

Print ISSN: 2233-4165 / Online ISSN: 2233-5382
doi: <http://dx.doi.org/10.13106/ijidb.2019.vol10.no3.7>.

Determinants of Corporate Anti-Corruption Practice Disclosure: Evidence from Chinese Firms*

Hong Yin**, Ruonan Zhang***

Received: January 09, 2019. Revised: March 01, 2019. Accepted: March 05, 2019.

Abstract

Purpose - The purpose of this paper is to investigate the determinants of corporate anti-corruption practice disclosure (ACPD) from the perspective of rent-seeking theory.

Research design, data, and methodology - Data are hand-collected from corporate social responsibility reports (CSRR) issued by 724 A-share listed firms in China. This paper provides an empirical analysis of the relationship between ownership structure and corporate ACPD as well as its moderating role in the institutional environment.

Results - Our findings indicate that rent-seeking is a key factor in influencing corporate ACPD. State-owned enterprises disclose significantly more anti-corruption information than private ones in order to achieve personal promotion of top executives. Monopoly enterprises reported significantly less anti-corruption information than enterprises in competitive industries due to their rent-seeking behavior. The reduction of government intervention and improvement of legal environment are helpful to curb corporate rent-seeking activities and enhance the level of corporate ACPD.

Conclusions - Rent-seeking is an important factor in explaining corporate voluntary disclosure in emerging countries. Institutional environment also plays a moderating role in the relationship between ownership structure and corporate voluntary disclosure. Our results are of interest to policy makers, regulators and market participants that are interested in corporate voluntary disclosure and corruption prevention.

Keywords: Institutional Environment, Rent-Seeking, ACPD, CSRR, CSRD.

JEL Classifications: G38, M14, M41.

1. Introduction

The term "corruption" was originally a political one. Heidenheimer (1997) defined "corruption" as an act of abusing public power to obtain private benefits by public officials. Now it has been extended to the field of economy. The subject of corruption includes not only public officials but also managers of enterprises, especially top executives, who abuse their power to obtain personal benefits (Huang, 2006). Corruption in this paper is used in a broad sense,

which includes not only the bribery and embezzlement of state-owned assets of managers of state-owned enterprises (SOE), but also the bribery and excessive on-the-job consumption of managers of private firms (Dissanayake, Islam, & Dellaportas, 2011; Joseph, Gunawan, Sawani, Rahmat, Noyem, & Darus, 2016). China's current economic and political systems determine that the government is still the dominant force in social and economic activities. Government intervention has always been an important feature of the transitional economy. Government intervention has led to the spread of rent-seeking behavior of enterprises. Private enterprises seek rents in order to obtain resources controlled by the government. SOE seek rents in order to win promotion (Li, 2012). Monopoly enterprises seek rents in order to maintain monopoly privileges and obtain monopoly profits. Corporate corruption and bribery are becoming rising concern in China (Jin & Zhao, 2012). Since the Eighteenth National Congress of the Communist Party of China, the Central Committee, with President Xi Jinping as its core, has adhered to strict governance, and continued to

* This paper is funded by Philosophy and Social Sciences Research Fund of Jiangsu Province (No. 2018SJA1395) and Talent Introduction Project of Suzhou Vocational University (No.3180138).

** First author, Associate Professor, Department of Accounting, Business School, Suzhou Vocational University, Suzhou, China, Tel: +86-151-8228-1601, E-mail: yinhongcdlg@163.com

*** Corresponding author, Associate, Department of International Trade, Business School, Suzhou Vocational University, Suzhou, China, Tel: +86-158-9557-0299, E-mail: zhrn3700@163.com

promote the construction of a clean and honest party. Under such a context, it is an interesting and meaningful topic whether SOE and monopoly enterprises, as high-incidence areas of corruption, have strengthened the efforts of corruption governance and information disclosure.

Based on the rent-seeking theory in the new political economy, this paper takes 724 A-share listed firms in China which issued standalone social responsibility reports in 2015 as a sample and empirically examines the relationship between the nature of property rights of Chinese enterprises, market structure and the level of corporate anti-corruption practice disclosure, as well as the moderating role of institutional environment on the relationship among them. Findings indicate that the political rent-seeking of executives of SOE in China has promoted the level of ACPD. Monopoly rent-seeking leads monopoly enterprises to become high-incidence areas of corruption, and restrains the ACPD of monopoly enterprises. Institutional environment is a key variable in moderating the relationship between the nature of property rights of enterprises, market structure and the level of ACPD. SOE and enterprises in competitive industries in areas with less government intervention and better legal environment disclose significantly more anti-corruption information than others. The difference of ACPD between firms with different property rights and market structures is mainly found in the group of voluntary disclosure. There is no significant difference in the level of ACPD for the compulsory disclosure group. This shows that the government-led disclosure of social responsibility cannot effectively improve the supply of social responsibility information. Corporates are inactive in ACPD, leading to the poor quality of disclosure.

This research may contribute in the following ways: Firstly, previous studies mainly investigate corporate voluntary disclosure from the perspective of organizational legitimacy theory (Guthrie & Parker, 1989; Deagan, Rankin, & Voght, 2000), stakeholder theory (Roberts, 1992), agency theory (Francis & Olsson, 2008; Kothari, Li, & Short, 2009) and isomorphism theory (Carpenter & Feroz, 2001; Aerts, Cormier, & Magnan, 2006). This paper explores the motivation of corporate voluntary disclosure on the basis of rent-seeking theory of new political economy, providing a new perspective for the research of this field.

Secondly, previous studies mostly focus on corporate environmental disclosure or the overall social responsibility disclosure. Few studies investigate the anti-corruption disclosure in CSRR. We empirically test the relationship between the ownership type, market structure and corporate ACPD as well as the moderating role of institutional environment on the relationship between them with a large sample from an emerging economy, narrowing the focus of research the field of corporate social disclosure.

Finally, previous studies mainly investigate corruption control from a macro perspective (Klitgaard, 1988), while this paper investigates the influencing factors of corruption from

the perspective of corporate disclosure and provide policy suggestions for combating corruption at a micro level, enriching the literature on anti-corruption and corporate governance.

2. Literature Review and Theoretical Analysis

The literature on corporate social responsibility disclosure are focused on environmental issues at first, and then gradually expanded to the overall social disclosure, including economic, social and environmental issues (Gunawan, 2007). The research topics in the field of CSRD are wide, ranging from the evolution process, quality evaluation to the motivation, influencing factors and economic consequences of CSRD (Guthrie & Parker, 1990; Gray, 1995; Cormier & Gordon, 2001; Newson & Deegan, 2002). Diversified research approaches are employed, from normative research to large sample empirical test, experimental research and case studies (Campbell, 2003; Islam & Deegan, 2010). Different theories are used to explain the motivation of CSRD, involving economy, sociology, ethics and psychology (DiMaggio & Powell, 1983; Godfrey, 2005). In other words, a lot of achievements are made in this field.

However, throughout the past studies, most are the application and testing of the mainstream theories in the field of CSRD in Western countries. Less attention is paid to CSRD in emerging markets. Mainstream theories applicable to developed countries are not necessarily suitable for developing countries. Under such a specific institutional environment of transitional economy, corporates in China may not disclose social information for charitable purposes or profit maximization as proved in mature markets. They may disclose for other purposes. In order to understand the motivation of CSRD of Chinese enterprises, this paper uses a large sample to test the relationship between property rights, market structure and ACPD of enterprises in China on the basis of rent-seeking theory as well as the moderating role of institutional environment on this relationship.

The rent-seeking theory can date back to Gordon Tullock's book *Welfare Costs of Taxation, Monopoly and Theft* written in 1967. Gordon Tullock's main concern is the loss of social welfare caused by monopoly rent-seeking. He believes that in order to obtain monopoly privileges, enterprises will adopt lobbying, donating parliamentarians and other dredging activities, namely rent-seeking activities. The rent-seeking activities destroy the order of market competition, and cause a loss of social welfare. Later, scholars in the field of public choice carry out extensive research on political rent-seeking and government failure caused by government intervention. The direct result of government intervention is "rent" in various forms. A series of unproductive activities, namely rent-seeking, are carried out by enterprises or individuals in order to compete for these rents. Rent-seeking is often prohibited by law.

Enterprises or individuals can only take bribes secretly, so rent-seeking brings about corruption (Shao, 2016). Research by Shleifer and Vishny (1994) shows that the weaker the legal system and the lower the political transparency, the more opportunities for government officials to use their powers to trade power and money with enterprises or individuals, and the more rampant rent-seeking and corruption.

Chinese society has always been a "relationship" society, which emphasizes social relations in both economic transactions and social exchanges. Unfortunately, the establishment of "relationship" is often related to bribery and corruption such as giving gifts (Jin & Zhao, 2011). Under the call of the Party Central Committee to strictly administer the Party in an all-round way, governments at all levels have been carrying out anti-corruption initiatives, with anti-corruption becoming a hot topic in daily life. Senior managers of SOE generally adopt the cadre appointment system. Many managers are appointed by the government and have certain administrative levels. The personal goals of senior managers are not only to obtain economic benefits, but also to promote in the promotion ladder (Li, 2011). In order to achieve the political goal of anti-corruption of superior officials, senior executives of SOE vigorously promote anti-corruption training, system construction, and disclose this information in social responsibility reports to highlight the personal achievements of leaders. That is to say, anti-corruption practice and anti-corruption disclosure have become tools for SOE executives to seek political rents. Based on this, this paper proposes the following hypothesis:

H1: Compared with non-state-owned enterprises, SOE tend to disclose more anti-corruption information.

Monopoly is a form of "market failure". China's monopoly industries are administrative monopolies caused by government intervention in economic activities, rather than the result of free competition. They are highly centralized. Monopoly enterprises are closely related to governments. In order to safeguard monopoly privileges and obtain monopoly profits, monopoly enterprises often engage in rent-seeking activities such as bribing government officials and selling inferior products by paying rebates (Guo, 2003). In addition to rent-seeking powers, monopoly enterprises frequently encounter invisible corruption such as illegal bidding, embezzlement of company property in the name of contracting projects, and excess welfare. The high-occurrence corruption of monopoly enterprises may lead to the reluctance of monopoly enterprises to disclose anti-corruption information. Based on this, we propose the following hypothesis:

H2: Compared with competitive industries, monopolies tend to disclose less anti-corruption information.

Government intervention and legal system environment

are two key factors affecting rent-seeking activities of enterprises (Faccio, Masulis, & Connell, 2006). In the areas where the government intervenes more, the autonomy of enterprises is more restricted. In order to survive and sustain, enterprises will actively try to establish a political connection with the government through rent-seeking activities, which are helpful to obtain necessary resources and preferential policies (Faccio, 2006). Thus, the corruption problem will become serious. In such districts, the differences of anti-corruption information disclosed by enterprises with different property rights and market structures may be smaller. The more mature the intermediary market and legal system, the higher the political transparency and the more effective the supervision and restriction on power, leading to fewer opportunities for rent-seeking and corruption (Shleifer & Vishny, 1994). Based on this, we propose the following hypothesis:

H3a: The less government intervention, the more anti-corruption information disclosed by SOE and enterprises in competitive industries.

H3b: The more mature the intermediary market and the more perfect the legal system, the more anti-corruption information disclosed by SOE and enterprises in competitive industries.

3. Research Design

3.1. Sample Selection and Data Sources

This paper takes 724 A-share listed firms which published social responsibility reports or sustainable reports in 2015 on Juchao Information Website (<http://www.cninfo.com.cn/new/index>) as a sample. Corporate ACPD data and social responsibility Committee data are collected by hand through reading corporate social responsibility reports. Institutional environment data are collected from China Provincial Marketization Index Report (2016) compiled by Wang, Fan and Yu. The nature of property rights data are collected from CSMAR database. The statistical analysis software used in this paper is Stata14.0.

3.2. Variable Definition

3.2.1. Dependent Variable

The level of ACPD is measured by the number of sentences of anti-corruption and anti-bribery information disclosed in CSR. Drawing on the research of Dissanayake et al. (2011) and Joseph et al. (2016), this paper divides ACPD into seven items: (1) anti-bribery disclosure; (2) board of directors and executives responsibility disclosure; (3) anti-bribery human resources construction; (4) responsible business operation; (5) external audit and verification; (6) code of conduct; (7) reporting system. The meaning and main contents of each item are shown in Table 1.

Table 1: Definition and Descriptions of ACPD

Variable	Definition	Description
ABD	anti-bribery disclosure	The prohibitive provisions on commercial bribery and political donation disclosed
BDERD	board of directors and executives responsibility disclosure	Commitment, implementation, feedback and sanctions against violators of anti-corruption policies and procedures by the board of directors or executives
ABHRC	anti-bribery human resources construction	Human resources policies and practice information related to anti-corruption and anti-bribery, such as induction training, etc.
RBO	responsible business operation	Firms carry out procurement activities in a fair, open and transparent manner, publicize their anti-corruption policies and procedures to joint ventures, agents and suppliers, and terminate their business relationships when irregularities occur in joint ventures, agents or suppliers.
EAV	external audit and verification	Firms provide third-party auditing or verification of social responsibility reports, and audit reports or verification reports clearly cover all anti-corruption policies and procedures.
CC	code of conduct	Information disclosed by sample firms related to the formulation and implementation of anti-corruption codes of conduct
RS	reporting system	Information disclosed by sample firms on the formulation and implementation of the reporting system for corruption and bribery

3.2.2. Independent Variable

(1) Nature of property rights. This paper measures the nature of property rights of enterprises with three dummy variables: State, Central and Local. State indicates whether a firm is a state-owned or private one. Central and Local

indicate the government levels of SOE. When the sample firm is a central enterprise, Central takes the value of 1, and 0 otherwise. When the sample firm is a provincial or municipal state-owned enterprise, Local takes the value of 1, and 0 otherwise.

(2) Market structure. Monopoly is a dummy variable. When a sample firm belongs to a monopoly industry, the value of Monopoly takes the value of 1, and 0 otherwise. As for the division of monopoly industries, drawing on the classification of Bain and “Report on China Industry Development Monitoring and Analysis”, this paper defines industries with industrial concentration (CR4) greater than 75% as monopoly industries, such as crude oil and natural gas extraction, railway transportation, air transportation, telecommunications and financial industry.

(3) Institutional environment. This paper examines the impact of institutional environment on ACPD from the perspectives of government intervention (Intervention) and legal institutional environment (Institution). Among them, government intervention is measured by the index of Reducing government intervention in enterprises in Report of China’s provincial marketization index (2016) compiled by Wang, Fan and Yu. If the index of Reducing government intervention in enterprises is greater than or equal to the median, Intervention takes the value of 1, and 0 otherwise. The legal system environment is measured by the index of Development of market intermediary organizations and legal system environment. If the index of Development of market intermediary organizations and legal system environment of the region where the sample firm is located is larger than or equal to the median, Institution takes the value of 1, and 0 otherwise it is 0.

In addition, drawing on the previous literature, this paper chooses Size, List, whether to refer to GRI standard or not, and whether to set up CSR Committee as control variables. The definitions of main variables are shown in Table 2.

Table 2: Definitions of Major Variables

Type	Variable	Symbol	Definition
Dependent variable	Corporate anti-corruption practice disclosure	ACPD	The number of sentences of anti-corruption and anti-bribery information disclosed in CSRD.
Independent variables	Nature of property rights	State	Dummy variable. If the sample firm is state-owned, it takes the value of 1, otherwise 0.
	Market structure	Monopoly	Dummy variable. If the sample firm belongs to a monopoly industry, it takes 1, otherwise 0.
	Government intervention	Intervention	Dummy variable. If the index of Reducing government intervention in enterprises is greater than or equal to the median, it takes the value of 1 and 0 otherwise.
	Legal institutional environment	Institution	Dummy variable. If the index of Development of market intermediary organizations and legal system environment is larger than or equal to the median, it takes the value of 1 and 0 otherwise.
Control variables	Firm size	Size	The natural logarithm of total assets.
	List places	List	Dummy variable. If the sample firm is listed in Shenzhen Stock Exchanges, it takes the value of 1 and 0 otherwise.
	Reporting standards	GRI	Dummy variable. If the report refers to GRI standards, it takes the value of 1 and 0 otherwise.
	Corporate social responsibility committee	CSR Committee	Dummy variable. If the sample firm has set up a CSR Committee, it takes the value of 1 and 0 otherwise.

3.3. Model Design

In order to test the above hypothesis, the following four models are constructed:

$$ACPD_i = \beta_0 + \beta_1 State_i + \beta_2 Monopoly_i + \beta_3 Size_i + \beta_4 List_i + \beta_5 GRI_i + \beta_6 CSR Committee_i + \varepsilon \quad (1)$$

$$ACPD_i = \beta_0 + \beta_1 Central_i + \beta_2 Local_i + \beta_3 Monopoly_i + \beta_4 Size_i + \beta_5 List_i + \beta_6 GRI_i + \beta_7 CSR Committee_i + \varepsilon \quad (2)$$

$$ACPD_i = \beta_0 + \beta_1 State_i + \beta_2 State_i * Monopoly_i + \beta_3 Size_i + \beta_4 List_i + \beta_5 GRI_i + \beta_6 CSR Committee_i + \varepsilon \quad (3)$$

$$ACPD_i = \beta_0 + \beta_1 Central_i + \beta_2 Local_i + \beta_3 Central * Monopoly_i + \beta_4 Local * Monopoly_i + \beta_5 Size_i + \beta_6 List_i + \beta_7 GRI_i + \beta_8 CSR Committee_i + \varepsilon \quad (4)$$

Among them, model 1 and model 2 are the principal regression models of this research. Model 3 and model 4 add the interactive terms of property rights and market structure to test the joint impact of property rights and market structure on ACPD. In addition, in order to test the impact of government intervention and legal system environment on ACPD, the sample firms are further grouped according to the degree of government intervention and legal system environment, and model 1 and model 2 are tested respectively.

4. Results and Analysis of Empirical Tests

4.1. Descriptive Statistics

Table 3 reports the statistical distribution of sample firms and their CSR reports. It can be seen from the table that 149 firms adopted GRI standard (G3 standard or G4 standard), accounting for 20.58% of the total. More than half of the total disclosed information related to anti-corruption and anti-bribery, which shows that firms have realized the importance of anti-corruption and anti-bribery. The mean and median of ACPD are 3.540 and 1.000, respectively. Most firms disclose only one piece of information about anti-corruption and anti-bribery. The information mainly

focuses on fair, open and transparent procurement or anti-corruption training. The maximum value of ACPD is 48 and the minimum value is 0. There are great differences in information disclosure among enterprises.

Table 3: Descriptive Statistics of Major Variables

Panel A: Distribution of Social Responsibility Reports						
Items	Frequency	Percentage				
Number of CSR Reports	724	100%				
Among them : Adopting GRI	149	20.58%				
No GRI	575	79.42%				
With ACPD	402	55.52%				
No ACPD	322	44.48%				
Panel B: Distribution of Firms						
Items	Frequency	Percentage				
Number of firms	724	100%				
Among them : Central SOE	153	21.13%				
Local SOE	273	37.71%				
Private	298	41.16%				
With CSR Committee	63	8.70%				
No CSR Committee	661	91.30%				
Listed in Shanghai	420	58.01%				
Listed in Shenzhen	304	41.99%				
Monopoly	62	8.56%				
Non-monopoly	662	91.44%				
Panel C: Descriptive Statistics of Continuous Variables						
	N	Mean	Median	S.D	Min.	Max.
ACPD	724	3.540	1.000	6.343	0.000	48.000
Size	724	23.375	23.058	1.721	20.320	30.732

4.2. Pearson Correlation Analysis

Table 4 reports the Pearson correlation coefficient matrix of the main variables. It can be seen from the table that State, Size, GRI and CSR Committee are positively correlated with ACPD at 1% significant level, which indicates that state-owned and large enterprises, enterprises adopting GRI standards and enterprises with CSR committees are likely to disclose more ACPD, preliminarily confirming the hypothesis H1 proposed above. The coefficient of Monopoly is not significant. This may be because a considerable part of monopoly enterprises are state-owned enterprises and state-owned enterprises tend to disclose more ACPD, which leads to the fact that the coefficient of Monopoly is not significantly negative. In order to reflect the impact of market structure on ACPDs, State and Monopoly are controlled in the regression model. In addition, the correlation coefficients between the explanatory variables and the control variables are not large, which indicates that there is no serious multi-collinearity in the model.

Table 4: Coefficient Matrix of Main Variables

	ACPD	State	Monopoly	Size	List	GRI	CSR Committee
ACPD	1.000						
State	0.181***	1.000					
Monopoly	0.032	0.095**	1.000				
Size	0.242***	0.270***	0.523***	1.000			
List	0.046	-0.312***	-0.110***	-0.232***	1.000		
GRI	0.347***	0.072*	0.162***	0.396***	-0.045	1.000	
CSR Committee	0.240***	0.079**	0.098***	0.214***	-0.054	0.303***	1.000

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

4.3. Multiple Regression Analysis

Table 5 shows the results of multiple regression analysis of model 1 and model 2. It can be seen from the table that the coefficient of Monopoly is significantly negative at 1% level in both model 1 and model 2, which indicates that compared with firms in competitive industries, firms in monopoly industries disclose less anti-corruption and anti-bribery information, supporting hypothesis H2. The coefficients of State, Central and Local are significantly positive at the 1% level, which shows that compared with private enterprises, SOE are likely to disclose more ACPD, supporting hypothesis H1. In addition, by comparing the coefficients of Central and Local, we can see that the parameter estimate of Central is larger than that of Local, indicating that central enterprises disclose significantly more ACPD than local enterprises.

Table 5: Multiple Regression Results

	Model 1		Model 2	
	Coeff.	t-value	Coeff.	t-value
State	2.115***	4.53		
Central			2.689***	4.47
Local			1.810***	3.56
Monopoly	-2.355***	-2.63	-2.254**	-2.51
Size	0.569***	3.47	0.553***	3.37
List	1.809***	3.93	1.801***	3.91
GRI	4.019***	6.77	3.971***	6.69
CSR Committee	3.025***	3.79	3.012***	3.78
Constant	-12.661***	-3.38	-12.280***	-3.27
N	724		724	
F-value	28.32		24.65	
Adjusted-R ²	0.185		0.186	

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

Table 6 shows the results of multiple regression analysis of model 3 and model 4. As can be seen from the table, the coefficient of State is significantly positive at the level of 1%, but the coefficient of State * Monopoly is significantly negative at the level of 5%. This shows that the increase of ACPD of SOE mainly occur in competitive industries, while state-owned monopoly enterprises often disclose less. The coefficients of Central and Local are significantly positive at 1% level, but the coefficients of Central * Monopoly are not

significant and the coefficients of Local * Monopoly are significantly negative at 10%, which indicates that local state-owned monopoly enterprises tend to disclose less ACPD, while central monopoly enterprises do not disclose significantly less.

Table 6: Joint Impact of Property Rights and Market Structure on ACPD

	Model 3		Model 4	
	Coeff.	t-value	Coeff.	t-value
State	2.312***	4.92		
Central			2.883***	4.72
Local			1.997***	3.84
State*Monopoly	-2.272**	-2.31		
Central*Monopoly			-2.072	-1.24
Local*Monopoly			-2.209*	-1.90
Size	0.497***	3.20	0.483***	3.11
List	1.853***	4.02	1.846***	3.98
GRI	4.040***	6.80	3.986***	6.67
CSR Committee	3.056***	3.83	3.037***	3.80
Constant	-11.159***	-3.12	-10.844***	-3.02
N	724		724	
F-value	28.00		21.31	
Adjusted-R ²	0.183		0.184	

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

4.4. Further Discussion

In order to further test the impact of institutional environment on rent-seeking behavior and information disclosure behavior of state-owned enterprises and monopoly enterprises, the sample firms are grouped according to the degree of government intervention and perfection of legal system environment, and the results are shown in tables 7 and 8.

Table 7 reports the result of grouping tests according to the degree of government intervention. As can be seen from the table, the coefficients of State, Central and Local in the group with less government intervention are larger than those in the group with more government intervention. This indicates that in the areas with less government intervention, both central and local state-owned enterprises disclose more anti-corruption information, and reducing government intervention helps to curb the corruption of SOE. The

coefficient of Monopoly is significant only in the group with less government intervention. This may be because rent-seeking is rampant in areas with more government intervention. In order to seize market share and sell products to the public sector, enterprises in competitive industries often pay rebates to government officials. Therefore, corruption in competitive industries is also serious. The anti-corruption and anti-bribery information disclosure has not been significantly improved. In areas with less government intervention, enterprises in competitive industries carry out business activities under market rules. The market operation is open and transparent. Enterprises in competitive industries will not bribe government officials in order to safeguard privileges like monopoly enterprises. They are more active in combating corruption and commercial bribery. Thus, the level of ACPD is significantly higher than that of monopoly enterprises.

Table 8 reports the result of grouping test of sample firms according to the legal system environment. The table shows that the coefficients of State, Central, Local and Monopoly are significant only in the group with good legal system environment, which indicates that a good legal system environment can help to improve ACPD. In addition, in the eight regression models in Table 5-8, the max and mean of VIF of all variables are less than 2, which indicate that there is no serious multiple-collinearity in the models.

Table 7: Impact of Government Intervention on ACPD

	Model 1		Model 2	
	More government intervention	Less government intervention	More government intervention	Less government intervention
State	1.6239*** (2.59)	2.3909*** (3.37)		
Central			2.0240*** (2.58)	3.3730*** (3.59)
Local			1.3947** (2.04)	1.9065** (2.48)
Monopoly	-1.6181 (-1.42)	-3.2581** (-2.30)	-1.5019 (-1.31)	-3.2267** (-2.28)
Size	0.5814*** (2.81)	0.5763** (2.18)	0.5679*** (2.73)	0.5599** (2.12)
List	2.7046*** (4.40)	0.9029 (1.31)	2.7157*** (4.42)	0.8485 (1.23)
GRI	3.9342*** (4.76)	4.1918*** (4.92)	3.8618*** (4.65)	4.1913*** (4.93)
CSR Committee	3.9464*** (3.68)	2.2207* (1.88)	3.9795*** (3.70)	2.1211* (1.80)
Constant	-13.0945*** (-2.74)	-12.5296** (-2.09)	-12.7906** (-2.67)	-12.1161** (-2.02)
N	360	364	360	364
F-value	18.60	11.75	16.04	10.48
Adjusted-R ²	0.2273	0.1509	0.2267	0.1545

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

Table 8: Impact of Legal System Environment on ACPD

	Model 1		Model 2	
	Better Legal System Environment	Worse Legal System Environment	Better Legal System Environment	Worse Legal System Environment
State	2.1066*** (4.05)	1.3359 (1.19)		
Central			2.6923*** (4.12)	1.8648 (1.13)
Local			1.7470*** (3.04)	1.1744 (0.99)
Monopoly	-2.2419** (-2.22)	-3.0509 (-1.58)	-2.1278** (-2.10)	-3.0023 (-1.55)
Size	0.4721*** (2.62)	0.8893** (2.09)	0.4561** (2.53)	0.9075** (2.11)
List	1.2804** (2.48)	4.0820*** (3.84)	1.2805** (2.48)	3.9871*** (3.67)
GRI	4.3357*** (6.66)	2.8534* (1.90)	4.2620*** (6.53)	2.9892* (1.95)
CSR Committee	2.4025*** (2.73)	6.0700*** (3.26)	2.3751*** (2.70)	6.1031*** (3.26)
Constant	-10.2632** (-2.49)	-20.0485** (-2.05)	-9.8885** (-2.40)	-20.4442** (-2.08)
N	603	121	603	121
F-value	22.63	7.82	19.74	6.69
Adjusted-R ²	0.1773	0.2544	0.1790	0.2490

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

In order to investigate the impact of mandatory disclosure requirements on ACPD, we divide the sample firms into groups according to whether CSRR is mandatory or not. Mandatory disclosure refers to firms belonging to the three major sectors in Shanghai Stock Exchange: "A + H shares, corporate governance and finance", as well as "Shenzhen 100 Index" firms in Shenzhen Stock Exchange. Table 9 reports the results of the grouping test. From this table, it can be seen that the coefficients of State, Central, Local and Monopoly of voluntary group are significantly higher than those of mandatory group. Only the coefficient of Central in mandatory group is significant at the level of 5%. This indicates that under compulsory disclosure requirement, local SOE and non-monopoly enterprises have not improved the level of ACPD, confirming the results of Li (2012) - mandatory disclosure led by the government leads to insufficient supply of social responsibility information and poor comparability.

Table 9: Impact of Compulsory Disclosure on ACPD

	Model 1		Model 2	
	Mandatory Disclosure	Voluntary Disclosure	Mandatory Disclosure	Voluntary Disclosure
State	1.4497* (1.93)	2.4156*** (4.07)		
Central			1.8523** (2.09)	3.1932*** (3.58)
Local			1.2038 (1.50)	2.0624*** (3.10)
Monopoly	-0.9402 (-0.82)	-4.5603*** (-2.86)	-0.8999 (-0.78)	-4.2988*** (-2.67)
Size	0.1526 (0.63)	0.9546*** (3.89)	0.1482 (0.62)	0.9565*** (3.90)
List	3.4565*** (4.04)	1.2770** (2.05)	3.4400*** (4.02)	1.2237* (1.96)
GRI	4.7058*** (5.41)	3.7304*** (4.65)	4.6073*** (5.25)	3.8198*** (4.75)
CSR Committee	4.7931*** (4.35)	0.6792 (0.60)	4.7601*** (4.32)	0.6980 (0.61)
Constant	-2.8378 (-0.51)	-20.9981*** (-3.78)	-2.7125 (-0.49)	-21.0166*** (-3.79)
N	378	346	378	346
F-value	18.35	11.62	15.82	10.16
Adjusted-R ²	0.2163	0.1559	0.2158	0.1568

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10%, respectively.

4.5. Robust test

In order to test the robustness of the results, the following tests are carried out: (1) Change the measurement of the independent variable. Dummy ACPD is constructed according to whether the anti-corruption information disclosed exceeds the median. If it exceeds the median, Dummy_ACPD will assume the value 1 and 0 otherwise. (2) Considering that the disclosure of foreign enterprises may be influenced by the tradition and culture of foreign investors (Kostova & Zaheer, 1999; Kostova & Roth, 2002), we delete foreign enterprises from the sample. The robustness test results are basically consistent with the previous ones. (Due to space constraints, this paper does not provide relevant tables.)

5. Conclusions

Based on the rent-seeking theory in the new political economics, this paper takes 724 Chinese A-share listed firms which issued standalone CSRR in 2015 as a sample and empirically tests the influencing factors of corporate ACPD. The research finds that: (1) Compared with non-state-owned enterprises, SOE pay more attention to anti-corruption disclosure. (2) The rent-seeking activities of monopoly enterprises cause the monopoly industries to be a high-incidence area of corruption. Compared with competitive industries, monopoly industries tend to disclose less ACPD.

(3) Institutional environment is an important factor affecting corporate ACPD. The significant relationships between the nature of property rights, market structure and ACPD are mainly found in firms located in areas with less government intervention, better legal environment and voluntary disclosure group.

The results of this research have the following applications. Firstly, regulatory authorities can find our study useful, because it indicates that improved institutional environment can help improve corporate voluntary disclosure. In order to alleviate information asymmetry and decrease agency cost, enterprises, especially monopoly enterprises, should be encouraged to voluntarily disclose anti-corruption and anti-bribery information. Reducing government intervention, vigorously developing intermediary market, strengthening media supervision, introducing competition mechanism and reducing monopoly will not only help to improve the information environment of the capital market, but also help to curb the spread of rent-seeking behavior.

Secondly, our research suggests that banks, investors and financial institutions should consider more about the quality of corporate social disclosure when making decisions as social disclosure may be only a tool of rent-seeking.

Thirdly, our research results are useful to policy makers. In order to improve the quality of corporate ACPD, policy makers can encourage intermediaries to develop the verification business of social responsibility reports. At present, the credibility of CSR information disclosed by enterprises is low, which leads to inefficient use of CSR reports. Therefore, policy makers can formulate standards for auditing or verifying social responsibility reports, standardizing the scope, procedure and format of the audit report or certification report. Encourage enterprises to expand the scope of certification to cover the formulation and implementation of all anti-corruption policies and procedures.

This research has some limits. Firstly, we only select the corporate social responsibility reports issued by Chinese A-share listed companies in 2015 as the research object, weakening the research reliability. In the future, panel data can be used to examine whether time trends exist in the level of ACPD. Secondly, the research object of this paper only includes A-share listed companies in China, a transitional economy. Whether the research results can be extended to private sectors and small and medium-sized companies under different institutional environments needs to be further analyzed.

Reference

- Aerts, W., Cormier, D., & Magnan, M. (2006). Intra-industry Imitation in Corporate Environmental Reporting: An International Perspective. *Journal of Accounting & Public Policy*, 25(3), 299-331.

- Campbell, D., Craven, B., & Shrides, P. (2003). Voluntary Social Reporting in Three FTSE Sectors: A Comment on Perception and Legitimacy. *Accounting, Auditing and Accountability Journal*, 16, 558-581.
- Carpenter, V. L., & Feroz, E. H. (2001). Institutional Theory and Accounting Rule Choice: An Analysis of Four US State Governments' Decisions to Adopt Generally Accepted Accounting Principles. *Accounting Organizations & Society*, 26(7), 565-596.
- Clarke, J., & Gibson-Sweet, M. (2010). The use of corporate social disclosures in the management of reputation and legitimacy: A cross sectoral analysis of UK Top 100 Companies. *Business Ethics A European Review*, 8(1), 5-13.
- Cormier, D., & Gordon, I. (2001). An Examination of Social and Environmental Reporting Strategies. *Accounting, Auditing & Accountability Journal*, 14, 587-616.
- Deegan, C., Rankin, M., & Voght, P. (2000). Firms' Disclosure Reactions to Major social Incidents: Australian Evidence. *Accounting Forum*, 4(1), 101-130.
- Dissanayake, T., Islam, M. A., & Dellaportas, S. (2011). *Corporate Disclosure on Combatting Bribery: a Study of Two Global Companies in the Telecommunication Industry[A]*. The 10th Australasian Conference on Social and Environmental Accounting Research (CSEAR)[C], 2011.
- Duff, A. (2016). Corporate social responsibility reporting in professional accounting firms. *British Accounting Review*, 48(1), 74-86.
- Faccio, M. (2006). Politically Connected Firms. *The American Economic Review*, 96(1), 369-86.
- Faccio, M., Masulis, R. W., & Mc Connell, J. (2006). Political Connections and Corporate Bailouts. *The Journal of Finance*, 61(6), 2597-635.
- Francis, J. & Olsson, N. P. (2008). Voluntary Disclosure, Earnings Quality, and Cost of Capital. *Journal of Accounting Research*, 46(1), 53-99.
- Godfrey, P. C. (2005). Philanthropy and Shareholder Wealth: The Relationship Between Corporate: A Risk Management Perspective. *Academy of Management Review*, 30(4), 777-798.
- Gordon, T. (1967). The Welfare Costs of Tariffs, Monopoly and Theft. *Economic Inquiry*, 3(5), 224-232.
- Gunawan, J. (2007). Corporate Social Disclosures by Indonesian Listed Companies: A Pilot Study. *Social Responsibility Journal*, 3(3), 26-34.
- Guthrie J., & Parker L D. (1990). Corporate Social Disclosure practice: A comparative international analysis. *Advances in Public Interest Accounting*, 3(2), 159-176.
- Heidenheimer, A. J. (2008). The Topography of Corruption: Explorations in a Comparative Perspective. *International Social Science Journal*, 48(149), 337-347.
- Huang, Q. (2006). New Characteristics of Management Corruption and New Stage of State-owned Enterprise Reform. *China's Industrial Economy*, (11), 52-59.
- Islam M. A., & Deegan, C. (2010). Media Pressures and Corporate Disclosure of Social Responsibility Performance Information: A Study of Two Global Clothing and Sports Retail Companies. *Accounting and Business Research*, 40(2), 131-148.
- Jin A, & Zhao L. (2010). On the Impact of Chinese Traditional Interpersonal Relations on Corruption. *Journal of Northeast Normal University (Philosophy and Social Sciences)*, (2), 5-9.
- Joseph C., Gunawan J., Sawani Y., Rahmat M., Noyem J.A., & Darus F. (2016). A Comparative Study of Anti-Corruption Practice Disclosure among Malaysian and Indonesian Corporate Social Responsibility (CSR) Best Practice Companies. *Journal of Cleaner Production*, (112), 2896 -2906.
- Kostova, T., & Zaheer, S. (1999). Organizational Legitimacy under Conditions of Complexity: The Case of the Multinational Enterprise. *Academy of Management Review*, 24(1), 64-81.
- Kostova, T., & Roth, K. (2002). Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects. *Academy of Management Journal*, 45(1), 215-233.
- Kothari, S. P., Li, X., & Short, J. E. (2009). The Effect of Disclosures by Management, Analysts, and Business Press on Cost of Capital, Return Volatility, and Analyst Forecasts: A Study Using Content Analysis. *The Accounting Review*, 84(5), 1639-1670.
- Li, W. (2012). Ownership Types, Political Rent-seeking and Corporate Social Responsibility Report: An Analytical Framework. *Accounting Research*, (1), 81-88.
- Liao, G. M., & Shen, H. (2014). Policy Burden of State-owned Enterprises: Motivation, Consequences and Governance. *China's Industrial Economy*, 6, 96-108.
- Lindblom, C. K. (1993). *The Implications of Organizational Legitimacy for Corporate Social Performance and Disclosure*. Critical Perspectives on Accounting Conference. New York.
- Li Wenjing. (2012). Ownership Types, Political Rent-seeking and Corporate Social Responsibility Report: An Analytical Framework. *Accounting Research*, (1), 81-88.
- Magness V. (2006). Strategic Posture, Financial Performance and Environmental Disclosure. *Accounting, Auditing & Accountability Journal*, 19(4), 540-563.
- Maignan, I., & Ralston, D. (2002). Corporate Social Responsibility in Europe and the US: Insights from Businesses' Self-Representations. *Journal of International Business Studies*, 33(3), 497-514.
- Newson, M., & Deegan, C. (2002). Global Expectations and Their Association with Corporate Social Disclosure Practices in Australia, Singapore, and South Korea. *The International Journal of Accounting*, 37, 183-213.
- Paul. J.. Di. M., & Walter, W. P. (1983). The Iron Cage

- Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147-160.
- Richardson A., Welker M., & Hutchinson I. (1999). Managing Capital Market Reaction to Corporate Social Responsibility. *International Journal of Management Reviews*, 1(1), 17-27.
- Rob Gray. (1995). Corporate Social and Environmental Reporting: A Review of the Literature and a Longitudinal Study of UK Disclosure. *Accounting, Auditing & Accountability Journal*, 8(2), 47-77.
- Roberts, R. (1992). Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory. *Accounting, Organizations and Society*, 6(17), 595-612.
- Shao, C. (2016). The Government-Enterprise Relationship, Corruption and Governance in the Context of Institutional Transition, *Journal of Shanghai University of Finance and Economics*, 18(1), 64-74.
- Shleifer, A., & Vishny R. (1994). Politicians and Firms. *Quarterly Journal of Economics*, 109(4), 995-1025.
- Teoh, H., & Thong, G. (1984). Another Look at Corporate Social Responsibility and Reporting: An Empirical Study in a Developing Country. *Accounting, Organizations and Society*, 9(2), 189-206.
- Verrecchia, R. E. (2001). Essays on Disclosure. *Journal of Accounting and Economics*, 32(1-3), 97-180.
- Wang, X. L., Fan, G., & Yu, J. W. (2017). *China Provincial Marketization Index Report* (pp.214-220). Beijing: Social Science Literature Publishing House.
- Willis, A. (2003). The Role of the Global Reporting Initiative's Sustainability Reporting Guidelines in the Social Screening of Investments. *Journal of Business Ethics*, 43(3), 233-237.