

# RESPONSIBLE LEADERSHIP IN THE RELATIONSHIP BETWEEN ACCOUNTING INFORMATION DISCLOSURE AND CORPORATE SOCIAL RESPONSIBILITY

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**Abstract:** *Leadership is pivotal in almost all operations and businesses' survival and prosperity. Specifically, responsible leadership will significantly influence the implementation of accounting information disclosure and corporate social responsibility (CSR), thereby fostering the reputation of the listed companies. Responsible leadership demonstrates a propensity for directing accounting disclosure in strict adherence to legal regulations and concurrently advocates for corporate responsibility in alignment with prevailing social norms. As a result, listed companies will perform well in CSR and improve their reputation when responsible leadership and accounting information disclosure are increased in the conscious age.*

• Keywords: *accounting information disclosure, corporate reputation, CSR, responsible leadership.*

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## 1. Introduction

In the conscious age, listed companies are poised to excel in CSR practices and heighten their reputation through two interrelated factors: responsible leadership and accounting information disclosure. When leadership assumes responsibility for its actions and decisions, it fosters a culture of ethical conduct and conscientious decision-making within the organization. This moral underpinning permeates the implementation of CSR endeavors, as responsible leaders are more inclined to prioritize societal and environmental concerns (Vo et al., 2023). Moreover, when listed companies engage in increased disclosure of accounting information, they demonstrate transparency and financial stewardship, bolstering stakeholders' trust and confidence (Tu & Nguyen, 2021a). This heightened transparency of accounting practice augments the perception of the listed companies as a responsible and trustworthy entity, consequently improving their overall reputation. Hence, in an era characterized by heightened societal awareness and ethical considerations, integrating responsible leadership and accounting information disclosure becomes instrumental in driving CSR success and spreading listed companies' reputations (Tu & Nguyen, 2021b).

## 2. Theoretical background

### 2.1. Leadership theory

In orthodox leadership theory, decentralization of leadership is grounded in the pursuit of profit and maximization of shareholder value. Furthermore, it attributes significant importance to the leader as an ideal agent who influences individuals toward achieving organizational objectives and driving enhanced performance (Rost, 1991). Hence, responsible leaders endeavor to amplify their contributions to shareholders and businesses by fostering stronger business relationships. It means a leader has to act as if everything depends on you (Tu et al., 2022). More specifically, responsible leadership is not only for oneself and the organization but also for the broader context beyond the business. Embracing such broad perspectives enables leaders to capitalize on their responsibilities effectively (Bui et al., 2022). In this study, leadership theory elucidates the profound impact of responsible leadership on the relationship between accounting information disclosure and CSR, whereby heightened responsible leadership correlates with elevated performance achievement and reputation.

### 2.2. Institutional theory

The institutional theory considers how institutional forces govern organizational behavior and strategic choices within a given field of operation (McFarland et al., 2008). According to Carpenter and Feroz (2001), firms respond to external institutional pressures, such as legal and regulatory requirements, by conforming

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to accepted organizational structures and processes sanctioned by society. Consequently, businesses tend to adapt their behavior to align with prevailing norms in their operating environment. Compliance with institutional pressures becomes imperative for enterprises as it grants them legitimacy and access to essential resources, enabling financial and non-financial profit generation (Fernando & Lawrence, 2014).

In the context of accounting practices and CSR spreading, institutional theory (Deegan, 2009) establishes a link between these activities and the business environment's prevailing social values and norms. By acknowledging this connection, listed companies are compelled to recognize the significance of establishing and maintaining legitimacy in their operations. As a result, listed companies may intensify their engagement in CSR activities in response to legal requirements and normative pressures (Tu & Nguyen, 2021). This could entail promptly accounting information disclosure and active participation in CSR initiatives deemed integral to listed companies.

Evidently, upholding the role of accounting information disclosure in business operations can foster CSR, engendering customer goodwill and affinity toward the listed companies' high mission (Tu & Nguyen, 2021). Therefore, applying institutional theory emerges as an apt approach to comprehending the influence of accounting information disclosure on CSR in listed companies. It elucidates how listed companies' responses to institutional pressures in implementing accounting information disclosure can impact the CSR success and sustainability of businesses.

### 2.3. Stakeholder theory

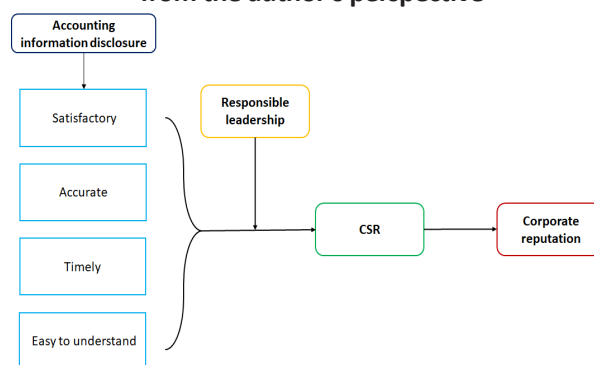
According to Freeman (1984), stakeholder theory places the business at the epicenter of the broader nexus of relationships with stakeholders, which offers a framework to analyze the responsibility and influence of the business's operations on these stakeholders. Thus, enterprises bear an obligation to treat stakeholders fairly (Freeman, 1984). When stakeholders' interests conflict, the company has to strike an optimal balance between them (Freeman, 1984, 2010). It is crucial to recognize that stakeholders possess diverse and evolving needs, but businesses should prioritize meeting stakeholders' requirements with significant and direct interests. Stakeholders' interests are presumed to be satisfied through the enterprise's pursuit of business strategies and the disclosure of information following social norms.

In this study, stakeholder theory highlights that under the weight of internal and societal

responsibilities, listed companies must establish clear strategies and objectives aligning with stakeholders' interests. By adopting progressive CSR policies, listed companies fulfill their obligations to stakeholders, thereby enhancing stakeholder satisfaction and gradually bolstering their reputation (Tu & Nguyen, 2021a). The author further contends that stakeholder theory provides a pertinent lens to elucidate the impact of CSR on reputation in listed companies. As the value of CSR initiatives increases, so does the dissemination and augmentation of the listed companies' reputation.

### 3. Responsible leadership in the relationship between accounting information disclosure and CSR

Figure 1: The framework developed from the author's perspective



Source: Synthesized by the author

In the dynamic landscape of the digital economy, the disclosure of accounting information is anticipated to undergo significant advancements. This disclosure serves as a legal obligation to the State and a responsibility of listed companies towards the stakeholders and community (Tu & Nguyen, 2021a). Moreover, CSR has transcended its common connotation, which has become a prominent competitive advantage for businesses (Nguyen et al., 2021). Skillful implementation of CSR can yield substantial governance benefits and enhance the reputation of listed companies. In this situation, the core nature of responsible leadership is a pivotal factor in making CSR an urgent and enduring goal. Indeed, responsible leaders will adeptly employ their management acumen, innovative thinking, and visionary outlook to optimize CSR, thereby fostering financial and non-financial advantages for the organization. Acknowledging the vital and sustainable role of CSR and leadership responsibility, this study explores a framework related to accounting information disclosure, responsible leadership, CSR, and the reputation of listed companies. Specifically, it considers the interplay between accounting

information disclosure, responsible leadership, and CSR in spreading the reputation of listed companies in the globalization era. Drawing upon the insights of leadership theory, institutional theory, and stakeholder theory along with the multidimensional perspectives, this study aims to yield critical management implications for responsible leadership in enhancing accounting information disclosure and CSR, ultimately augmenting corporate reputation in listed companies. This study has corresponding implications regarding the theoretical background and previous arguments.

*To begin with*, this research sheds light on the extent of the gap in the existing literature concerning the interaction of accounting information disclosure and CSR in conjunction with responsible leadership within listed companies in Vietnam. Numerous studies have focused on Vietnamese-listed companies' disclosure of accounting information (e.g., Nguyen et al., 2023; Tu & Nguyen, 2021a, 2021b) and CSR practices (e.g., Nguyen et al., 2021; Nguyen et al., 2023). However, a study that systematically integrates these dimensions into a competitive model that elucidates their resonance and the moderating role of responsible leadership of listed companies is conspicuously absent. Vietnamese companies face mounting pressure to bolster corporate governance activities (Tu & Nguyen, 2022) and embrace CSR (Nguyen et al., 2021). Therefore, the potential benefits of combining accounting information disclosure and CSR practices under responsible role leadership will be fostered in light of these circumstances.

*Furthermore*, this study delves into the deep impact of responsible leadership concerning the link between accounting information disclosure and CSR. It underscores that responsible leadership will create an environment encouraging accurate and transparent accounting information disclosure. This transparency, in turn, reinforces the company's commitment to CSR. Notably, by embracing accounting information disclosure as a strategic imperative, listed companies demonstrate transparency and accountability to stakeholders, exhibiting their commitment to ethical and CSR practices (Tu & Nguyen, 2021a). As a result, disseminating accurate accounting information will make a substantial impact and align the business's mission with society's values under the moderating of responsible leadership.

*In addition*, through progressive CSR policies, listed companies effectively fulfill their obligations to a wide array of stakeholders, leading to heightened satisfaction and a subsequent improvement in their reputation

(Tu & Nguyen, 2021a). By performing CSR, listed companies actively demonstrate their commitment to addressing environmental, social, and ethical concerns, resonating positively with stakeholders and society. Consequently, this cycle reinforces the company's reputation as a responsible corporation, cultivating trust and goodwill among its stakeholders and potential investors. Moreover, as the value and scope of CSR expand, so too does the propagation and enhancement of the listed companies' reputation.

*Ultimately*, this study offers several theoretical contributions and has the potential to expand upon existing foundations in the realm of accounting and corporate governance. By delving into the potential interrelationships between accounting disclosure, responsible leadership, CSR, and corporate reputation, this study promises to enrich the current body of literature and open avenues for future investigations. As the digital economy presents multifaceted challenges and opportunities, and the importance of CSR continues to grow, the insights generated by this study hold particular value. In an era where transparency, social responsibility, and ethical practices are increasingly emphasized in the corporate landscape, this research's findings are expected to significantly contribute to advancing corporate governance practices and fostering the sustainable growth of listed companies. Besides, the study's outcomes may inform the development of best practices that align business objectives with societal interests, positively impacting various stakeholders and the broader community. By shedding light on the significance of responsible leadership in optimizing accounting information disclosure and fostering CSR, the research may pave the way for listed companies to establish robust operational frameworks that strengthen their reputation and competitiveness in the global market. Therefore, the study's findings can shape the future discourse on corporate governance and responsible business practices, offering valuable insights to drive transformative change toward a more sustainable and socially responsible business environment.

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