ISSN - 1303-099X

EGE AKADEMİK BAKIŞ

Ekonomi, İşletme, Uluslararası İlişkiler
ve Siyaset Bilimi Dergisi

EGE ACADEMIC REVIEW

Journal of Economics, Business Administration,
International Relations and Political Science

Cilt 24 • Sayı 1 • Ocak 2024
Volume 24 • Number 1 • January 2024

EGE ÜNİVERSİTESİ İKTİSADİ VE İDARİ BİLİMLER FAKÜLTESİ ADINA SAHİBİ
THE OWNER ON BEHALF OF EGE UNIVERSITY FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES
G. Nazan GÜNAY

BAŞ EDİTÖR / *EDITOR IN CHIEF*
Keti VENTURA

ALAN EDİTÖRLERİ / *FIELD EDITORS*
Ali Onur TEPECİKLİOĞLU
Altuğ GÜNAL
Aslıhan AYKAÇ YANARDAĞ
Barış ALPASLAN
Betül AYDOĞAN ÜNAL
Fatma DEMİRCAN KESKİN
Gül HUYUGÜZEL KIŞLA
Hakan ERKAL
Kübra OKTA
Miray BAYBARS
Mustafa KÜÇÜK
Nazlı Ayşe AYYILDIZ ÜNNÜ
Utku AKSEKİ

DİL EDİTÖRÜ / *LANGUAGE EDITOR*
Betül AYDOĞAN ÜNAL

DANIŞMA KURULU / *ADVISORY BOARD*

Adrian GOURLAY	Loughborough University, UK
Carlos E. Frickmann YOUNG	Universidade Federal do Rio de Janeiro de Economia Industrial, Brazil
Cengiz DEMİR	Katip Çelebi University, Turkey
Chris RYAN	The University of Waikato, New Zealand
Christopher MARTIN	University of Bath, UK
C. Michael HALL	University of Canterbury, New Zealand
David LAMOD	David Lamond & Associates, Australia
Erinç YELDAN	Kadir Has University, Turkey
Francis LOBO	Edith Cowan University, Australia
Gülçin ÖZKAN	King's College London, UK
Haiyan SONG	The Hong Kong Polytechnic University, Hong Kong
Hakan YETKİNER	İzmir Economy University, Turkey
James KIRKBRIDE	London School of Business and Finance ,UK
John FLETCHER	Bournemouth University, UK

Juergen GNOTH	University of Otago, New Zealand
Justus HAUCAP	University of Düsseldorf, Germany
Joyce LIDDLE	Northumbria University, UK
Luiz MOUTINHO	University of Suffolk, UK
Lydia MAKRIDES	Evexia Inc and Global Wellness Head, Canada
Mehmet CANER	North Carolina State University, USA
Michael R POWERS	Tsinghua University, Beijing, China
Mohsen Bahmani-OSKOOEE	The University of Wisconsin-Milwaukee, USA
Nazan GÜNAY	Ege University, Turkey
Pan JIAHUA	Chinese Academy of Social Sciences (CASS), China
Ron SMITH	Birkbeck, University of London,UK
Slawomir MAGALA	University of Warsaw: Warsaw, Poland
Sumru ALTUĞ	American University of Beirut, Lebanese
Thomas N. GARAVAN	University of Limerick, Ireland
Wesley J. JOHNSTON	Georgia State University, USA
William GARTNER	Babson College, USA
Zahir IRANI	University of Bradford,UK

Yayın Sekretaryası: Serhan KARADENİZ, Kübra OKTA

Yayınlanma Sıklığı / *Frequency:* **Yılda dört kez** / *Quarterly*

Graphic and Design / *Fatih Akın ÖZDEMİR*

Yayınlayan / *Publisher*
Ege Üniversitesi, İktisadi ve İdari Bilimler Fakültesi
Bornova 35100 İZMİR / TÜRKİYE

E-mail: eab@mail.ege.edu.tr

Ege Akademik Bakış

Ege Akademik Bakış Dergisi, iktisat, işletme, uluslararası ilişkiler ve siyaset bilimi alanlarında çalışan akademisyenler, araştırmacılar ve profesyonellerin görüşlerini paylaştıkları bir forum oluşturmak amacıyla, bu alanlarda yapılmış olan uluslararası çalışmaları kapsamaktadır. Ege Üniversitesi İktisadi ve İdari Bilimler Fakültesi tarafından Ocak, Nisan, Temmuz ve Ekim aylarında olmak üzere yılda dört defa yayınlanan hakemli bir dergi olup, Türkçe veya İngilizce olarak kaleme alınmış tüm çalışmalar dergide yayınlanmak üzere gönderilebilir. Ege Akademik Bakış Dergisi aşağıdaki veri tabanlarınca taranmaktadır:

- EconLit (http://www.aeaweb.org/)
- ULAKBİM, Sosyal ve Beşeri Bilimler Veri Tabanı (http://www.ulakbim.gov.tr/)
- Emerging Sources Citation Index (ESCI)
- Director of Open Access Journals(http://www.doaj.org/)
- EBSCO Publishing (http://www.ebscohost.com/)
- PERO(http://knjiznica.irb.hr/pero)
- Scientific Commons(http://en.scientificcommons.org)
- WorldWideScience(http://worldwidescience.org)
- ProQuest(http://www.proquest.com)
- ASOS Index(http://www.asosindex.com)
- RePEc (http://www.repec.org)

Makaledeki görüşler yazarlarına aittir. Dergide yayınlanan makaleler kaynak göstermeden kullanılamaz.

Ege Academic Review includes international papers about economics, business administration, international relations and political science with the aim of providing a forum for academicians, researchers and professionals interested in these fields. This journal is subject to a peer-review process. Ege Academâic Review is published by Ege University Faculty of Economics and Administrative Sciences for four times in a year. Papers written in Turkish and English can all be sent in order to be published in the journal. The articles in Ege Academic Review are indexed/abstracted in:

- EconLit (http://www.aeaweb.org/)
- ULAKBİM, Social Sciences and Humanities Database (http://www.ulakbim.gov.tr/)
- Director of Open Access Journals(http://www.doaj.org/)
- EBSCO Publishing (http://www.ebscohost.com/)
- PERO(http://knjiznica.irb.hr/pero)
- Scientific Commons(http://en.scientificcommons.org)
- WorldWideScience(http://worldwidescience.org)
- ProQuest(http://www.proquest.com)
- ASOS Index(http://www.asosindex.com)
- RePEc (http://www.repec.org)

Authors are responsible for the content of their articles. Papers published in the journal can not be quoted without reference.

Volume 24 • Number 1 • January 2024

Cilt 24 • Sayı 1 • Ocak 2024

Contents

EGE AKADEMİK BAKIŞ / *EGE ACADEMIC REVIEW*

Cilt 24 • Sayı 1 • Ocak 2024
SS. 85/100
Doi: 10.21121/eab.1328302
Başvuru Tarihi: 16.07.2023 • Kabul Tarihi: 27.12.2023

Article Type: *Research Article*

The Effect of Accounting Conservatism on Corporate Social Responsibility: Evidence from the Corporate Governance Index in Türkiye

Uğur BELLİKLİ[1]

ABSTRACT

The purpose of this study is to measure whether the companies listed in the BIST Corporate Governance Index have conservative accounting policies and examine the impact of this conservatism on Corporate Social Responsibility (CSR) and its components. Panel data analysis was used in the study. Between the years 2013 and 2022, a total of 59 companies listed on the BIST Corporate Governance Index, for which complete data has been obtained, were included in the study. Out of these, 29 companies were included in the research, resulting in a total of 290 observations. The results mean that companies listed on the BIST Corporate Governance Index prioritize conservative accounting policies and apply them in their financial reports. Additionally, it has been determined that accounting conservatism has a positive impact on companies' CSR scores and their components, with a stronger influence on board of directors scores and stakeholder scores. This finding suggests that companies with conservative accounting policies prioritize the interests of internal management while also valuing external stakeholders.

Keywords: Accounting Conservatism, Corporate Social Responsibility, Stakeholder Theory, Agency Theory.

JEL Classification Codes: M41, M14

Referencing Style: APA 7

INTRODUCTION

Accounting conservatism proposes an ideal reporting approach that safeguards the rights of parties involved in both explicit and implicit contracts in relationships among company stakeholders such as clients, suppliers, vendors, staff, and society at large. Researchers have provided valuable insights into the impact of capital structure, firm size, liquidation risk, growth opportunities, bargaining power, management mechanisms, and the gender of CEOs and CFOs on the level of conservative reporting (Ahmed & Duellman, 2007; LaFond & Watts, 2008; Francis et al., 2015). However, there is limited study on whether companies that prioritize corporate social responsibility and its applications also prioritize conservative reporting.

Stakeholder Theory (Friedman, 1970; Cennamo et al., 2008; Bhandari & Javakhadze, 2017) suggests that companies with a stakeholder-oriented approach prioritize the interests of their stakeholders in their corporate strategies. This includes protecting stakeholders from risks and fulfilling their responsibilities. Accounting conservatism and CSR both align with this theory by emphasizing the protection of stakeholders and considering their well-being beyond financial concerns. Legitimacy theory (Kuznetsov et al., 2009; Garanina & Aray, 2021) suggests that companies should behave in line with established norms, values, and societal expectations. This theory supports both CSR and stakeholder theory, emphasizing the importance of meeting informal moral norms and protecting stakeholder interests. Accounting conservatism and CSR can be seen as complementary approaches in protecting stakeholder rights and preventing managerial opportunism, with CSR operating based on moral considerations and accounting conservatism adhering to accounting rules.

Agency theory (Lins et al., 2017; Anagnostopoulou et al., 2021) opposes both CSR practices and accounting conservatism. Some studies indicate that companies may use stakeholder relationships to serve their own interests and employ CSR activities as a means to conceal wrongdoings and manage stakeholder perceptions. Managers may engage in CSR activities mainly for show, under stakeholder pressure. Additionally, CSR practices can lead to agency problems, and CSR activities may

[1] Giresun University, Alucra Turan Bulutcu Meslek Yükseokulu, Yönetim ve Organizasyon Bölümü, bellikliugur@gmail.com

contribute to aggressive accounting practices due to knowledge asymmetry between internal and external stakeholders. Conservatism violates the principles of impartiality and documentation in accounting, leading to biased financial information and potentially larger problems in companies. However, despite these opposing views, conservatism practices do not harm stakeholder interests. Therefore, it is expected that there may be an inverse relationship between CSR and accounting conservatism.

The aim of this study is to measure whether the companies listed on the BIST Corporate Governance Index have conservative accounting policies and examine the effect on companies' conservatism on CSR and its components. To achieve this objective, data from companies listed on the BIST Corporate Governance Index between 2013 and 2022 were utilized. The study provides theoretical information on accounting conservatism and CSR. It then explores the relationship between these two concepts and describes the measurement methods for each. Following the literature review, the study presents an empirical research design and the findings. The study concludes with a section on results and recommendations.

THEORETICAL BACKGROUND

Accounting conservatism can be characterized as a precautionary approach that aims to protect the company against the risks and uncertainties inherent in its operations. It suggests that when the likelihood of a positive or negative outcome regarding future collections or payments is equally likely, the more cautious option should be chosen due to conservatism. However, if the probabilities of these outcomes are not equal, conservatism does not necessitate favoring the worse situation over the other (FASB: 1980: 37). It is essential to observe that conservatism in financial reporting does not imply a consistent and intentional understatement of net profit and assets. Rather, conservatism advocates for a prudent approach in financial statements, especially in relation to uncertainties for instance, the possibility of recovering doubtful debts and the estimation of useful lives of fixed assets (Lin and Chen, 1999: 519; IASB, 2002: Par. 37). In light of these explanations, accounting conservatism can be defined as follows:

A prudent approach to uncertainties and risks that may impact the presentation of financial information necessitates the suitable reporting of assets, liabilities, income, and payments. It involves prioritizing the least optimistic situation, considering potential losses rather than potential gains, for the benefit of company owners (Bellikli & Dastan, 2021: 334).

In the study conducted by Beaver & Ryan (2000), a different perspective on accounting conservatism was presented, distinguishing it into two categories: "conditional conservatism" and "unconditional conservatism". Conditional conservatism refers to situations where the book value of assets is not fully recognized in financial statements when it benefits the company, but it is recognized when it poses risks or disadvantages. On the other hand, unconditional conservatism involves the prudential consideration of potential expenses and losses while recognizing probable income and profits, shaping the balance sheet in accordance with accounting principles and materiality.

However, as evident from the explanations, the specific definition of this prudent approach has not been clearly stated, and the responsibility and authority in this regard have been delegated to the companies. Based on the aforementioned definitions and explanations, four elements related to accounting conservatism can be identified as prominent (Accounting Advisory Forum, 1995: 10).

- The concept of conservatism should be considered when conducting valuations.
- Only income and profits that exist as of the balance sheet date should be taken into account.
- Predictable expenses and losses from previous or current periods, whether or not they are reflected in the financial reports as of the balance sheet date, should also be considered.
- All depreciation allowances should be recognized in the financial reports as of the balance sheet date, regardless of their impact on the period's profit or loss.

Research has demonstrated that accounting conservatism can mitigate conflicts of interest by reducing knowledge asymmetry between internal and external stakeholders, thereby enhancing the effectiveness and efficiency of financial reporting (Watts, 2003; García Lara et al., 2009; Ruch & Taylor, 2015;). This allows shareholders to have confidence in the management of the company without constant monitoring, while company managers are held accountable. Additionally, conservatism helps to limit unnecessary and unproductive investments, mitigates market overreactions to good and bad news, and reduces the risk of stock price collapse, thereby lowering the cost of equity (Ahmed et al., 2002). Ultimately, accounting conservatism acts as a mechanism that facilitates the alignment between shareholders and management by providing them with high-quality and useful information about the company (Ruch & Taylor, 2015).

Conservative reporting, as explained earlier, comes with costs for companies. This is due to the precautionary measures taken by companies that adopt conservative reporting to mitigate potential losses resulting from contract violations (Beneish & Press, 1993; Zhang, 2008). By recognizing potential losses in a timely manner and promptly recording them, companies can prevent operating losses stemming from contract violations, which naturally lead to increased operating expenses (Ball & Shivakumar, 2005; Zhang, 2008). Moreover, conservatism incurs costs for managers as well. Conservative accounting practices result in lower profits and a reduced book value of equity. Consequently, managers receive lower profit shares, incentives, and bonuses. Therefore, it can be argued that managers occasionally avoid conservative accounting policies since their dividends, bonuses, and premiums are influenced by the accounting process (Kim et al., 2013).

In summary, accounting conservatism serves as protect the interests of company shareholders, mitigate knowledge asymmetry between internal and external stakeholders, and align the interests of equity holders and lenders, thereby addressing agency problems. However, managers may choose to avoid conservative accounting policies due to the associated costs, as they are tasked with balancing the knowledge asymmetry between themselves and external stakeholders (Khan & Watts, 2009; LaFond & Watts, 2008; Kim et al., 2013).

The subsequent phase of this study focuses on Corporate Social Responsibility (CSR). CSR, which defines the boundaries of companies' economic, legal, moral, and voluntary responsibilities, has been a timely and ongoing topic in both academic literature and the business world for a considerable period of time. CSR can be defined as *the commitment of a company to enhance its reputation and ensure long-term sustainability by fulfilling legal and ethical obligations. It involves protecting the interests and well-being of all stakeholders, including employees, society, and the environment in which the company operates. The goal is to improve living standards, contribute to the economy, and uphold the dignity of stakeholders* (Dastan & Bellikli, 2015: 179-180).

Empirical evidence suggests that Corporate Social Responsibility (CSR) offers companies several advantages, including enhanced knowledge, increased investor confidence, and the ability to achieve long-term goals (Flammer & Bansal, 2017; Yu & Zheng, 2020). CSR activities also contribute to a company's local and international recognition and legitimacy (Parsa et al., 2021). Companies that prioritize CSR tend to have longer-term goals and have a diminished chance of engage in unethical or opportunistic behaviors (Burke et al., 2020; Gao et al., 2014). Therefore, CSR encompasses actions that generate social benefits beyond legal requirements and company interests, impacting not only shareholders and debtors, but also clients, society, social organizations, and other non-investor stakeholders are involved in the investment process. (Buchanan et al., 2018: 75). It is widely recognized that socially responsible activities not only satisfy stakeholders but also safeguard the company's image and reputation by deterring opportunistic actions (Gras-Gil et al., 2016).

Managers who prioritize corporate social responsibility go beyond legal obligations and act in a morally responsible manner within the company. This ethical approach also positively influences the quality of financial reporting (Carroll, 1979; Choi et al., 2013; Cheng & Kung, 2016). Therefore, CSR emphasizes the importance of considering not only financial activities but also social responsibility activities of organizations.

Corporate social responsibility models provide frameworks for defining and implementing social activities in companies in a structured and systematic manner (Dastan & Bellikli, 2015: 181). There are several CSR models discussed in the literature, but this study focuses on five significant ones. The CSR pyramid model examines corporate social responsibility across four scopes: economic, legal, ethical, and charitable responsibilities, determining which areas are necessary, expected, or desired for companies. The social performance model emphasizes analyzing changing societal expectations, developing systematic approaches to address social demands, and finding appropriate solutions to social problems. The social responsibility model is based on five assumptions that explain why and how companies engage in activities that protect and enhance societal well-being and why they bear responsibility. The social sensitivity model, proposed by Robert W. Ackerman, emphasizes the importance of sensitivity as the primary goal of a company's social efforts rather than mere responsibility. The six-option model, developed by Philip Kotler, presents six options for companies to demonstrate social responsibility through charitable actions (Ackerman & Bauer, 1976; Carroll, 1991).

In summary, corporate social responsibility (CSR) holds significant importance for companies aiming to establish a respected position in society and enhance their reputation among customers, suppliers, competitors, and various stakeholders, including the government. Success in CSR not only builds trust in companies but also has a positive impact on sales as customers' value socially responsible practices. Therefore, achieving company sustainability is closely tied to the effectiveness of CSR initiatives.

The Relationship Between Accounting Conservatism and CSR

The relationship between accounting conservatism and corporate social responsibility (CSR) is grounded in two extensively studied theories: Stakeholder Theory and Agency Theory.

According to Stakeholder Theory, companies that adopt a stakeholder-oriented approach consider their corporate strategies as a commitment to benefit their stakeholders. This includes protecting stakeholders from risks and ensuring their well-being. Companies with conservative financial reporting practices can be seen as protecting their stakeholders from potential risks by exercising caution and reporting their financial information accordingly. Conservative reporting takes into account various negative scenarios and safeguards stakeholders' interests (Friedman, 1970; Cennamo et al., 2008; Bhandari & Javakhadze, 2017).

CSR also falls within the scope of Stakeholder Theory, as it emphasizes that companies should not only prioritize financial concerns but also fulfill their responsibilities towards all stakeholders. Therefore, based on this theory, it is possible to argue that there is a positive relationship between accounting conservatism and CSR, as both concepts aim to protect stakeholders and promote their well-being.

The legitimacy theory, which encompasses commercial and economic perspectives, is one of the theories that conceptually relates to corporate social responsibility (CSR). It suggests that companies should behave in ways that are deemed appropriate and desirable within established norms, values, beliefs, and social patterns. The theory emphasizes the importance of companies acting in accordance with informal morally defined norms in their interactions with stakeholders, going beyond formal obligations (Kuznetsov et al., 2009; Garanina & Aray, 2021).

CSR, in line with the legitimacy theory, serves as a control mechanism within the company, preventing managerial opportunism and safeguarding the interests of stakeholders (Harjoto & Laksmana, 2018). In light of these theories, it can be inferred that both accounting conservatism and CSR aim to protect stakeholder rights and mitigate opportunistic behaviors of management. However, CSR operates based on moral considerations, while accounting conservatism operates within the framework of accounting rules and regulations.

The agency theory, in contrast to CSR practices and accounting conservatism, presents a different perspective. Research studies have shown that companies may use stakeholder relationships to serve their own interests and hide their policies (Lins et al., 2017; Anagnostopoulou et al., 2021). Additionally, there is evidence that companies engage in CSR activities to hiding unethical practices and manipulate stakeholder beliefs (Hemingway & Maclagan, 2004; Choi et al., 2013). Managers often engage in CSR activities primarily to meet stakeholder expectations, sometimes as mere displays (Graafland & Smid, 2019).

Moreover, Friedman (1970:15) argues that a company's sole responsibility is towards its shareholders, with the primary objective being profit maximization. According to him, CSR practices can create agency problems. It is proposed that CSR activities can cause similar problems due to the knowledge asymmetry between internal and external stakeholders, which can result in aggressive accounting practices (Cheng et al., 2014).

Critics of conservatism claim that it undermines the principles of impartiality and accurate documentation in accounting, leading to biased financial information and exacerbating problems within companies, particularly the conflict of interest problem (Feltham & Ohlson, 1995; Zhang, 2000; Chi et al., 2009; Xie, 2015). These arguments adopt to the agency theory, suggesting that conservative accounting policies are detrimental to the company. However, it should be emphasized that conservatism practices do not necessarily harm stakeholder interests or create adverse situations for them, despite these opposing views. From this perspective, an inverse relationship between corporate social responsibility and accounting conservatism can be expected.

The Measurement of Accounting Conservatism and CSR

To measure conservatism, this study utilized *the asymmetric timeliness of earnings,* which is a well-known measurement method widely used in the literature. Additionally, other commonly used measurement methods in the literature include *the market-to-book ratio (MTB), asymmetry of accruals and cash flows, hidden reserves, and negative accruals* (Bellikli & Daştan, 2021). These methods help capture and review the level of conservatism in financial reporting.

The asymmetric timeliness of earnings measurement method involves accounting for negative news more promptly than positive news. In this method, the focus is on the degree of asymmetry in the timeliness of earnings, where greater asymmetry indicates higher accounting conservatism. To estimate the level of accounting conservatism, a cross-sectional regression equation, as depicted in Equation 1 (Basu, 1997: 13), was developed. This equation allows for quantifying and analyzing the extent of conservatism in financial reporting.

$$EPS_{it}/SP_{it}=\alpha_0+\alpha_1 DM_{it}+\beta_0 SR_{it}+\beta_1 SR_{it}\times DM_{it}+\varepsilon_{it} \qquad (1)$$

EPS_{it} : earnings per share of entity i in year t,

SP_{it} : stock price of entity i in year t,

SR_{it} : stock return of entity i in year t,

DM_{it} : dummy variable i in year t.

In this measurement method, the linkage between earnings and stock returns is used to assess the response of earnings to good and bad news. A dummy variable is employed to differentiate between good news and bad news, allowing for the estimation of separate coefficients. When stock returns are positive or zero (good news), the dummy variable is 0, and the coefficient associated with good news is denoted as $\beta_{0.}$ Conversely, when stock returns are negative (bad news), the dummy variable is 1, and the coefficient associated with bad news is $\beta_0+\beta_1$. The β_1 coefficient in the equation is a sign of accounting conservatism, with a larger coefficient indicating a greater level of conservatism for the company (Basu, 1997: 14).

When reviewing the literature, it is evident that the measurement method of asymmetric timeliness of earnings is widely used in empirical studies focusing on accounting conservatism. Consequently, this method was also employed in the present study to measure conservatism.

The BIST Corporate Governance Index in Turkey provides a favorable opportunity for assessing corporate social responsibility. This index includes companies listed on the Main Market and Sub-Market that have achieved a corporate governance compliance rating of at least 8 out of 10 for overall compliance and at least 7 out of 10 for each main category. The assessment of compliance with Corporate Governance Principles is conducted by authorized rating agencies under the supervision of the Capital Market Board (CMB) (https://borsaistanbul.com/tr/sayfa/163/kurumsal-yonetim-endeksi).

The rating agencies authorized by the CMB assign scores to companies based on four main principles of corporate governance. These principles encompass *shareholders, public disclosure and transparency, stakeholders, and the board of directors.* Sub-criteria are established for each principle, and rating agencies assign separate scores to each sub-criterion. Ratings are given on a scale of 1 (weakest) to 10 (strongest). To determine the overall rating, the following weights are applied to each main principle in accordance with the CMB's Corporate Governance Principles:

- Shareholders 25%
- Public disclosure and transparency 25%
- Stakeholders 15%
- The board of directors 35%

The last score of a company is calculated by applying these weights. The scores obtained from the corporate governance rating can also be considered as scores related to the CSR activities of the companies. This is because the principles encompass all stakeholders within the scope of CSR activities. In this study, the scores assigned to companies by the rating agencies were used as a basis for measuring CSR.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Indeed, the financial failures and scandals in the past have highlighted the significant conflicts of interest between companies and their stakeholders. Misleading financial statements have played a central role in such situations, causing severe harm to companies and their stakeholders. Cases like WorldCom, Parmalat, and Enron serve as stark reminders of the consequences of unethical financial practices. They have resulted in significant financial losses, bankruptcy, and the erosion of trust in the corporate sector. These examples underscore the importance of transparency, ethical financial reporting, and accountability to ensure the protection of the interests of stakeholders and ensure the long-term sustainability of companies.

According to stakeholder theory, the management of a company's interactions with its stakeholders, which encompass auditors, creditors, shareholders, employees, and society, is essential to the success of the company (Freeman, 1984; Caplan, et al., 2013). Considering the accounting scandals in question, the importance of stakeholder theory and the accounting conservatism and CSR it supports can be better understood.

Researchers have provided valuable insights into the impact of capital structure, firm size, liquidation risk, growth opportunities, bargaining power, management mechanisms, and the gender of CEOs and CFOs on the level of conservative reporting (Ahmed & Duellman, 2007; LaFond & Watts, 2008; Francis et al., 2015). However, limited study has been conducted on whether companies that prioritize CSR and its applications also prioritize conservative reporting. This study discusses some of the existing literature that explores this question.

Ahmed and Duelman (2007) investigated the relationship between corporate governance and accounting conservatism. It was determined that conservatism is negatively related to internal management within the enterprise and positively related to its external stakeholders.

LaFond and Watts (2008) focused on knowledge asymmetry and accounting conservatism, and found that accounting conservatism raises knowledge asymmetry. Kung et al. (2008) examined the relationship between the institutional structures of countries and accounting conservatism, and found that the institutional structures of countries have a strong interaction with accounting conservatism.

García Lara et al. (2009a) investigated the relationship between corporate governance and accounting conservatism and found a positive relationship between the two variables in only one method, despite using three different measurement methods. Hui et al. (2009) discussed the relationship between knowledge asymmetry and accounting conservatism, and determined that conservatism reduces knowledge asymmetry, thereby reducing the need to receive bad news.

Yunos et al. (2014) examined the effect of companies' boards of directors and audit committees on accounting conservatism. The study found that independent board members and the ratio of financial expertise had a positive effect on conservatism.

Polat (2016) conducted research on the relationship between corporate governance and accounting conservatism. The study revealed a positive relationship between corporate governance and accounting conservatism.

Gor and Tekin (2018) examined the relationship between corporate governance practices that improve the independence of boards of directors and conservatism. The evidence of the study presents a negative relationship between conservatism and corporate governance practices that promote board independence.

Guo et al. (2020) examined the relationship between accounting conservatism and CSR, and observed that there is a positive relationship between the level of conservatism in financial reporting and the extent of social responsibility activities assumed by companies.

Anagnostopoulou et al. (2021) investigated the relationship between accounting conservatism and CSR and found a negative relationship between the level of conservatism and the orientation of companies towards CSR activities. Noor et al. (2021) examined the relationship between CSR and accounting conservatism, considering conservatism as a mediating variable. The study revealed that CSR practices have an effect on conservatism.

In their study on the effect of corporate governance and social responsibility on accounting conservatism, Mardiana et al. (2022) observe that corporate governance and social responsibility activities did not have a significant effect on conservatism.

Garanina & Kim (2023) examined the relationship between CSR and accounting conservatism and concluded that companies prioritizing CSR practices exhibit a higher level of conservatism in their financial reporting.

Research on the relationship between accounting conservatism and CSR has revealed that the relationship between the two variables can be both positive and negative. Considering the two theories (Stakeholder and Agency Theories) described in *the title of The Relationship between Accounting Conservatism and CSR* in this article, these results are quite acceptable. Therefore, for this study, as in many previous studies, we developed the hypotheses in the light of these two theories. However, while developing the hypotheses, we did not question whether the relationship between the two variables is positive or negative, contrary to previous studies and consistent with the accounting conservatism measurement method. Whether there is a same or inverse relationship between accounting conservatism and CSR revealed the hypotheses of this research. Therefore, our first hypothesis based on Stakeholder Theory is as follows:

H_{1a}: There is a positive relationship between accounting conservatism and CSR.

The second hypothesis, which is based on the Agency Theory, is constructed as follows:

H_{1b}: There is a negative relationship between accounting conservatism and CSR.

Especially the fact that this subject has been studied in foreign literature in recent years, but a few study in the domestic literature is the focus of this study. A few study on the relationship between accounting conservatism and CSR in the domestic literature is a key aspect of this study.

EMPIRICAL RESEARCH DESIGN AND METHODOLOGY

Sample Selection, Data and Using Method

The purpose of this study is to measure whether the companies in the BIST Corporate Governance Index have conservative accounting policies and to examine the impact of companies' conservatism on CSR and its components. There are 53 companies listed in the BIST Corporate Governance Index. However, all 29 companies for which complete data was obtained were included in the research and 290 observations were obtained. Because it was not possible to obtain data for all companies during the period of 2013-2022, which formed the basis of the research. Among the reasons for this situation are the fact that some of the companies included in the BIST Corporate Governance Index are newly established, and some were included in the index at a later stage. As a result, the CSR scores could not be calculated retrospectively.

One of the most important stages of econometric research is the collection of data for variables. In addition to collecting data accurately from reliable sources, collecting data in a manner that is appropriate for the chosen model significantly influences the reliability of the estimates. In this context, three kinds of data can be mentioned in econometric analysis: time series, cross-sectional, and panel data (Tatoglu, 2016: 1). In this study, panel data analysis has been used as it allows for the union of time series and cross-sectional data.

The Study Models

The research model in this study is based on the accounting conservatism measurement method developed by Basu (1997). The measurement method developed by Basu (1997) has been mentioned earlier in the study. In the measurement method, the high coefficient indicating accounting conservatism and the occurrence of asymmetric timeliness with respect to stock returns are considered as indicators of conservatism in firms. Firstly, the cross-sectional regression equation developed by Basu (1997) was used to examine whether companies have conservative accounting policies. Secondly, by replacing the independent variable with CSR and its components, five additional equations were created in the relevant equation. Therefore, the test was conducted to determine whether the conservatism coefficient has the same effect on CSR and its components. Considering of the explanations, the research model is shown in Figure 1.

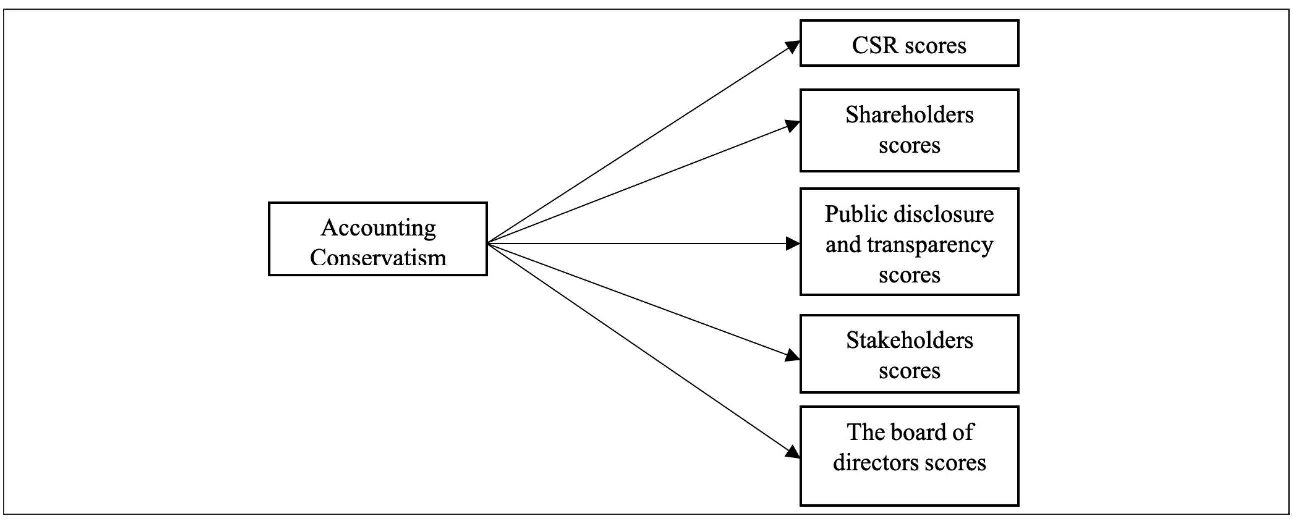

Figure 1. Research Model

Table 1. Study Models

Models	Equations
1	$EPS_{it}/SP_{it}=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$
2	$CSR_{it}=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$
3	$SHOLD_{it}=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$
4	$PDT_{it}=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$
5	$STAKE_{it}=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$
6	$TBOD=\alpha_{it}+\beta_1 DM_{it}+\beta_2 SR_{it}+\beta_3 SR_{it}\times DM_{it}+\mu_{it}+\varepsilon_{it}$

The equations related to the study are shown in Table 1:

The terms in the equations can be explained as follows:

α_{it} constants,

β_1, β_2, β_3 coefficients,

μ_{it} error terms components according to year or firm,

ε_{it} error terms

The variables shown in Table 1, explanations about the variables and the sources from which the variable was obtained are shown in Table 2.

Empirical Results

Table 2. Variables of Study Models

Variable	Explanation	Source
EPS	Earnings per share	Financial or Income Statements
SP	Stock price	Financial websites
DM	Dummy variable	Good news 0 or bad news 1
SR	Stock return	Income Statements
CSR	Corporate Social Responsibility points	Corporate governance rating reports
SHOLD	Shareholders points	″
PDT	Public disclosure and transparency points	″
STAKE	Stakeholders points	″
TBOD	The board of directors points	″

Before conducting statistical analyses on time series data, it is necessary to examine whether the underlying process of that series is stationary over time, i.e., the stationarity of the series needs to be investigated. Working with non-stationary series and drawing conclusions based on them can lead to unreliable results in traditional t-tests, F-tests, and R-squared values. Non-stationary series can exhibit trends, seasonality, or other patterns that violate the assumptions of these tests, potentially leading to misleading or inaccurate results. Therefore, it is crucial to address the issue of non-stationarity appropriately before conducting statistical analyses on time series data (Tatoglu, 2016: 199).

In cases where the sample size (N) in the research is greater than the time periods (T), a suitable test called the Harris-Tzavalis (1999) first-generation panel unit root test is used. This test is appropriate for panel data analysis and helps decide the existence of unit roots in the data, addressing the issue of non-stationarity in panel datasets. The test results show that the null hypothesis (H_0) suggests the presence of unit roots in the panels, while the alternative hypothesis suggests that the panels are stationary. The tests results are shown in Table 3.

The test results indicate that the null hypothesis is rejected and the alternative hypothesis is accepted, it implies that there is evidence to suggest that the panels are stationary rather than containing unit roots. This suggests that the time series data in the panels exhibit a stable and consistent behavior over time.

Table 3. The Harris-Tzavalis Test

	EPS/SP	SR	SR×DM	CSR	SHOLD	PDT	STAKE	TBOD
statistic	0,0103	0,0229	0,3427	0,1825	0,1492	0,1944	0,1934	0,1975
p value	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000

Table 4. Descriptive Statistics

Variables	Obs.	Mean	Std. Dev.	Min.	Max.	Skewness	Kurtosis
EPS/SP	290	0,2578	0,6682	-0,8321	6,8839	5,7023	46,7774
DM	290	0,1483	0,3560	0	1	1,9795	4,9183
SR	290	1,8144	6,6393	-19,28	69,41	5,9046	51,6072
SR×DM	290	-0,2272	1,6465	-19,28	0	-10,8152	123,9556
CSR	290	8,9447	1,6452	0	9,81	-4,9985	27,3172
SHOLD	290	8,8920	1,6533	0	9,82	-4,8328	26,1662
PDT	290	9,1470	1,7013	0	9,95	-4,8348	26,1327
STAKE	290	9,0639	1,7300	0	9,98	-4,4866	23,6019
TBOD	290	8,7806	1,6166	0	9,81	-4,9761	27,2097

After conducting panel stationarity analysis, descriptive statistics have been provided. These statistics provide insights into the distribution and variability of the variables in the panel dataset. The descriptive statistics are shown in Table 4.

When considering descriptive statistics, it is evident that companies prioritize CSR and its components. The emphasis placed on CSR and its components suggests that companies recognize the importance of social responsibility and are actively focusing on areas such as environmental sustainability, community engagement, ethical practices, and stakeholder relationships. This observation aligns with the growing global awareness of corporate social responsibility and the increasing expectations from various stakeholders for companies to carry out activities in a socially accountable manner.

It is observed that the ratings given by rating agencies for corporate social responsibility and its components are generally close to or above 9. Such high ratings suggest that these companies are actively demonstrating their commitment to corporate social responsibility and are meeting or surpassing the expectations set by the rating agencies.

Variance Inflation Factor (VIF) values were examined in the study to assess the issue of multicollinearity among the variables used. VIF values less than 5 indicate the absence of multicollinearity problem among the variables. The relationship between the variables and the correlation table indicating the direction of this relationship are shown in Table 5.

Within the scope of the research, with the intention of determine which estimator among the classical pooled

Table 5. Pearson Correlation

	EPS/SP	DM	SR	SR×DM	CSR	SHOLD	PDT	STAKE	TBOD
EPS/SP	1								
DM	-0,2990	1							
SR	0,4643	-0,2107	1						
SR×DM	0,1067	-0,3313	0,2906	1					
CSR	0,0158	0,0602	0,0674	-0,0481	1				
SHOLD	0,0057	0,0593	0,0600	-0,0415	0,9873	1			
PDT	-0,0102	0,0748	0,0458	-0,0409	0,9888	0,9679	1		
STAKE	0,0190	0,0431	0,0848	-0,0509	0,9811	0,9601	0,9657	1	
TBOD	0,0398	0,0581	0,0803	-0,0561	0,9940	0,9731	0,9794	0,9682	1

Table 6: The Tests of Choose an Estimation Method

Models	1	2	3	4	5	6
Firm Effect	3,74 (0,00) Yes	2,03 (0,07) Yes	5,68 (0,01) Yes	1,30 (0,13) No	8,93 (0,00) Yes	1,35 (0,12) No
Time Effect	0,68 (0,73) No	22,39 (0,00) Yes	23,75 (0,00) Yes	23,58 (0,00) Yes	18,70 (0,00) Yes	5,56 (0,00) Yes
Hausman	23,48 (0,00)	0,56 (0,91)	0,45 (0,93)	0,49 (0,92)	0,64 (0,89)	-

Table 7: The Basic Assumption Tests

Models	1	2	3	4	5	6
Wald Test/ LBF Test	11,52 (0,00)	6,0601 1,4684 2,8100	5,6606 1,3918 2,4589	6,0638 1,4375 2,8700	5,8198 1,5296 2,7610	30,74 (0,00)
Bhargava D-W Test*	1,4802	0,9870	1,0302	0,9801	0,9815	0,9678
Baltagi Wu LBI*	2,0896	1,6688	1,7322	1,6447	1,6491	1,6417
Pesaran CD	1,0470 (0,2952)	32,8560 (0,0000)	23,5220 (0,0000)	24,3440 (0,0000)	15,7350 (0,0000)	22,6770 (0,0000)

*The critical value for tests is 2. If the test results are less than 2, it indicates the presence of autocorrelation issue.

Ordinary Least Squares (OLS), fixed effects, or random effects estimators is valid, several tests were conducted. First, the F (Chow) test was performed, followed by the Breusch Pagan (1980) test, and based on the results of these tests, the Hausman test was conducted. Choose an estimation method is shown in Table 6.

According to the results in Table 6, it is understood that fixed effects are valid for Model 1 and Model 6, and random effects are valid for other models.

After determining the estimators, basic assumption tests were conducted to identify issues such as heteroscedasticity, autocorrelation, and cross-sectional dependence in the models. In fixed effects models, the Modified Wald Test was used to detect the issue of heteroscedasticity. In random effects models, the Levene-Brown Forsythe Test was employed for the same purpose. For the detection of autocorrelation in both fixed effects and random effects models, tests such as the Bhargava et al. Durbin-Watson (DW) test and the Baltagi-Wu LBI test were utilized. The Pesaran test was employed to assess cross-sectional dependence in the models. The basic assumption tests are shown in Table 7.

According to the test results, only Model 1 does not exhibit autocorrelation but shows issues with heteroscedasticity and cross-sectional dependence. Additionally, all other models demonstrate problems with heteroscedasticity, autocorrelation, and cross-sectional dependence. In panel data analysis, it can be stated that the obtained results are reliable when the basic econometric assumptions are met. When the assumptions are tested and econometric issues are identified in panel data analysis, it is necessary to use robust estimators to address these problems. Therefore, in Models 1-5, the Arellano, Froot, Rogers robust estimators were used to address the identified issues, and robust standard errors were obtained. In Model 6, the Driscoll-Kraay estimator was employed to mitigate the problems, and robust standard errors were calculated accordingly.

The conservatism status of the companies included in the BIST Corporate Governance Index has been primarily evaluated in the research. When examining the research results in Table 8, it is important to determine whether companies exhibit asymmetric timeliness of earnings in the context of good and bad news, based on the

Table 8: The Effect of Accounting Conservatism on CSR and its Components

Models	1	2	3	4	5	6
Variables	**EPS/SP**	**CSR**	**SHOLD**	**PDT**	**STAKE**	**TBOD**
C	0,2607[a] (0,0375)	8,8549[a] (0,1408)	8,8105[a] (0,1510)	9,0568[a] (0,1415)	8,9710[a] (0,1613)	8,7150[a] (0,2634)
DM	-0,4715[a] (0,1023)	0,2513 (0,1566)	0,2576 (0,1448)	0,3257[b] (0,1650)	0,2212 (0,1948)	0,1165 (0,1662)
SR	0,0312[b] (0,0156)	0,0220[a] (0,0083)	0,0193[b] (0,0080)	0,0182[b] (0,0088)	0,0248[a] (0,0079)	0,0189[c] (0,0095)
SR×DM	-0,0456[b] (0,0247)	-0,0556[a] (0,0147)	-0,0493[a] (0,0129)	-0,0390[b] (0,0151)	-0,0661[a] (0,0195)	-0,0620[b] (0,0237)
R^2	0,4591	0,0681	0,0436	0,0608	0,0568	0,0060
Observations	290	290	290	290	290	290

The robust standard errors are provided in parentheses.
a, b, and c represent the significance levels of 1%, 5%, and 10%, respectively.

measurement method adopted in the study. According to this, when news is good, the dummy variable takes a value of 0, and the impact of conservatism coefficient on the dependent variable EPS/SP (0.0312-0 = 0.0312) is positive. In the case of bad news, the dummy variable takes a value of 1, and the impact of the conservatism coefficient on the dependent variable EPS/SP (-0.0144) is negative (0.0312-0.0456 = -0.0144). Yes, earnings exhibit asymmetric timeliness in both cases of good and bad news. Therefore, *it can be concluded that the companies included in the study prioritize conservative accounting policies and apply them in their financial statements*. Does the conservatism coefficient have the same effect, i.e., asymmetric timeliness, on the corporate social responsibility score and its components? According to the research results, the answer to this question is Yes. This situation is summarized in Table 9.

When examining Table 9, it can be observed that the conservatism coefficient induces asymmetry on all dependent variables. However, it is observed that the largest impact is exerted on the board of directors score and stakeholders score. This situation implies that companies with conservative accounting policies prioritize the interests of internal management while also valuing external stakeholders. Therefore, in line with stakeholder theory, the *H1a hypothesis is accepted,* indicating that *the hypothesis H1b is rejected*. The obtained results align with findings from studies conducted by García Lara et al. (2009a), Hui et al. (2009), Yunos et al. (2014), Polat (2016), Gor and Tekin (2018), Guo et al. (2020), and Garanina & Kim (2023) in the literature. However, there is a lack of alignment between the results of this study and those of studies conducted by Ahmed and Duelman (2007), LaFond and Watts (2008), and Anagnostopoulou et al. (2021) in the literature. In the other examined studies, as mentioned in the literature, a statistically significant relationship between accounting conservatism and corporate social responsibility or corporate governance could not be established.

Table 9: The Effects of Good and Bad News.

	EPS/SP	**CSR**	**SHOLD**	**PDT**	**STAKE**	**TBOD**
Good News	0,0312	0,0220	0,0193	0,0182	0,0248	0,0189
	Positive	Positive	Positive	Positive	Positive	Positive
Bad News	-0,0144	-0,0336	-0,0300	-0,0208	-0,0413	-0,0431
	Negative	Negative	Negative	Negative	Negative	Negative
Asymmetry	Yes	Yes	Yes	Yes	Yes	Yes

CONCLUSION AND RECOMMENDATIONS

Accounting conservatism protects the interests of the company shareholders, reduces the knowledge asymmetry between the internal and external stakeholders of the company, ensures the harmony between the interests of the equity holders and the lenders of the company, and thus finds solutions to the agency problems. Managers can avoid conservative accounting policies. Because managers have to bear the mentioned costs as a result of conservative reporting, and therefore company managers are in an effort to create a balance by maintaining the knowledge asymmetry between them and external stakeholders. CSR is of great importance for all companies that want to gain a more respected place in the society, and to raise their reputation to higher levels in the eyes of customers, suppliers, competitors and all stakeholders such as the government. While success in corporate social responsibility increases the trust in companies, this trust of customers also reflects positively on sales. For this reason, it can be stated that ensuring company sustainability depends on the success achieved in corporate social responsibility.

The results of this study indicate that the examined firms adhere to conservative accounting policies, and these policies have an impact on earnings asymmetry. Furthermore, it is observed that the conservatism coefficient has a greater effect on specific stakeholders such as the board of directors score and customer benefits score. The conservatism coefficient indicates that firms reflect their earnings more cautiously in their financial statements, leading to different reactions of earnings to good and bad news.

Based on these findings, it is recommended that companies continue to implement conservative policies and maintain their responsibilities towards stakeholders. Additionally, it is important to establish and sustain effective governance boards to maintain a balance among stakeholders and prevent conflicts of interest. This emphasizes the importance for companies to make decisions that consider both internal management interests and the needs of external stakeholders.

These findings provide valuable guidance to companies in maintaining conservative accounting policies and preparing their financial statements to reflect the needs of stakeholders. Additionally, it highlights the significance of establishing effective corporate governance structures and increasing transparency and accountability to achieve a balance among stakeholders.

Future research could delve into exploring the impact of conservatism policies on other stakeholders in more detail. Comparative analyses with the results of similar studies conducted in different sectors and countries could also be beneficial.

In conclusion, it is crucial for companies to uphold conservative accounting policies, considering both internal management interests and responsibilities towards external stakeholders. This is a critical factor in developing a sustainable company strategy and achieving long-term success. However, it is important to consider the limitations of this research. The study has focused on a specific sample, and different results may be obtained in other industries or countries. Furthermore, the impact of conservatism policies on other stakeholders remains an area that requires further research.

REFERENCES

Ackerman, R. W. & Bauer, R. A. (1976). *Corporate Social Responsiveness: The Modern Dilemma,* Virginia: Boston Publishing Company.

Ahmed, A. S. & Duellman, S. (2007). Accounting Conservatism and Board of Director Characteristics: An Empirical Analysis, Journal of Accounting and Economics, 43(2-3), 411-437.

Ahmed, A. S., Billings, B. K., Morton, R. M. & Stanford-Harris, M. (2002). The role of accounting conservatism in mitigating bondholder-shareholder conflicts over dividend policy and in reducing debt costs. The Accounting Review, 77(4), 867-890.

Anagnostopoulou, S. C., Tsekrekos, A. E. & Voulgaris, G. (2021). Accounting conservatism and corporate social responsibility. The British Accounting Review, 53(4). https://doi.org/10.1016/j.bar.2020.100942 100942.

Avrupa Birliği Komisyonu (1995), *Accounting Advisory Forum,* Prudence and Matching, XV/7002, Brüksel.

Ball, R. & Shivakumar, L. (2005). Earnings quality in UK private firms: Comparative loss recognition timeliness. Journal of Accounting and Economics, 39(1), 83-128.

Basu, S. (1997). The conservatism principle and the asymmetric timeliness of earnings. Journal of Accounting and Economics, 24(1), 3-37.

Beaver, W. H. & Ryan, S. G. (2000). Biases and Lags in Book Value and Their Effects on the Ability of the Book-to-Market Ratio to Predict Book Return on Equity, Journal of Accounting Research, 38(1), 127-148.

Bellikli, U. & Daştan, A. (2021). Accounting Conservatism and Intellectual Capital: Evidence from Turkey with Comparison Models and Sectors. Ege Academic Review, 21 (4), 333-355.

Beneish, M. & Press, E. (1993). Costs of technical violations of accounting-based debt covenants. The Accounting Review, 68(2), 233-257.

Bhandari, A. & Javakhadze, D. (2017). Corporate social responsibility and capital allocation efficiency. Journal of Corporate Finance, 43, 354-377.

Buchanan, B., Cao, C. & Chen, C. (2018). Corporate social responsibility, firm value, and influential institutional ownership. Journal of Corporate Finance, 52, 73-95.

Burke, Q. L., Chen, P. C. & Lobo, G. J. (2020). Is corporate social responsibility performance related to conditional accounting conservatism? Accounting Horizons, 34(2), 19-40.

Caplan, D., Dutta, S. K. & Lawson, R. A. (2013). Corporate social responsibility initiatives across the value chain. Journal of Corporate Finance & Accounting, 24(3), 15-24.

Carroll, A. B. (1979). A Three-Dimensional Conceptual Model of Corporate Performance, The Academy of Management Review, 4(4), 497-505.

Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons, 34(4), 39-48.

Cennamo, C., Berrone, P. & Gomez-Mejia, L. (2008). Does stakeholder management have a dark side. Journal of Business Ethics, 89, 491-507.

Cheng, B., Ioannou, I. & Serafeim, G. (2014). Corporate social responsibility and access to finance. Strategic Management Journal, 35(1), 1-23.

Cheng, C. & Kung, F. (2016). The effects of mandatory corporate social responsibility policy on accounting conservatism. Review of Accounting and Finance, 15(1), 2-20.

Chi, W., Liu, C. & Wang, T. (2009). What Affects Accounting Conservatism: A Corporate Governance Perspective, Journal of Contemporary Accounting and Economics, 5(1), 47-59.

Choi, B. B., Lee, D. & Park, Y. (2013). Corporate social responsibility, corporate governance and earnings quality: Evidence from Korea. Corporate Governance: An International Review, 21(5), 447-467.

Daştan, A. & Bellikli, U. (2015). Kurumsal Sosyal Sorumluluk ve Muhasebe Etkileşimi: Türkiye'de Kurumsal Yönetim Endeksine Dâhil İşletmelerde Bir Araştırma. Eskişehir Osmangazi Üniversitesi İktisadi ve İdari Bilimler Dergisi, 10 (1), 177-208.

Feltham, G. A. & Ohlson, J. A. (1995). Valuation and Clean Surplus Accounting for Operating and Financial Activities, Contemporary Accounting Research, 11(2), 689-731.

Financial Accounting Standards Board (FASB) (1980), *Concepts Statement Nr. 2: Qualitative Characteristics of Accounting Information,* Norwalk, CT.

Flammer, C. & Bansal, P. (2017). Does a long-term orientation create value? Evidence from a regression discontinuity. Strategic Management Journal, 38(9), 1827-1847.

Francis, B., Hasan, I., Park, J. & Wu, Q. (2015). Gender differences in financial reporting decision-making: Evidence from accounting conservatism. Contemporary Accounting Research, 32(3), 1285-1318.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach.* Boston: Pitman.

Friedman, M. (1970). Comment on Tobin. The Quarterly Journal of Economics, 84(2), 318-327.

Gao, F., Lisic, L. L. & Zhang, I. X. (2014). Commitment to social good and insider trading. Journal of Accounting and Economics, 57(2-3), 149-175.

Garanina, G. & Kim, O. (2023). The relationship between CSR disclosure and accounting conservatism: The role of state ownership, Journal of International Accounting, Auditing and Taxation, 50, 1-24.

Garanina, T. & Aray, Y. (2021). Enhancing CSR disclosure through foreign ownership, foreign board members, and cross-listing: Does it work in Russian context? Emerging Markets Review, 46.

García L. J., García O. B. & Penalva, F. (2009). Accounting conservatism and corporate governance. Review of Accounting Studies, 14(1), 161-201.

Gör, Y. & Tekin, B. (2018). Muhafazakâr muhasebe uygulamalarının kurumsallaşmış şirketlerdeki etkisi üzerine bir çalışma. İşletme Çalışmaları Dergisi, 10(2), 13-26.

Graafland, J. & Smid, H. (2019). Decoupling among CSR policies, programs, and impacts: An empirical study. Business & Society, 58(2), 231-267.

Gras-Gil, E., Palacios Manzano, M. & Hernández Fernández, J. (2016). Investigating the relationship between corporate social responsibility and earnings management: Evidence from Spain. BRQ Business Research Quarterly, 19(4), 289-299.

Guo, J., Huang, P. & Zhang, Y. (2020). Accounting conservatism and corporate social responsibility, Advances in Accounting, 51, 1-10.

Harjoto, M. & Laksmana, I. (2018). The impact of corporate social responsibility on risk taking and firm value. Journal of Business Ethics, 151(2), 353-373.

Hemingway, C. A. & Maclagan, P. W. (2004). Managers' personal values as drivers of corporate social responsibility. Journal of Business Ethics, 50(1), 33-44.

https://borsaistanbul.com/tr/sayfa/163/kurumsal-yonetim-endeksi (Erişim: 15.05.2023).

Hui, K. W., Matsunaga, S. & Morse, D. (2009). The Impact of Conservatism on Management Earnings Forecasts, Journal of Accounting and Economics, 47(3), 192-207.

International Accounting Standards Board (IASB) (2002). *Framework for the Preparation and Presentation of Financial Statements, the IFRS Framework,* New York.

Khan, M. & Watts, R. L. (2009). Estimation and empirical properties of a firm-year measure of accounting conservatism. Journal of Accounting and Economics, 48(2-3), 132-150.

Kim, Y., Li, S., Pan, C. & Zuo, L. (2013). The role of accounting conservatism in the equity market: Evidence from seasoned equity offerings. The Accounting Review, 88(4), 1327-1356.

Kung, F. H. A., Ting, C. W. & James, K. (2008). Accounting conservatism in greater China: The influence of institutions and incentives. Asian Review of Accounting, 16(2), 134-148.

Kuznetsov, A., Kuznetsova, O. & Warren, R. (2009). CSR and the legitimacy of business in transition economies: The case of Russia. Scandinavian Journal of Management, 25(1), 37-45.

LaFond, R. & Watts, R. L. (2008). The information role of conservatism. The Accounting Review, 83(2), 447–478.

Lin, Z. J. & Chen, F. (1999). Applicability of The Conservatism Accounting Convention in China: Empirical Evidence, The International Journal of Accounting, 34(4), 517-537.

Lins, K. V., Servaes, H. & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. The Journal of Finance, 72(4), 1785-1824.

Mardiana, N., Nuzula, N. F. & Damayanti, C. R. (2022). Corporate Governance and Socially Responsible an Accounting Conservatism and Earnings Management in Indonesia's Soe Enterprises, Profit: Jurnal Administrasi Bisnis, 16(2), 216-229.

Noor, A., Lahaya, I. A., Kurniawan, I. S., Najat, S. & Hafidz, S. A. (2021). CSR Disclosures: Role and Relationship to Accounting Conservatism in Improving Earnings of Quality, Jurnal Keuangan dan Perbankan, 25(3), 585-598.

Parsa, S., Dai, N., Belal, A., Li, T. & Tang, G. (2021). Corporate social responsibility reporting in China: Political, social and corporate influences. Accounting and Business Research, 51(1), 36-64.

Polat, Z. G. (2016). *Muhasebede* İhtiyatlılık *ve Kurumsal Yönetim: Borsa İstanbul* Üzerine *Ampirik Bir Uygulama,* Master Dissertation, Dumlupınar Üniversitesi-Sosyal Bilimler Enstitüsü.

Ruch, G. W. & Taylor, G. (2015). Accounting conservatism: A review of the literature. Journal of Accounting Literature, 34, 17-38.

Tatoğlu, F. Y. (2016). *Panel Veri Ekonometrisi (Stata Uygulamalı),* Genişletilmiş 3. Baskı, İstanbul: Beta Yayınları.

Watts, R. L. (2003). Conservatism in accounting e Part I: Explanations and implications. Accounting Horizons, 17(3), 207-221.

Xie, Y. (2015). Confusion over accounting conservatism: A critical review, Australian Accounting Review, 73, 25(2), 204-216.

Yu, W. & Zheng, Y. (2020). Does CSR reporting matter to foreign institutional investors in China? Journal of International Accounting. Auditing and Taxation, 40.

Yunos, R.M., Ahmad, S.A. & Sulaiman, N. (2014). The influence of internal governance mechanisms on accounting conservatism, Procedia-Social and Behavioral Sciences, 164, 501-507.

Zhang, X. (2000). Conservative Accounting and Equity Valuation, Journal of Accounting and Economics, 29(1), 125-149.