

# **Outline of Not Everything Is About Investors: The Case for Mandatory Stakeholder Disclosure**

## **1. Research purpose and significance**

The purpose of the article is to protect the interests of investors and incidentally provide a relevant information base for non-investors such as regulators, employees, competitor interests, communities, and other stakeholders, thereby helping to monitor corporate compliance with laws and other social norms.

## **2. Research question**

This paper addresses the question that needs to be answered: why corporate disclosure is not just about the interests of investors?

## **3. Type of scholarship**

Doctrinal: form and function of securities disclosure legislation and the value of disclosure for non-investor groups.

Descriptive: it traces the history of the proposed development of stakeholder-oriented disclosure.

Explanatory: it illustrates how the disclosure regime has shifted back to an investor-oriented approach.

## **4. What information is relied upon by the author? How is the information gathered and processed?**

Gather information on the practice and comparison of the law. In practice, this model of prohibitive norms plus ex-post penalties has proven to be inadequate for preventing corporate violations, many of which are not detected by regulators in a timely manner, hence the need for a reputation mechanism to control corporate violations.

## **5. The main argument**

Linking general disclosure requirements to investor status in the US results from a series of historical compromises.

## **6. Argumentation: reasoning, arguing – how the argument is made?**

First, the author argues that mandatory disclosure under securities law often requires a standard of materiality. She takes such as Google's parent company as an example; for large companies, much of the information that is material to stakeholders does not constitute materiality at the corporate level. Then, she states that Congress and the SEC have, in many cases, exempted companies from reporting and disclosure obligations for issuing securities, and the development of private markets has provided more possibilities

for companies to raise capital, thereby also reducing the need for public trading and disclosure by large companies.

**7. Conclusion/inference: what conclusion? Sensible?**

This conclusion is the need for companies to disclose information to the public that is not relevant to investors, just as the latest EU Directive requires large companies to regularly disclose information about their environmental impact, employee relations, respect for human rights and anti-corruption measures (ESG) to meet the needs of other stakeholders. It is sensible to help that a stakeholder-oriented disclosure system can now be structured in such a way as to ensure that all large companies (even nominally private ones) operate their businesses based on the principle of transparency.

**8. Concepts: what are the most important concepts/ideas one needs to know to understand the author's line of reasoning and argument?**

The most important concepts/ideas that should be known are with disclosure of financial information (including information on tax payments, anti-corruption measures and antitrust compliance), corporate governance, environmental protection, labour relations (including employee diversity, working conditions and remuneration), political activities and consumer protection (transparency, security, and privacy protection).

**9. What are the main assumptions? Are they sound?**

The main assumption is that companies only have a full disclosure obligation to the investor community places investors above other groups. It's sound that Even if the public demands information about the company's impact on the environment, its treatment of workers, its political activities, and its use of customer data, if there is no obligation to disclose relevant information to investors, then there is no obligation to disclose it to the public.

**10. What are the implications of this research?**

Implications of this research are to explicitly recognize the importance of the disclosure system for non-investor groups and explore the feasibility of designing a disclosure system that caters to the interests of non-investor groups.

**11. What's the author's point of view?**

The point of view of the author is that existing securities law disclosures do not maintain social control over corporate behaviour and do not protect stakeholders, and the recognition and establishment of a disclosure regime for non-investor groups are significant and needs to be addressed.