

Cross Listing, Accounting Conservatism and Corporate Social Responsibility

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Abstract: The social responsibility of contemporary enterprises represents the ethical constraints on the economic development activities of enterprises and their various behaviors. In recent years, our society has actively called on enterprises to assume social responsibility, with emphasis on strengthening the sense of social responsibility. However, moral constraints are different from social regulations, which is not a mandatory requirement. This makes it a long way for enterprises to truly fulfill their social responsibilities in the process of modern social and economic development in China. Therefore, how to improve corporate social responsibility and alleviate the contradiction and conflict with economic development benefits has become a hot issue for enterprises. Especially after the cross listing of enterprises, more stringent standards and requirements will be put forward for the accounting information disclosure and legal supervision of enterprises. At present, although a large number of researchers have carried out corresponding exploration and research in this field. In general, there are few situations related to China, especially for accounting conservatism, which is of great practical significance for building a more harmonious and healthy capital market. Based on this, this article conducts empirical research on cross listing, accounting stability and corporate social responsibility for reference.

Keywords: Cross Listing; Enterprise Accounting; Social Responsibility; Enterprise Listing

Introduction

Further exploring the corporate social responsibility of cross listing in the capital market development process can optimize China's capital market, enrich its theoretical research level based on a new cognitive perspective, and further mitigate the investment risks brought by investors due to corporate moral corruption and lack of social responsibility. In addition, from the perspective of comprehensive accounting conservatism, the adjustment between cross listing and corporate social responsibility can clarify the role and connotation of cross listing on corporate social responsibility, provide more scientific and reasonable governance policies for enterprises, provide new development ideas, and provide them with powerful data information, and help them to transform and develop China's modern social economy. It has a very important practical role to implement China's "going global" strategic development plan and cope with the pressure brought by economic globalization.

1. Research significance of cross listing, accounting conservatism and corporate social responsibility

First, it can ensure that the theoretical research related to cross listing in China is more abundant. In the traditional reasons for cross listing, its theoretical research focuses more on the internal governance and information environment construction of enterprises, and lacks research on social responsibility, external environment and other related factors. Although there are also relevant scholars abroad who have conducted research on cross listing and corporate social responsibility, most of the discussions focus on the social responsibility of cross listed companies in the United States, lacking the context construction related to China.

Secondly, in the existing research theories, there is a shortage of research on social responsibility behavior in the capital market with cross listing. Through this study, we can analyze social responsibility from a new perspective to ensure that corporate governance and social responsibility are truly integrated. And from the perspective of accounting conservatism, it

analyzes the regulatory role of cross listing and corporate social responsibility, providing a new development idea for the subsequent sections to formulate more scientific and reasonable accounting decisions and improve the disclosure mechanism of accounting information.

Finally, whether for cross listing or accounting conservatism, its main goal is to improve the development behavior of enterprises. The impact of cross listing on corporate social responsibility and the impact of accounting conservatism on corporate social responsibility are highly similar in terms of regulatory objectives, both of which are to make more scientific and reasonable realistic choices to safeguard the development interests of enterprises. Therefore, based on the current institutional background of our country, analyzing its regulatory behavior will bring certain reference value for improving the financial activities of enterprises and making decisions on the strategic operation and development of enterprises.

2. Data source and sample selection

This paper selects 358 A shares from 2014 to 2021 as the research object, analyzes the impact of cross listing on corporate social responsibility, and explores the regulatory effect of accounting conservatism.

After using the fixed effect model, each cross multiplication term ($CI \times C\text{-score}$) and ($CIh \times C\text{-score}$) is significantly positive at 5% and 1% levels respectively, ($CIb \times C\text{-score}$) Although it is not very prominent, it is generally positive, which means that accounting conservatism is significant, and cross listing will bring a positive image of corporate social responsibility to a certain extent. Complementary effects occupy a dominant position, while non substitution effects decline. In particular, cross listing in Hong Kong has brought about a very prominent strengthening effect, This is mainly due to the difference in their contributions to reducing conflicts with stakeholders. As mentioned above, the theoretical research of cross listing on promoting corporate social responsibility concerns and the accounting conservatism on the application of the fixed effect model ($CI \times C\text{-score}$) and ($CIh \times C\text{-score}$) is significantly positive at 5% and 1% levels respectively, ($CIb \times C\text{-score}$) Although it is not very prominent, it is generally positive, which means that accounting conservatism is significant, and cross listing will bring a positive image of corporate social responsibility to a certain extent. Complementary effects occupy a dominant position, while non substitution effects decline. In particular, cross listing in Hong Kong has brought about a very prominent strengthening effect, This is mainly due to the difference in their contributions to reducing conflicts with stakeholders. The connotation of regulating the development level of an enterprise is based on the realistic choice made under the background of enterprise development in which the company's management conflicts, information asymmetry and interests can be effectively coordinated. However, the former pays more attention to social benefits, among which the more representative ones are the disclosure of total social welfare donations, customer satisfaction, carbon emission reduction, etc; However, the latter focuses more on the economic benefits that can be obtained from the development of enterprises, including improving investment efficiency, easing financing constraints, and curbing accrued earnings management.

Combining cross listing and corporate social responsibility under different senior executives' genders, the test results of the moderating effect of accounting conservatism show that even though the items of transportation are different, they are not very prominent in the sample of female senior executives. However, in combination with the male sample to study the poetic reality, in the sample of male executives, ($CI \times C\text{-score}$) and ($CIh \times C\text{-score}$) is significantly positive at 1% level. This also means that female executives play a less prominent role in the regulation of enterprise development in terms of accounting conservatism. The reason may be that a female senior executive has fewer employees in the enterprise and is difficult to play a decisive role in the enterprise. As of June 2021, the proportion of men and women in the A-share senior management team of the enterprise is 18:1. Combined with the research, it is found that enterprise leaders are mainly dominated by men, and the board of directors is also mostly due to male organizations, which occupy a dominant position and have a strong dominance on the power structure of the enterprise, which leads to less room for women directors to play an active role. That is to say, only cross listing and corporate social responsibility under different senior executives' genders are integrated. The test results of the moderating effect of accounting conservatism show that even though the items of transportation are different, they are not very prominent in the sample of female senior executives. However, in combination with the male sample to study the poetic reality, in the sample of

male executives, $(CI \times C\text{-score})$ and $(CIh \times C\text{-score})$ is significantly positive at 1% level. This also means that female executives play a less prominent role in the regulation of enterprise development in terms of accounting conservatism. The reason may be that a female senior executive has fewer employees in the enterprise and is difficult to play a decisive role in the enterprise. Only when the proportion of female executives exceeds its threshold can the "democratic participation" enterprise management style be highlighted in enterprise management. On the other hand, women, to some extent, are more passive, obedient and conservative in business management, with a higher probability of becoming a rubber stamp and lower natural advantages for business management. At the same time, the reason why some enterprises employ female directors is only because of the pressure of public opinion, not because of the authoritative consideration of enterprise management, which leads to the "facade" problem. As a result, it is difficult for female executives to be responsible for important positions and play an important role in the enterprise. Therefore, it often leads to inefficient investment, or leads to low information disclosure quality problems.

3. Research conclusions on cross listing, accounting conservatism and corporate social responsibility

Based on panel data regression analysis methods such as fixed effect model, this paper empirically analyzes the positive effect of A-share cross listing on corporate social responsibility from 2014 to 2021, and the moderating effect of accounting conservatism on cross listing and corporate social responsibility. The conclusions are as follows:

First, cross listing can improve the level of corporate social responsibility concern. Among the observed values of AH, its effect is more prominent. The reason may be that the strict information disclosure mechanism and the investor protection mechanism can protect the personal interests of investors and creditors, and further adjust the coordination between stakeholders. Under the influence of laws and regulations, the environmental information disclosure mechanism of some industries is relatively strict, especially for the traditional industrial manufacturing industry, which needs to invest a lot of funds in the use and environmental protection construction to further mitigate the risks caused by the insufficient green environmental protection of enterprise operation and development, which is also an important indicator to evaluate the concern of corporate social responsibility. In addition, for cross listed enterprises, they hope to further ease the strangeness of enterprise cooperation due to cultural distance and geographical differences, and focus on disclosure of information with indicators such as customer satisfaction, environmental protection investment and profit distribution, so as to improve corporate social awareness and shorten the communication distance with stakeholders

Secondly, accounting conservatism can enhance the positive impact of cross listing on corporate social responsibility. Cross listing and accounting conservatism are important measures to help enterprises deal with agency conflicts, further ease the problem of information asymmetry, and balance the interests of stakeholders. However, for cross listing, more attention is paid to social benefits, including regular disclosure of corporate public welfare donations, environmental protection investment, etc, while accounting conservatism pays more attention to the economic benefits obtained by enterprises, including optimizing the investment efficiency of enterprises and further easing the constraint behavior of financing.

Finally, the promotion of cross listing on corporate social responsibility will bring some short-term effects. At the same time, when observing the B shares, the impact effect is more prominent. The reason may be that under the influence of such factors as individualistic differences and uncertainty avoidance, investors and management personnel pay more attention to selecting enterprises with similar culture to the development of the enterprise itself, so as to avoid the conflict and impact caused by cultural differences. On the other hand, the H-share accounting information disclosure and investor protection mechanism are relatively more perfect, which can further avoid the problem of large shareholders making profits at will, so as to safeguard the reasonable rights and interests of small and medium-sized shareholders, show the diversified value of the enterprise in its development process, and coordinate the relationship between stakeholders. To be specific, although both Chinese mainland enterprises and Hong Kong enterprises agree with the concept of "affiliated transactions must be disclosed and submitted to the General Meeting of Shareholders for deliberation if necessary", there are some differences in the determination of the critical

value. In addition, female executives do not play a prominent role in the intermediary role and value of accounting conservatism. The reason may be that the proportion of female senior executives in contemporary enterprises in China is small, which can't show decisive value.

4. Relevant optimization suggestions

It can be optimized based on three dimensions: establishing and improving laws and regulations, optimizing the concept of self-protection, and strengthening social supervision of the media. We should improve the securities law of our country and determine the responsibilities of social regulatory agencies. For the main body that infringes on investors, we will intensify the crackdown, investigate its criminal responsibility, and increase the amount of compensation. For investors with relatively poor awareness of rights protection, regular training and education on laws and regulations should be organized to promote new market rules and optimize their self-protection awareness. Under the social background of rapid development of modern science and technology in China, Microblog, WeChat, Tik Tok and other media platforms emerge in endlessly, with strong timeliness of information transmission. Therefore, in terms of information disclosure, we can also use these media platforms to further eliminate the problem of information asymmetry, open official accounts, regularly release enterprise information, and communicate with the audience.

Conclusion

To sum up, through empirical research and analysis, it is found that cross listing, accounting stability and corporate social responsibility relationship are mainly reflected in three aspects: firstly, cross listing can improve corporate social responsibility concern; secondly, accounting conservatism can bring about a positive impact of cross listing on corporate social responsibility; thirdly, cross listing has a certain short-term effect on improving corporate social responsibility concern.

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