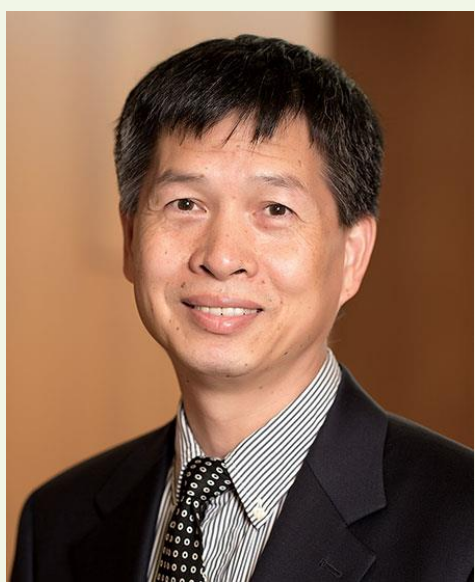


Academic Seminar

Constituency statutes and voluntary disclosure: Evidence from major customer identities

Corporate constituency statutes are legislation that allows persons with fiduciary duties to consider the interests of non-owner stakeholders (e.g., suppliers, employees, creditors, and communities) in decision making. We examine whether the adoption of these statutes affects the information environment of non-owner stakeholders. The information item of our interest is a company's disclosure of the identities of its major customers because this information is typically desired by non-owner stakeholders, but its disclosure would incur proprietary costs to shareholders. Ex ante, the relation is unclear because the statutes are permissive and because the effects of the statutes have been debated. We find a significant increase in the disclosure of major customer identities by firms incorporated in states that have adopted the statutes relative to firms incorporated elsewhere. The increase starts to appear in the year right after the adoption and sustains in subsequent years. The increase is more pronounced for firms that rely more upon suppliers, employees, or public debtholders or for firms headquartered in communities with stronger social networks and norms. Our evidence suggests that a serendipitous legal nudge toward non-owner stakeholders results in increased corporate disclosure of information desired by these stakeholders.



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Prof. Xie is a Chellgren Associate Professor at the University of Kentucky, USA. His research interests include earnings management, valuation, auditing, and cost of capital. His papers have been published in *The Accounting Review*, *Review of Accounting Studies*, *Contemporary Accounting Research*, *Journal of Banking and Finance*, *Accounting Horizons*, *Journal of Information Systems*, *Journal of Business Finance and Accounting*, and *Asia-Pacific Journal of Accounting and Economics*. He graduated with a Bachelor of Science from Shanghai Jiao Tong University, an MBA from the University of British Columbia, and a Ph.D. in Accounting from the University of Iowa.

Date: 24 November 2023 (Friday)

Time: 10:00 – 11:30 am

Venue: SEK 210, 2/F, Simon & Eleanor Kwok Building

Language: English