

LEVEL 7 ASSESSMENT SPECIFICATION

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Programme:	DBA		
Module:	Advancing to Doctoral Research Stage		
Module code:	HKBM7022	Contribution to Overall Module Assessment (%):	40%
Lecturer:	Prof. Peter Fong	Internal Verifier:	
Assignment Title:	Assignment 2 – Presentation	Word count (or equivalent):	18 minutes
Submission deadline:	16 March 2024	Return date of provisional marks & written feedback:	8 April 2024

Research Portfolio DBA UWTSD

A Corporate Social Responsibility Analysis

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Agenda



Summary of my research proposal



Critical evaluation of the research proposal (strengths & limitations)



Alternative approach in the research design and potential shortcomings



Discussion of expected findings & results as well as their impact



Key regulatory change

- **Historical background of Corporate Social Responsibility (CSR):** From profit maximisation to the focus on stakeholder interests¹
- Research opportunity: **Corporate Sustainability Reporting Directive (CSRD)** - *European Regulation Directive (EU) 2022/2464 (effective since 5 Jan 2023)*²
- **Nature of regulatory change:** Disclosure of environmental and social risks required in a certain format within the financial statements²
- **Similar change** as *Sarbanes-Oxley Act*: Requirement to disclose key internal control weaknesses³



High volume of new data available in the market

1 Carroll (1999)

2 Keegan (2023).

3 Beneish et. al. (2007) & Zhang, Y et al. (2007)

Research Method: Mixed Method

Quantitative



“TO COLLECT QUANTITATIVE DATA ON SUSTAINABILITY RISKS DISCLOSED BY FIRMS IN THEIR ANNUAL REPORTS.”¹

Qualitative



“TO ANALYSE THE DETAILS AND ACCURACY OF THE SUSTAINABILITY RISK DISCLOSURES AND ASSESS THE LEVEL OF QUALITY OF THE DISCLOSURES BY INTERVIEWING MIDDLE AND UPPER MANAGERS”¹

Mixed



“TO INVESTIGATE POTENTIAL GAPS BETWEEN THE WRITTEN DISCLOSURES AND OTHER RISK WHICH MIGHT BE MENTIONED THROUGH QUALITATIVE INTERVIEWS.”¹

¹ Wohlrab, M. (2024). Research Proposal as Homework for the class: Converting Research into Practice. UWTSD. p. 11



Main research objective

To identify the correlation between **CSRD risk disclosures** and their impact on classical **key performance indicators (KPIs)**,
"such as:

- (1) The corporate governance structures of these companies,
- (2) Their impact on the market performance (share price),
- (3) Profitability,
- (4) Risk management, and
- (5) Financing costs"¹



Research questions

- Are sustainable companies performing better than their competitors?
- Do these mandatory risk disclosures have an impact the earnings (e.g. revenue growth) or a negative impact on the costs (e.g. financing costs)
- How reliable and detailed are the information provided within the financial statements (e.g. use of standard wording)
- Is a sustainable company also an ethical company? (E.g. business practises or fraud detection)

Critical evaluation of the proposed research



Strengths:

- High quantity of new data in the market
- Quantitative data publicly available
- Audited information



Weaknesses:

- Qualitative data are difficult to obtain
- Slow Implementation and delays
- Lower data quality in the beginning



Opportunities:

- New data every year
- Trends can be identified
- Data quality might increase over time



Limitations:

- Confidentiality of data
- Off-record information only
- Breach of regulation

Approach to improve the research proposal

Weaknesses

Unwillingness of middle and upper management to be interviewed

New regulation with slow introduction and potential delays

Lower data quality in beginning

Improvements

- Replace by survey among external auditors
- Focus countries or industries with fast implementation
- Add consistency analysis over several years

Expected results and contribution



EVERY COMPANY WITH
EUROPEAN BUSINESS
AFFILIATION IS CONCERNED
(SUBSIDIARIES)



BEING SUSTAINABLE LEADS TO
HIGHER PROFITS (INTRINSIC
MOTIVATION FOR A COMPANY
TO BE SUSTAINABLE)¹



COMPLEMENT ON EXISTING
STUDIES DUE TO NEW DATA
AVAILABLE



A SUSTAINABLE COMPANY IS A
MORE ETHICAL COMPANY

¹ Prior et al. (2008)

Key reference list

- Beneish, M., Brooke Billings, M., & Davis Hodder, L. (2007). Internal Control Weaknesses and Information Uncertainty.
- Carroll, A. B. (1999). Corporate Social Responsibility Evolution of a Definitional Construct.
- Prior, D., Surroca, J., & Tribó, J. A. (2008). Are socially responsible managers really ethical? Exploring the relationship between earnings management and corporate social responsibility. *Corporate Governance: An International Review*, 16(3), 160–177. <https://doi.org/10.1111/j.1467-8683.2008.00678.x>
- Keegan, H., Meston D., O'Malley, G., & Wilson F. (2023). The EU Corporate Sustainability Reporting Directive (CSRD) – Application from FY 2024. Available at: <https://www.akingump.com/en/insights/alerts/the-eu-corporate-sustainability-reporting-directive-csrd-application-from-fy-2024#:~:text=The%20application%20of%20the%20European,of%20their%20business%20on%20people>. (accessed on 18.02.2024)
- Zhang, Y., Zhou, J., & Zhou, N. (2007). Audit committee quality, auditor independence, and internal control weaknesses. *Journal of Accounting and Public Policy*, 26(3), 300–327. <https://doi.org/10.1016/j.jaccpubpol.2007.03.001>