provides flexibility to management to selectively disclose information with a positive impact (Panwar et al. 2014).

12.4 Definition and Components of CSR Strategy

CSR strategy is defined as activities that aim to improve relationships with stakeholders, and at the same time, improve community well-being. Thus, the correct corporate social responsibility strategy is one that follows issues that show convergence between economic and social objectives (Carroll and Shabana 2010).

The designing of the basic elements of the social strategy is a necessary component to describe and explain such strategies. In 1987 the four elements of strategy and decision formulation were: (1) market chances; (2) firm resources and proficiency; (3) values and ambitions; and (4) knowledge of commitments to shareholders and society. Thus, the author has added a variable that is consistent with the interests of society among the basic components of social strategies (Filho et al. 2010).

Husted and Allen's (2001) Business strategy tools and concepts are being used to model new CSR strategies. Therefore, CSR strategies must be linked to the following four components: (a) Industry structure (b) The internal resources of the company (c) Company ideologies and worth and (d) the relationship with stakeholders.

CSR is an integral part of the company's strategies, as it is a tool that helps the corporate's management in finding new innovative solutions depend on the anticipations and desires of the stakeholders. The researcher proposes a model of innovation based on social responsibility, asserting that this may be a creative and driving factor in developing competition. The many ways or levels in which competition occurs, such as innovation, resilience, and corporate responsibility groups as well as direct and specific business benefits (Filho et al. 2010).

A firm can use its social responsibility activities and initiatives to improve its competitive position and improve the quality of the surrounding business environment. Focusing on this context by increasing its capabilities in supporting social responsibility activities and contributing in an organized and explicit manner to society. Thus, to maximize the potential of these actions, social responsibility activities must be directly related to their core business (Zadek 2006).

In the foreground, there are businesses strategy per se, the extent to which your company's business strategy takes corporate responsibility at its core. In the middle, we learn engaged learning, community engagement. Society is meant by many different potential actors: civil activists and analysts, labor forces, government and its institutions, and other local and international companies—regardless of who is involved in your work. At the bottom left, we have a lead. What we mean by that is that companies can operate in an unstable region, and drive innovation along with the core corporate strategy and responsibility axis. On the right is the capacity for operational excellence. The distinction is another kind of wise leadership, but not unstable. Excellence is when you know what to do and when to do and do it impressively well—if you like, operational excellence (Filho et al. 2010).

The reality is that CSR and company strategies have been taken into account separately, where social responsibility is engaging to social goals and companies' strategy is engaging in economic aims. However, they have been seen together

concerning maximizing both social and economic outcomes (Husted and Allen 2001).

12.5 CSR Audit

The phrase “social auditing/audit” was used for the first time in the 1950s. In earlier periods, many company owners adopted an external survey system to assess and measure the impact of their companies on workers, customers, and society. In the 1990s, other wide growths of social auditing surfaced, motivated by grew pressure on the firm to illustrate ethical performance, environmental, social, and responsibility. The concentration has been transformed apart from being compared to involving stakeholders to evaluate and consider its broader environmental and social performance. Scholars and practitioners of social auditing have offered numerous definitions of social audit. The first specialized conference on the social auditing systematized by the NEF (New Economics Foundation) in Edinburgh on 30th March 1995, social auditing was defined as the procedure on which it is based organization measures and reports on its performance in achieving its announced community, social or environmental targets. At a wider level, social auditing can be declared as an exercise that allows an enterprise to evaluate its performance in a relationship with society’s expectations and requirements (Gao and Zhang 2006).

Generally, the auditing of social is considered a critical operation that a company goes ahead to compute for and optimize its performance, comprised of accounting, auditing, and reporting, planning, and stakeholder participation. It offers machinery for decision-makers to assess the ethical, social, environmental, and planning and simplify stakeholder participation in the ethical, environmental, and social decision-making process of a company. It is seen as a method of managing “rivaling interests and pressures from stakeholders”. Depending on the NEF (1996), the report on ethical and social issues will enable firms to enhance relations with stakeholders and build organizational worth, where the general public is becoming increasingly worried about organization influence, objective, behavior, and trust. Nevertheless, it will be wrong to consider social auditing as the only disclosure of a company’s social and environmental performance. Gao and Zhang (2006) take the view that the report on social and environmental performance is not just an important disclosure but as well as a process of contact between main stakeholders and the organization. The reporting is a method that stakeholders can discover if the organization takes into account their interests, and over time, whether it has a response in functional expressions. Therefore, the reporting is a piece of the consolidated connection, discussion, education, and decision-making procedure, and not the endpoint in an aftereffect process (Zhang et al. 2003).

Despite the identified role of auditing of social, which has to be discussed in the work context and enterprise kind, the final goal of social auditing is to make a company more transparently and accountable (Hill et al. 1998). The auditing of social is growing conduct and agreeable as a method in which companies are

transferring to become more explicit and outward to stakeholders and the discussion is fully advanced (Rotheroe et al. 2003).

By dealing with a company Traidcraft, the first social auditing model in 1993 was the NEF developed its first social auditing model in 1993. The model was used by diverse organizations containing business companies such as the Body Shop International (UK), BT (UK), Ben & Jerry's (US), Sbn Bank (Denmark). The other models of social auditing have been developed in South Africa, Italy, Scandinavia (called the ethical accounting statement), Mexico, Belgium, and the Philippines. The Traidcraft social audit process includes three main phases. The first phase is to determine the main stakeholders. The second phase is to start a process of consultation with every stakeholder group that permits them in the beginning to putting norms versus which they feel Traidcraft's social effect and moral attitude should be judged, and then to evaluate the company's actions on this basis. This phase demands advisory approaches designed to the characteristics of every stakeholder group, covering concentrate group face-to-face debate, postage questionnaire survey, and group workshops. The third phase is the output of draft social accounts (Gao and Zhang 2006).

Despite decades of development, the current environmental and social auditing practices are still in their infancy, and doubts remain regarding the ability of the accounting profession to deal with these situations, especially when companies' work styles and approaches to social auditing differ greatly among them. Nevertheless, concrete attempts are being made to implement social accountability measures among an increasing number of international companies, and thus the absence of guidance and follow-up in this area has led to the failure of many of these attempts. The lack of a reliable monitoring and auditing system may threaten the benefits and potential gains from the current increase in adopting disclosure practices for corporate social responsibility activities, due to the inability to ensure a high-quality level of corporate social responsibility reports. The most effective method for building a social audit system that can be trusted and relied upon, and to build sound decisions by stakeholders, is to implement specific laws, regulations, and directives, which thus help to ensure adequate data collection as well as a high level of impartiality by the auditor. In addition, it is equally important to ensure that the system will ensure that the information is fully accessible to the stakeholders. Without this guarantee, the benefits of implementing a social audit system would likely not be realized. For social audits and monitoring to be effective and reliable, they must not be concealed and withheld, but rather disclosed and reported appropriately and clearly. Currently, there is a global trend and an increasing awareness of implementing corporate social responsibility legislation, and it seems that now would be the best time to seriously consider implementing social audit legislation with the required impact to ensure a significant development in corporate social responsibility practices worldwide (Rahim and Idowu 2015).

One of the areas of research that focus on the reliability of corporate social responsibility disclosures focuses on the relationship between corporate social responsibility disclosures and the actual performance of corporate social responsibility. By taking advantage of the discretionary nature of the information in the CSR

reports, those with poor performance in CSR who are subject to more exposure to public and regulatory review are likely to disclose CSR information with a selective bias to give an image that they are performing at the best performance in corporate social responsibility. The method of self-polishing is used in the disclosure of corporate social responsibility in an attempt to change perceptions or divert public attention from environmental issues or environmental misconduct of the company to obtain some form of reputational insurance. There is also evidence showing the opportunistic use of corporate social responsibility disclosure by managers to enhance their careers or for another personal gain, rather than promoting the interest of stakeholders (Carey et al. 2017).

12.6 CSR in Turkey

Organizational behavior depends on the decisions taken by the top administration (leadership) that decisions are affected by the values and norms motivated by the societal and organizational education. Through international studies applied by the Environics International (www.environics.com) in 2001, it was discovered that the Turkish consumer appreciates and respects work ethics, business practices and activities, and environmental impacts and the concern for social responsibility appears slightly more than the quality of the brand itself when it is an impression of the firm. Furthermore, the study showed that in middle or low-income countries, corporations' social responsibility depends on data and factors not related to social responsibility. The survey indicates that the standard of education influences the public's expectations about corporate behavior; Society predominantly expects the development of economic performance (job creation) in those countries, and this is harmonious with the results, in Turkey (Habisch et al. 2005).

By reviewing the limited number of research and polls on the principles, moral values and corruption in Turkey and examining the research related to the characteristics of the traditions and culture of Turkey, Habisch et al. (2005) concluded that the observed weakness in social responsibility practices in Turkey probably partly attributable to cultural characteristics and dimensions. By also looking at the weaknesses in the institutional structure, the cultural characteristics of business organizations, and leadership behavior in Turkey, we can acknowledge that the motives and reasons for practicing corporate social responsibility may be for external reasons (multinational corporate social responsibility practices, laws, and regulations imposed on Turkey under International Agreements, INGOs (activism, rational choices driven by the desire to join the European Union, academic research, management education, etc.) It can also be said that the quality culture in Turkish companies is being used as a driver and a driver for corporate social responsibility. They consider corporate governance and corporate social responsibility concepts linked to each other, and as such, it can be noted that the expected impact of change in investor attitudes towards corporate social responsibility is due to the need for

innovation in the field of financial modeling in order to integrate corporate social responsibility.

Through research and personal interviews was applied with firms and stakeholder groups, the Turkish national team reached the following main findings regarding the status and level of corporate social responsibility in Turkey: In the business environment in Turkey, there is insufficient understanding and confusion about the definition of corporate social responsibility and this confusion reflects on actual corporate social responsibility practices. However, the business community side is trying to provide robust efforts to develop business and society. Among these efforts are sponsorship activities, as well as social projects that are organized with NGOs (Gocenoglu and Onan 2008).

Many empirical studies tried to examine whether CSR activities or disclosure benefit the firm or not. Yilmaz (2011) sought to verify whether there is any impact on corporate social performance (CSP) from financial performance and vice versa. The data source for CSP is the annual reports. In the absence of CSP ratings in Turkey, despite the claims of the European Union and the United States of America. His findings were, disclosure of corporate social responsibility activities is still at very low levels. Work must be done to enhance awareness of corporate social responsibility and sustainability, and firms of all types and sizes must pay attention and play more active and effective roles. Likewise, disclosure of those activities is very respectful of them. In the same goal, Feneir (2019) aimed to explore the nature and extent of CSRD practices in banks listed in Borsa Istanbul, and examine the effect of categories of CSRD (Environmental, Labor Practices, Human Rights, Society and Product Responsibility) on the firm value. The research found evidence of CSR engagement among listed banks, where the most disclosed categories were Society and Labor Practices while Product Responsibility was the lowest disclosed. The trend analysis findings suggested that CSRD practices as a whole or as categories unstable over the 5 years of this research. With regard to testing the impact of categories of CSR disclosure on the value of the firm, findings suggest that there is no significant relationship, in other words, banks listed in Borsa Istanbul do not experience benefits from participation and disclosure of social responsibility information in all categories.

Concerning consumers, the consumers' positive perceptions of corporate social responsibility activities influence their purchasing behavior towards the company's products and services related to these activities. For this, it can be suggested that producers and firms in Turkey should try to discover social, environmental, and educational issues that require actions and concerns from companies and develop corporate social responsibility activities around these issues. In addition, firms should look to corporate social responsibility issues as part of their overall strategies (in the short term and the long term) (Mermod and Idowu 2014).

European Union in its report "Turkey Sustainability Reporting National Review Report" (2016) identified that in the past 2 years, significant and positive changes have been achieved in the level of awareness of corporate social responsibility in Turkey. Within the project, the survey was examined from 2013, and it can be said that the rate of 52.9% of the level of awareness rose to 95.5% in the activities for the

year 2015. It is assumed that the works carried out within the scope of the last semester project, the media service of CSR experts in trade unions and companies, and the honoring and networking parties were effective in achieving this positive achievement. It can be seen that this positive development of awareness—as we will see in the future analysis—that was observed in the overview is reflected independently of the company's ownership structure, origin, and size, and the information has a nature that affects everyone (EU 2016).

12.7 Conclusion

In this chapter, we have identified a set of definitions and a brief description of the history of social responsibility practices and their disclosure, as well as explanations of the most basic principles agreed upon. We found out that CSR is a moral and national sense of social contribution toward the environment and society that is represented by people who worked in the organization or those living in society and the surrounding environment. Besides, firms need to take a comprehensive and integrated approach to build a CSR system that allows them to instinctively behave in a socially responsible way, in exchange for exploiting the material and human resources of society and making profits.

The chapter explains several theories that call for disclosure of social responsibility information. It also showed some models and techniques used to evaluate the disclosure of CSR and its most important dimensions according to the literature, as well as giving a general overview of the challenges of CSR practices and its disclosure and the definition of corporate social responsibility strategies and the most important components. The chapter discussed, the audit of Corporate Social Responsibility, together with an overview of the reality of CSR practices in Turkey as an example.

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