AUSTRALIAN JOURNAL OF BASIC AND APPLIED SCIENCES

ISSN:1991-8178 EISSN: 2309-8414
Journal home page: www.ajbasweb.com

The Factors Influencing Corporate Social Responsibility Disclosure in the Kingdom of Saudi Arabia.

Ayman I. F. Issa

PhD Candidates in the Dongbei University of Finance and Economics, Dalian, P.R. China

Address For Correspondence:
Ayman I. F. Issa, PhD Candidates in the Dongbei University of Finance and Economics, Dalian, P.R. China,
E-mail: Mr-ayman-i-f-i@hotmail.co.uk

ARTICLE INFO

Article history:
Received 28 May 2017
Accepted 22 July 2017
Available online 26 July 2017

Keywords:
Corporate Governance, Corporate Social Responsibility, The Arabian Gulf, Sustainable Reports.

ABSTRACT

BACKGROUND: In today's world of increased awareness regarding the concepts of corporate social responsibility (CSR) and corporate governance (CG), many firms in the developed countries consider noncompliance with CSR and CG standards as an important source of risk to their reputations with stakeholders. **OBJECTIVE:** The aim of this study is to investigate the relationship between the corporate social responsibility disclosure (CSRD) index and corporate factors, namely, board size, board independence, board meetings, CEO duality, a firm's size, leverage, profitability and age. This is the first known study in the case of Saudi Arabia to use the GRI 4th edition indicators to construct the CSRD index and evaluate Saudi listed firms. **Results:** The results show that profitability and size factor have positive and significant association with CSR disclosure in listed Saudi firms. While CG characteristics have no impact on CSR disclosure except board independence which has a negative impact. **Conclusion**: The average of CSRD index among Saudi firms is too low, it is about 11% that means Saudi firms disclose 11% of the information that they have to provide for stockholders according to GRI guidelines. Furthermore, the study concludes that the most polluted sectors "Energy and Petrochemical sectors" in the country disclose more information about CSR.

INTRODUCTION

Corporate social responsibility (CSR) and corporate governance (CG) are high on the agenda for policy makers, researchers and business managers in countries across the world. This has greater relevance after memorable cases such as Arthur Anderson, Worldcom and Enron in the USA. CG has been brought under greater scrutiny following the global financial crisis of 2007-2008 (Peters *et al*., 2011).

Attention has been drawn to CSR since the 1950s, when firms began to claim they had responsibilities to society and that their actions could benefit the community. In the 1960s CSR became an ethical obligation for firms, and then in 1980 the academia tried to expand the description of CSR concepts. Finally in the 21st century, CSR became an integral part of strategic company plans, and it has become a central reference of regulatory bodies and governments (Moura-Leite and Padgett, 2011).

Bhambu (2015) defines CSR as social activities that are required by law. CSR is an embodiment of the voluntary practice of sustainable CG, but not arbitrary in a company's main business and it is embedded in its business strategic plan. CSR can be practiced interchangeably with other patterns containing responsible competitiveness, corporate citizenship, or triple bottom-line, among others. It has been integrated into business strategies for years, but has progressively been involved in the profit making process. It goes beyond social goals and it has become a requirement in economic, social and environmental dimensions, and at the level of stakeholder relations (O'Riordan and Fairbrass, 2008).

To Cite This Article: Ayman I. F. Issa., The Factors Influencing Corporate Social Responsibility Disclosure in the Kingdom of Saudi Arabia. ***Aust. J. Basic & Appl. Sci.,*** *11(10): 1-19, 2017*

The CG concept is defined as the structures and processes for making a company directed and controlled. The main goal of CG is to make certain the flow of external investments to firms. The viewpoint of finance providers can be formulated as follows, "CG deals with the ways in which suppliers of finance to corporations assure themselves of getting a return on their investments." (Shleifer and Vishny, 1997). The tasks of CG include the relationships among the management, Board of Directors, controlling shareholders, minority shareholders rights and other stakeholders. The important benefit of good CG is that it provides the sustainability of economic development by providing a robust corporate performance and increasing the flow of capital from the outside (The World Bank, 2009).

A clear interrelationship exists between CSR and CG; therefore CSR can be elucidated as a firm's ability to influence the ecological, social and economic development in a positive manner through its governance practices and market presence (Krechovská and Procházková, 2014). CG, CSR and corporate ethical concepts have some common features and all these three concepts are interrelated. CG demands that CEOs provide more transparency and accountability, whereas corporate social responsibility involves supporting the surrounding community with social activities. Ultimately, business ethics clarify moral values for the employees in order to help managers to make their firms more accountable and transparent (Tayşir and Pazarcık, 2013).

The Kingdom of Saudi Arabia (KSA) is taken as an example of emerging markets because of a number of reasons. First, Saudi Arabia has outstanding traits. The KSA is an Arab emerging country that has strict religious rules, which are different from the developed countries in terms of social and political aspects and traditions. And these socio-cultural factors play a very important role in the society's philosophy. For instance, Islamic principles affect every aspect of Saudi social life "the daily life, business, law, economics and political" (Peters *et al*., 2011; Habbash *et al*., 2016; Khan *et al*., 2013; Alsaif, 2015). However, socio-cultural and Islamic principles are highly relevant and supportive of the adoption of a CSR system in KSA (Alsaif, 2015; Khan, 2013). Moreover, CSR system is in the early stage of development in KSA, CG code was applied in 2007; this code is influenced significantly by the Islamic principles (Mandurah *et al*., 2012; Khan, 2013; Albassam, 2014). Second, The KSA is a member of the Gulf Co-operation Council (GCC) and one of the biggest economies in the world and it is a member of the G20 (Khurshid *et al*., 2014; Alsaif, 2015). It has a position of leadership in the Arab region, it represented 25% of the total Arab GDP and 44% of total Arab market capitalization in 2010 (Alshehri and Solomon, 2012; Albassam, 2014). Further, Saudi Arabia is a petroleum-based economy which possesses 20 % of the world's proven reserve. It is the largest exporter of oil in the world and is one of the largest oil producers in OPEC, with about 31% of the total OPEC production in 2010 (Khan, 2013; Albassam, 2014). Third, internationally published material on the KSA in the context of CSR is limited (Khan, 2010; Hussainey and Salama, 2010; Al-Moataz and Hussainey, 2012; Khurshid *et al*., 2014; Khan, 2013; Habbash *et al*., 2016).

Numerous studies examine the relationship between the corporate social responsibility disclosure (CSRD) and good CG practices in different countries especially in developed nations. CG in KSA is a recent concept, and the Saudi authorities only released the Corporate Governance Code (SCGC) in 2006 (Albassam, 2014). KSA as an emerging market still lacks in-depth research, which can demonstrate the extent to which Saudi firms provide disclosure of CSR in their annual reports and the effects of CG characteristics on voluntary disclosure. In addition, to the best of the author's knowledge, no studies exist that aims to evaluate and construct a CSRD index of Saudi firms according to Global Reporting Initiative (GRI) standards and which consider environmental and social dimensions as well as covering data from all sectors in the KSA except financial institutions which are excluded because of their distinctive features and the different requirements for disclosure (Klai and Omri, 2011; Esa and Ghazali, 2012; Alturki, 2014; Alhazaimeh *et al*., 2014; Haß *et al*., 2014).

Some research has analyzed the rate of CSRD by companies through their annual reports and seeks to decipher a link with CG characteristics, as well as other research which has examined the relationship between CSRD and CG attributes, financial data and non-financial. The present study attempts to identify at which rate Saudi firms are concerned about CSR reporting for public audience on their annual reports. This is an addition to analyzing how CSRD related to CG characteristics, board size, board independence, board meetings, CEO duality and other financial factors namely, firm's size, leverage, profitability, and non-financial data such as the age of the firm.

The purpose of this study is to examine the relationship between the extent of CSRD and CG characteristics, namely board size, board independence; board meetings, CEO duality and other financial factors firm's size, leverage, profitability and non-financial factors such as the age of the firm. The finding of this study would provide deeper understanding of the nature and the extent of reporting and disclosure of CSR in a unique region such as the KSA and identifying how CG characteristics affect other financial and non-financial factors on CSR reporting. As mentioned earlier, CG practices and CSRD are still relevant issues in KSA. It would be the first study to investigate these issues in all different sectors in KSA considering CG attributes, financial and non-financial factors. Therefore it would be a good reference for future researchers.

The study would cover non-financial and financial data of 109 Saudi firms out of 170 listed companies in the Saudi Stock Exchange (Tadawul) in all sectors for which data is available for the period from 2012-2014.

Firms without complete data would be excluded from the study. Therefore the size of the sample depends on the availability of data for the firms that are being investigated. The present research paper focuses on CG characteristics, board size, board independence; board meetings, CEO duality and other financial factors firm's size, profitability, leverage and non-financial such as the age of firm to assess how they're associated with CSRD.

2. Prior Literature and Hypotheses Development:

2.1 Theoretical Review:

Numerous theories in the literature seek to provide an explanation of the relationships among corporate governance, voluntary disclosure and financial performance. The agency theory is adopted as the main theoretical framework and it is supplemented with predictions from managerial signaling, stakeholder, stewardship and resource dependence theories (Albassam, 2014, p. 59).

Agency Theory:

Agency theory is one of the most dominant theories in the context of CG (Albassam, 2014). The agency theory has been explained by Jensen and Meckling (1976), they stated that companies are more likely to provide more voluntary information to reduce the agency cost that comes from the conflict between the agent's interests and principal's interests. In other words, agency theory seeks to reduce agency conflicts between shareholders and managers by aligning the interests of managers (agents) with those of shareholders (principals).

Furthermore, the literature shows that solutions to agency problems through the establishment of a set of optimal legal contracts between top management and the company's shareholders (Solomon, 2007: Albassam, 2014). First, it recommends that increasing the proportion of non-executive directors on the board; which could improve the board's independence. Also, this would help to provide more effective monitoring of the agency problem (Jensen and Meckling, 1976; Bathala and Rao, 1995; Solomon, 2007). Furthermore, board sub-committees, such as audit, nomination and remuneration committees, are important governance characteristics to monitor and control managerial behavior (Klein, 1998; Allegrini and Greco, 2013). Second, the existence of an internal control mechanism can help to align the different interests of shareholders and top management (Walsh and Seward, 1990; Boyd, 1995). Third, designing a management incentive plan that is associated with financial performance can encourage managers to improve their performance (Murphy, 1985; Mehran, 1995; Chalevas, 2011). This, in turn, may limit wealth expropriation by a firm's top management (Jensen and Meckling, 1976).

In sum, Agency theory suggests that good practices of CG make companies more accountable to shareholders and other stakeholders and it helps to mitigate managerial opportunism thus reducing the agency costs (Core *et al*., 1999; Solomon, 2010). Furthermore, it should mitigate monitoring and bonding costs, thereby leading to overall improvement in the governance system, voluntary disclosure and firm's performance (Fama and Jensen, 1983; Doukas *et al*., 2000; Albassam, 2014).

Managerial signalling Theory:

The managerial signalling theory argues that insiders have more precise information than those who are outside and that gives them an advantage to predict the future (Spence, 1973). To reduce information asymmetries between the insiders and outsiders, companies are expected to adopt a good CG system (Jensen and Meckling, 1976). Also, greater voluntary disclosure by companies lowers the amount of private information and offer equal opportunities to shareholders in accessing information, which can help in reducing agency problems and the cost of equity capital (Diamond and Verrecchia, 1991; Brown *et al*., 2004). Furthermore, greater voluntary disclosure reduces the information problem between companies and investors, hence this may help to make better investment opportunities (Healy and Palepu, 2001).

Stakeholder Theory:

Stakeholder theory represents a wider perspective of CG (Albassam, 2014; Bendickson *et al*., 2016). It postulates that firms should put the stakeholders' needs as their first priorities as they should be managed in the interests and benefits of stakeholder groups rather than stockholders' interest to maximize wealth (Freeman and Evan, 1990). Successful firms protect the interest of different stakeholder groups such as, shareholders, creditors, managers, employees, suppliers, customers, communities and the general public (Hill and Jones, 1992; Clarkson, 1995; Mitchell *et al*., 1997).

There are three assumptions underlying stakeholder theory. First, Corporations should be operated not only for the financial benefit of their shareowners, but also for satisfying all stakeholders (Mitchell *et al*., 1997; Freeman and Phillips, 2002). Second, managers are equally accountable to all stakeholders, not only the firm's shareholders, but also other corporate stakeholders, such as employees, government, local communities, customers and suppliers (Donaldson and Preston, 1995). Third, stakeholder theory is based on organizational ethics and strongly connected to corporate social responsibility (Phillips, 2003).

Stewardship Theory:

Stewardship theory argues a view of managerial motivation alternative to agency theory. The executives, under this theory, far from being an opportunistic shirker, essentially want to do a good job, to act as responsible stewards of the corporate assets (Donaldson and Davis, 1994). Stewardship theory assumes there is no agency cost because of the mutual trust between managers and shareowners, it proposes that executive managers are naturally trustworthy and should be fully empowered (Donaldson and Davis, 1994; Letza *et al*., 2004; Nicholson and Kiel, 2007). According to Albassam (2014), Stewardship theory has been established based on a number of assumptions, as follows. First, Aligning the directors and management interests with the Shareholders interests (Donaldson and Davis, 1994). Second, as long as managers are trustees of the company, CEO duality leads to high returns to shareholders (Donaldson and Davis, 1994). Finally, executive managers seek to employ the firms' resources in the best possible way to maximize corporate performance (Nicholson and Kiel, 2007).

Resource Dependence Theory:

Resource dependence theory proposes that provision of resources is an important function of the firm's directors. This function refers directly to the ability of the board of directors to provide resources to the firm (Wernerfelt, 1984; Hillman and Dalziel, 2003). The board of directors not only performs monitoring and controlling role, but also provides necessary critical resources to the firm's success, counsel and advice, legitimacy, communicating information between external organizations and the firm, and preferential access to commitments or support from important elements outside the firm (Pfeffer, 1972; Hillman and Dalzel, 2003).

2.2 Empirical Studies:

The literature review has tremendous studies that focus on CSRD in the West and other developed countries but there is a dearth of academic research into CSRD in emerging markets such as KSA (Khan, 2010; Hussainey and Salama, 2010; Al-Moataz and Hussainey, 2012; Khan, 2013; Khurshid *et al*., 2014; Uyar *et al*., 2013; Kansal *et al*., 2014; Alsaif, 2015).

Peters *et al*. (2011) point out an important finding about taxonomy of systems of corporate governance. They said that good practices of CG or good CSR system can boost investor's confidence, provide easier access to finance, lower the cost of capital for emerging market firms, increase a firm's value and enhance operational performance. However, following a good CG practice in emerging markets may not be enough to ensure that larger goals such as business growth, eliminating corruption or smooth development are met. They continued that:

"One set of standards which seem relatively effective in mature markets may not work at all in emerging markets, but that alternative CGsystems which reflect the institutional realities of these emerging economy settings will nonetheless be needed."

To begin with the Saudi context, I found only six related studies; five of them investigate the drivers of voluntary disclosure, while the other one investigates the extent of voluntary disclosure. Habbash *et al*. (2013) examine the drivers of voluntary disclosure in KSA. They used a sample of 361 observations for the firms listed on the Saudi Stock Exchange over the period 2007-2011. They found that the extension of voluntary disclosure on average is 18.38%, and it's considered as the poorest score recoded when compared with the other rates in the Arab region. They found that there's a positive significant relationship between firm size, firm age, firm profitability and the voluntary disclosure extent. And there is a negative significant association was found between firm leverage and voluntary disclosure, while no significant relationship was found with board independence. Alsaeed (2006) assesses the influence of specific characteristics and the impact on the voluntary disclosure using a sample of 40 non-financial firms listed on the Saudi Stock Exchange Market (Tadawul) during the period 2002-2003. The results indicate that firm size has a strong positive correlation with the level of the voluntary disclosure; however, debt, ownership dispersion, listing age, profit margin, return on equity, liquidity, audit type, and industry type have no significant influence on the levels of voluntary disclosure.

Alturki (2014) investigates the relationship between voluntary disclosure and specific factors in 116 non-financial public companies that listed on the Saudi Stock Exchange (Tadawul). He found that the voluntary disclosure level in KSA 0.29 percent also he resulted that firm's size, profitability, and listing age have strong positive association with the extent of voluntary disclosure while leverage has insignificant impact. Basuony *et al*. (2014) examine the drivers of voluntary internet financial disclosures in 266 firms listed on the stock exchanges of KSA and Oman. They concluded that firm's size is the main factor impacts on voluntary internet disclosure; large firms have a tendency to disclose more financial information in order to reduce information asymmetry and decrease agency costs.

Mariq (2009) investigates the quality and extent of voluntary disclosure in 52 Saudi firms through their annual reports in the year 2005. A disclosure index consisting of 60 items was constructed to assess the content of reporting voluntary information. The author concluded that there is a large variance in the extent and nature of voluntary information between Saudi firms. Also, it found that the larger firms are inclined to disclose more voluntary disclosure to stakeholders.

While these five studies in KSA assess the association between certain firm characteristics such as firm size, profitability, leverage, firm age, debt, ownership structure, liquidity, auditing type, industry classification and voluntary disclosure level, one study has investigated the association between CG attributes with voluntary disclosure level. Al-Janadi *et al*. (2013) examine the influence of internal and external CG mechanisms on voluntary disclosure in Saudi Arabia. They used a sample of 87 firms for 2006-2007 and implemented content analysis to rate CSRD. They concluded that non-executive directors, board size, CEO duality have a significant positive correlation with voluntary disclosure quality and extent.

With regard to other emerging countries, there are many studies have been done in CG attributes and how corporate characteristics associated with voluntary disclosure and the determinants of CSRD. In Malaysia, Said *et al*. (2009) examine the relationship between CG characteristics, namely the board size, board independence, duality, audit committee, ten largest shareholders, managerial ownership, foreign ownership and government ownership and the extent of CSRD. They found that just government ownership and audit committee associated with the extent CSRD. In Egypt, Samaha *et al*. (2015) found that board size, board composition and audit committee have a significant positive effect on voluntary disclosure, whereas CEO duality has a significant negative impact. In Kenya, Barako (2007) investigates the extent to which CG attributes, ownership structure and company characteristics affect voluntary disclosure of various types of information. He found that voluntary disclosure is influenced by CG attributes, ownership structure and corporate characteristics.

Kolsi (2012) finds that the significant drivers of voluntary disclosure in Tunisian firms are leverage, audit quality, financial sector and profitability ratio while ownership structure and firm size have no effect on voluntary disclosure. However a study has done in the UAE indicates that profitability and size are not significant, Aljifri (2008) examines annual reports of 31 listed firms in the UAE for the fiscal year 2003. He found that the size, the profitability, and the debt-equity ratio have insignificant association with the level of disclosure.

Saleh *et al*. (2008) investigate a sample of the 200 largest firms listed on the main board of Bursa Malaysia and collected data from 2000 to 2005. They found that there is a significant positive association between CSR and financial performance of Malaysian firms. They suggest that engaging in social activities for local firms can achieve advanced levels of financial performance.

Hussainey *et al*. (2011) examine a sample of 111 Egyptian listed companies for the period of 2005–2010 by employing the content analysis technique. They used five themes of CRS to represent five dependent variables namely, the environment, human resources, community involvement, energy and customer and product. They concluded that profitability is the key driver of CSR for Egyptian listed companies and audit type has a negative impact. Also, they found that ownership structure, company size, gearing and liquidity do not drive CSR reporting decision in Egypt.

Uyar *et al*. (2013) investigate the factors that impact the level of voluntary information disclosure in Turkish manufacturing companies listed in the Borsa Istanbul for 2010. They found that firm's size and independent directors' factor have a positive association with voluntary disclosure, while leverage has a negative association. Profitability, firm's age and board size do not have a significant influence on voluntary disclosure.

Kansal *et al*. (2014) examine the relationship between specific financial and non-financial factors and the level of CSRD based on an extensive sample of top 100 Indian companies in the Bombay Stock Exchange (BSE) 500 index. They found that industry type, profitability and corporate reputation are the main drivers of CSRD however, business risk has no impact on CSRD.

Board Independence:

The agency problem emerged from the conflict between the agent's interests and principal's interests where the agent has the tendency to maximize his interests at the expense of principal's welfare (Jensen and Meckling, 1976). Therefore, increasing the proportion of non-executive directors on the board; which could improve the board's independence. Also, this would help to provide more effective monitoring of the agency problem (Jensen and Meckling, 1976; Bathala and Rao, 1995; Solomon, 2010). According to Cheng and Courtenay (2006), they pointed out that there is a significant positive association between the proportion of independent directors on the firm's board and voluntary disclosure. The same results were found by several prior studies, for example, (Arcay and Vázquez, 2005; Cheng and Courtenay, 2006; Khan, 2010; Al-Janadi *et al*., 2013). Other studies (Eng and Mak, 2003; Haniffa and Cooke, 2005; Barako *et al*., 2006; Al-Moataz and Hussainey, 2012) found that board independence factor is associated negatively with the extent of voluntary disclosure. While (Aljifri *et al*., 2014; Giannarakis, 2014; Alhazaimeh *et al*., 2014) did not find a significant impact.

In the Saudi context, previous research on the association between board independence and voluntary disclosure offers mixed results. Al-Janadi *et al*. (2013) find a positive correlation between board independence and voluntary disclosure. But, Al-Moataz and Hussainey (2012) find a negative relationship. In the present paper, we predict that there is a significant positive association between the proportion of independent directors on the board of Saudi firms and the level of CSR disclosure. Thus, the following is hypothesized:

H1: There is a positive relationship between board independence and the level of CSRD.

Board Size:

According to the agency theory, shareholders expect a high level of disclosure from the corporate board of directors, as they have been elected to represent their interests (Jensen and Meckling, 1976). Agency theory proposes that increasing the proportion of non-executive directors on the board; which could help to provide more effective monitoring of the agency problem (Jensen and Meckling, 1976; Bathala and Rao, 1995; Solomon, 2010). Ntim and Soobaroyen (2013) argue that increased managerial monitoring positively related to the extent of voluntary disclosure. Esa and Ghazali (2012) stated that board size is a major driver influencing the extent of CSR disclosure. Firms with a larger board size disclose significantly more voluntary information in their reports than others (Said *et al*., 2009; Al-Janadi *et al*., 2013). While, Lipton and Lorsch (1992) and Yermack (1996) suggest that limiting the size of the board may improve the firm's efficiency. Beasley (1996), Yermack (1996) and Vafeas (1999) argue that increasing the size of the board may lead to poor communication, coordination problems among directors. Some studies revealed that there is no significant relationship between board size and voluntary disclosure (Cheng and Courtenay, 2006; Sun *et al*., 2010; Uyar *et al*., 2013; Giannarakis, 2014).

In the Saudi corporate context, the relationship between board size and voluntary disclosure mixed results. Al-Moataz and Hussainey (2012) find no significant relationship between board size and voluntary disclosure. While Al-Janadi *et al*. (2013) find a positive relationship. In the present paper, we believe that Saudi firms with large boards tend to disclose more information. Therefore, the hypothesis is:

H2: There is a positive relationship between board size and the level of CSRD.

Board Meetings:

Academic literature provides empirical evidence of the benefit of number of board meetings on voluntary disclosure. Lipton and Lorsch (1992); Laksmana (2008) and Allegrini and Greco (2011) find that the number of board meetings is positively associated with greater information disclosure. Lipton and Lorsch (1992) argue that an active board of directors is a more effective one because board meetings frequently enable directors to better monitor the firm's performance, and leads them to have a tendency to disclose more voluntary information. Webb (2004); Giannarakis (2014) and Alhazaimeh *et al*. (2014) documented that the number of board meetings does not play a vital role to the extent of CSR disclosure.

In the Saudi context, to the best of the author's knowledge, no studies exist that examine the relationship between the number of board meetings and voluntary disclosure. We test the hypothesis that frequent board meetings positively affect the level of information voluntarily disclosed. Thus, the following is hypothesized:

H3: There is a positive relationship between board meetings and the level of CSRD.

CEO Duality:

CEO duality is defined as the firm's CEO also serves as board chairperson (Rechner and Dalton, 1991). According to agency theory, duality boosts CEO entrenchment by reducing board monitoring and controlling effectiveness (Fama and Jensen, 1983; Finkelstein and D'aveni, 1994). Firms with CEO duality are more likely to be associated with a lower level of voluntary disclosure (Gul and Leung 2004). According to empirical research, the relation between CEO duality and voluntary disclosure in prior research has been inconclusive (Michelon and Parbonetti, 2012). Cheng and Courtenay (2006); Said *et al*. (2009) and Giannarakis (2014) found out no association between CEO duality and voluntary disclosure while Gul and Leung (2004) documented a negative association between CEO duality and the extent of voluntary information. In the Saudi context, Al-Janadi *et al*. (2013) find a negative association between CEO duality and voluntary information disclosure. We expect a negative relationship between CEO duality and the level of CSR disclosure. The hypothesis is:

H4: There is a negative relationship between CEO duality and the level of CSRD.

Firm's Size:

Tremendous studies indicated that larger firms tend to disclose more voluntary information to the public (Haniffa and Cooke, 2005; Reverte, 2009; Khan, 2010; Sun *et al*., 2010; Gamerschlag *et al*., 2011; Al-Janadi *et al*., 2013; Basuony, 2014; Alturki, 2014; Giannarakis, 2014). The rationale behind this conclusion is that large firms are more visible and hence receiving more attention from external constituencies such as the government, media and professional groups and the general public (Luoma and Goodstein, 1999). However, some studies found no correlation between firm's size and voluntary disclosure, for example (Said *et al*., 2009; Hussainey *et al*., 2011; Al-Moataz and Hussainey, 2012).

In the Saudi context, previous research on the association between firm's size and voluntary disclosure offers a positive relationship. Alsaeed (2006), Mariq (2009), Habbash *et al*. (2013), Basuony (2014) and Alturki (2014) find a positive association between voluntary disclosure and firm's size. In the present paper, we predict that large Saudi firms are more likely to report CSR information in their annual reports because these firms are more likely to cover the costs associated with reporting this information. Thus,

H5: There is a positive relationship between market capitalization and the level of CSRD.

Leverage:

In a highly leveraged firm, management needs to legitimize its activities to stakeholders and hence firm's management is more likely to voluntarily disclose more information (Jensen and Meckling, 1976; Haniffa and Cooke, 2005). Another explanation is high systematic risk firms use voluntary disclosure to reduce the risk (Michelon and Parbonetti, 2012). (Pled and Iatridis, 2012; Al-Moataz and Hussainey, 2012; Chan *et al*., 2014) documented that there is a significant positive association between leverage and the voluntary disclosure. Others (Haniffa and Cooke, 2005; Reverte, 2009; Khan, 2010; Hussainey *et al*., 2011; Alturki, 2014) found no significant impact. In the Saudi context, previous research on the association between leverage and voluntary disclosure offers mixed results. Al-Moataz and Hussainey (2012) find a significant positive association between leverage and the voluntary disclosure; however, Alturki (2014) finds no relationship. In the present paper, we predict that more highly leveraged Saudi firms are more likely to disclose more voluntary information in their annual reports because these firms need to legitimize their activities to stakeholders. Thus, the hypothesis is:

H6: There is a positive relationship between leverage and the level of CSRD.

Profitability:

Profitable firms disclose more social disclosure to the audience to legitimize their existence (Haniffa and Cooke, 2005). A positive correlation between voluntary disclosure and profitability was hypothesized in prior research (see for example, Wang *et al*., 2008; Khan, 2010; Hussainey *et al*., 2011; Al-Moataz and Hussainey 2012; Al-Janadi *et al*. 2013; Kansal *et al*., 2014; Giannarakis, 2014 and Alturki, 2014). Some studies did find no relationship (see for example, Said *et al*., 2009; Reverte, 2009; Basuony, 2014; Aljifri *et al*., 2014; Barac *et al*., 2014). Belkaoui and Karpik (1989) justify that the underlying cause of a positive correlation between corporate social responsibility disclosure and profitability is management's knowledge. The managers have the knowledge to make their firms profitable also have the knowledge and understanding of social responsibility. This might clarify the higher levels of social information disclosure by profitable firms.

In the Saudi context, previous research on the association between profitability and voluntary disclosure offers mixed results. Al-Moataz and Hussainey (2012), Al-Janadi *et al*. (2013) and Alturki (2014) find a positive association between voluntary disclosure and profitability; however, Said *et al*. (2009) and Basuony (2014) find no relationship. In the present paper, we believe that Saudi profitable firms are more likely to report more CSR information in their annual reports than less profitable firms. Therefore, the hypothesis is:

H7: There is a positive relationship between return on equity and the level of CSRD.

Firm's Age:

Some previous studies documented that the age of firm influences the extent of social disclosure and that long-established firms are likely to provide more voluntary social disclosures (Roberts, 1992; Cormier *et al*., 2005; Hossain and Reaz, 2007; Hossain, (2008); Alturki, 2014). While other studies by Nikolaj *et al*. (2005), Rahman *et al*. (2011) and Kansal *et al*. (2014) reported no relationship. In the Saudi context, Alturki (2014) finds a positive relationship between firm's age and voluntary disclosure. Based on this Saudi study, we formulate our eighth hypothesis as follows:

H8: There is a positive relationship between age and the level of CSRD.

Industry Type:

A number of prior studies have established that industry affiliation is correlated significantly with the extent of voluntary disclosure (Cooke, 1992; Roberts, 1992; Suwaidan, 1997; Gamerschlag *et al*., 2011; Al-Janadi *et al*., 2013; Kansal *et al*., 2014; Aljifri *et al*., 2014). Wallace *et al*. (1994) and Dye and Sridhar (1995) suggest that disclosure level is more likely to differ among different type of industries, reflecting their unique attributes. Owsus-Ansah (1998) argues that some industries are highly regulated due to their overall contribution to a country's export earnings. These industries may be subject to more rigorous control, which may affect the disclosure practices of the firms in this industry. A disclosure differential may also be related to the type of product line or the diversity of products of the firms in an economy (Owsus-Ansah, 1998).

In the Saudi context, Al-Janadi *et al*. (2013) find that a positive relationship between industry type and voluntary disclosure. Therefore, a positive association can be assumed between the industry type and the level of CSR disclosure. Therefore, the hypothesis is:

H9: There is a positive relationship between industry type and the level of CSRD.

2.3 The Global Reporting Initiative (GRI):

Several global initiatives on sustainability reporting guidelines and the GRI considered as the best respected and most prevalent non-financial reporting framework also play a significant role in raising the practical level among different international organizations (Brown *et al*., 2007; Etzion and Ferraro, 2010; Ramos *et al*., 2013;

Barkemeyer *et al*., 2015). The GRI provides guidance for organizations to convey effective sustainability reports that contain valuable information that matters to their business and their key stakeholders (GRI, 2013). The GRI guidelines specify two sets of principles a. the principles for defining the content and describing what firm should cover in the content of a sustainability report, they are four principles "stakeholder inclusiveness, sustainability context, materiality and completeness" and b. the principles for describing and ensuring the quality of report in order to achieve transparency that include aspects such as, balance, comparability, accuracy, timeliness, clarity and reliable content (GRI, 2013).

The guidelines prescribe two types of standard reporting: general standard disclosures and specific standard disclosures. General standard disclosures state seven sections namely strategy and analysis, organizational profile, identified material aspects and boundaries, stakeholder engagement, report profile, governance and ethics and integrity. And specific standard disclosures organized into three dimensions: economic, ecological and social. Furthermore, the social dimension includes four sub-categories, which are labor practices and decent work, human rights, society and product responsibility (GRI, 2013). In the present study, content analysis is constructed according to the GRI 4 version (2013). Number of prior studies used GRI to evaluate sustainability reporting as example see, (Stiller and Daub, 2007; Clarkson *et al*., 2007; Gill *et al*., 2008; Font *et al*., 2012; Toppinen *et al*., 2012).

3. Methodology:

3.1 Data:

To calculate CSRD index and collecting required information to measure independent variables, the study focuses on the annual reports of a sample of 109 Saudi listed firms which covers 13 sectors for three years (2012-2014) as shown in table 3.1. Financial institutions "banking and insurance sectors" are excluded because of their distinctive features and the different requirements of disclosure (Klai and Omri, 2011; Esa and Ghazali, 2012; Alturki 2014; Alhazaimeh *et al*., 2014; Haß *et al*., 2014). The sample of the present study consists of 109 out of 170 firms which are listed on Saudi Stock Exchange Market (Tadawul). This sample constitutes 64 percent of the total listed firms in Saudi market in the period of 2012-2014, thus the data is considered as panel data. According to Albassam (2014), using panel data has several advantages; first, including both cross-sectional and time-series data; second, improving the freedom degrees; third, reduction of multicollinearity problems, finally, minimizing the potential endogeneity problems.Annual reports are collected from companies' profiles which are available at www.tadawual.com.sa for the period from 2012 until 2014, and there are few companies which published their sustainable reports on the GRI website: www.database.globalreporting.org.

Annual reports establish the main data for this study because of several reasons (Hussainey, 2004). First, the corporate annual report is the most widespread and it is considered as statutory document and it is produced regularly by the firms (Khan, 2010; Echave and Bhati, 2010; Hussainey *et al*., 2011). Second, most firms issue their annual reports within three to four months after the financial year-end, thus timing differences are reduced (Hussainey, 2004; Aljifri and Hussainey, 2007). Third, the selection of annual reports is consistent with other previous relevant studies (Hussainey, 2004; Aljifri and Hussainey, 2007; Khan, 2010). Fourth, often annual reports are used by financial analysts to assess, analysis and making investment decisions (Christopher *et al*., 1997). Also, they are more accessible and comparable than other resources (Hussainey *et al*., 2011). Finally, the annual report is used alone in this study because it provides availability and ability to calculate and scoring CSRD (Aljifri and Hussainey, 2007).

3.2 CSRD Index:

The method of content analysis is performed to assess the extent of CSRD in Saudi firms and to codify the text and content of annual reports. Content analysis employed in previous studies to collect voluntary disclosure data from annual reports and examine the level of disclosure (see, for example, Khan, 2010; Karagiorgos, 2010; Gamerschlag *et al*., 2011; Kansal *et al*., 2014). Table 3.1 illustrates the construction of CSRD index based on certain items that were compiled according to GRI fourth version framework.

GRI (G4) guidelines comprised of three categories that are economic, environmental and social perspective. The present study considers social and environmental categories to code the CSRD index, since firms are obliged to disclose their financial information (Gamerschlag *et al*., 2011). CSRD index was evaluated using 42 aspects from social and environmental categories. The social category consists of four sub-categories which are labor practices and decent work, human rights, society, product responsibility. In the present study, Content analysis is used to construct the CSRD index by quantifying the amount of CSR information provided by firms in the annual reports.

Content analysis is a technique of codifying the content or text of a piece of writing into groups based on selected criteria (Weber, 1988; Guthrie and Abeysekera, 2006). It is the systematic, quantitative, objective analysis of the written content (Neuendorf, 2002). Content analysis has been used widely in literature to measure voluntary disclosure, for example (Khan, 2010; Karagiorgos, 2010; Gamerschlag *et al*., 2011; Uyar *et al*., 2013; Albassam, 2014).

Following to the prior studies of (Graves and Waddock, 1994; Fiori *et al*., 2009; Karagiorgos, 2010; Gamerschlag *et al*., 2011), this study uses a scale score from 0 to 3 to rate the indicators. When a firm does not disclose the specific indicator, it is graded with 0. A firm is rated 1 or 2 depending on the extent of the description (e.g. 1 if the firm only names the aspect and 2 if there is a very poor description (e.g. if the firm only names the aspect without any or with an unclear description). The firm rated with 3 score if it has a satisfying description. The calculation of CSRD index computed by dividing the actual score given to a firm to the maximum disclosure which is 126. For example, if a firm in a certain year rated by 50 score, then its actual score is 50, and the CSRD index= 50/126, which is 0.396.

3.3 The Model:

Ordinary Least Square regression is performed in this study. CSRD index is the dependent variable and other independent variables namely, board independence, board size, board meetings, CEO duality, firm's size, leverage, profitability, firm's age and industry type factor is used as control variable. Table 3.2 shows the measurements of independent variables.

$$CSRD = \alpha 0 + \beta 1 Boardsize + \beta 2\ Boardind + \beta 3\ Boardme + \beta 4\ Duality + \beta 5\ ROE + \beta 6 Logasset + \beta 7\ Lever + \beta 8\ Age + \beta 9\ Ind + \varepsilon$$

Where,

CSRD	is the corporate social responsibility disclosure.
Boardsize	is the board size of the firm.
Boardind	is the percentage of non-executive directors to total directors.
Boardme	is the number of board meetings through the year.
Duality	is the CEO duality.
ROE	is the return on equity, it is the proxy of profitability.
Logasset	is the log of total assets, it is proxy of firm's size.
Lever	is the leverage.
Age	is the firm's age.
Ind	is the dummy variable for industry sectors.
ε	is the error term.

Table 3.1: Sample of the Study

Num.	Sector name	Total number of listed firms	Firms with availability data	% of study taken firms
1	Petrochemical industries	14	14	100%
2	Cement	14	12	~93%
3	Retail	15	9	~60%
4	Energy and Utilities	2	2	100%
5	Agriculture and Food industries	16	16	100%
6	Telecommunication and IT	4	3	~93%
7	Multi-investment	7	7	100%
8	Industrial investment	15	14	~93%
9	Building and Construction	17	15	100%
10	Real Estate Development	8	8	100%
11	Transportation	4	4	100%
12	Media and Publishing	3	2	~93%
13	Hotel and Tourism	4	3	~93%
	Total	123	109	

Note: Banking and Insurance sectors are excluded.

Table 3.2: shows the operationalization of independent variables.

Independent variables	Measurements
Board Size	The number of directors on firm's board.
Board Independence	The number of non-executive directors to total of directors.
Board Meetings	The number of board meetings through the year.
CEO Duality	Dummy variable for the chairman of the board, where it will give "1" if the CEO has also chairman position of the board, and "0" otherwise.
Profitability	ROE is used as a proxy of profitability, It is measured by net income divided by total equity
Firm's Size	Log of total assets is used as a proxy of firm's size.
Leverage	It is measured by total debt to total equity ratio (DTE).
Firm's Age	The listing age of the firm.
Control variable	Measurements
Industry Type	It is a dummy variable classified to 13 industries and Hotel and Tourism sector is the benchmark.

4. Result and Analysis:

I used the EViews 9 Statistic Software for obtaining the results, deriving descriptive statistics, correlation test and coefficient estimation by employing the ordinary least squares OLS method. According to Gujarati (2004, p. 109) in case of large data, the sample has an approximately normal distribution function regarding central limit theorem. Based on the previous result and following to Pelucio-Grecco *et al*. (2014), documenting that the normality of sample is not a problem. Table 4.1 reflects that the mean of CSRD index in the sample during the period under study was around .112547 with the highest and lowest value of .603175 and .007937 respectively. The standard deviation statistic for the said variable is .064176 reflecting low degree of volatility. The age parameter has average value of 26.56083 and the range of the age in the sample is 2.1 to 60.11, the standard deviation for age 13.88230 is high. The average of board independence is found to be .504598 with the maximum and minimum value of 2.3 and 0 respectively, the standard deviation is .206923. The mean of board meetings is 5.429448 and it ranged between 0 to 19 and the standard deviation for board meetings is found to be 2.415257. The mean of board size is found to be 8.475460 with the maximum and minimum value of 14 and 3 respectively and the standard deviation of the parameter is 1.696425. The mean of the CEO duality is .641104 while the maximum and minimum are 0 and 1 respectively with standard deviation of 0.480414. Finally, the mean of log total assets, leverage and return on equity is 6.388894, 0.839266 and 0.625844 respectively. The maximum rate of log total assets is 9.4943 while the minimum is 4.290449, and its standard deviation is 0.797811. Moreover, the leverage has a range between -23.53967 to 25.28094 with standard deviation 2.633302. Return on equity has the highest value of 169.2059 while the lowest value is -9.839492 and its standard deviation is 9.385730.

Table 4.1: Summary of Descriptive Statistics

	CSRD INDEX	AGE	BOARDIND	BOARDME	BOARDSIZE	DUALITY	LOGASSETS	LEVER	ROE
Mean	0.112547	26.56083	0.504598	5.429448	8.475460	0.641104	6.388894	0.839266	0.625844
Median	0.103175	24.60000	0.444444	5.000000	9.000000	1.000000	6.330041	0.517730	0.103226
Maximum	0.603175	60.11000	2.333333	19.000000	14.000000	1.000000	9.494300	25.28094	169.2059
Minimum	0.007937	2.100000	0.000000	0.000000	3.000000	0.000000	4.290449	-23.5396	-9.83949
Std. Dev.	0.064176	13.88230	0.206923	2.415257	1.696425	0.480414	0.797811	2.633302	9.385730
Observation	326	326	326	326	326	326	326	326	326

Table 4.2 shows the correlation analysis for all variables with CSRD index. It is found that the log total assets variable is significantly and positively correlated (corr =.362 at .05 level) with CSRD index. Similarly, ROE, dummy variable of energy industry and dummy variable of petrochemical industry has significant positive correlation with CSRD index (corr =.266, corr =.244 and corr =.234 respectively all at .05 level). While board independence is negatively correlated (corr =-.158 at .o1 level) and other dummy variables such as multi-investment and real-estate industries have a negative correlation (corr =-.151 and corr =-.161respectively at .01 level). Moreover, the correlations between independent variables indicate that there is no multicollinearity problem, as no bivariate correlation exceeds the value of 0.8 (Gujarati, 2004: 359).

Table 4.3 shows the Correlated Random Effects - Hausman Test to prove the appropriateness of the model. The output of OLS regression is shown in table 4.4. R-sq indicates that the influence of independent variables on the dependent variables. It found that the independent variables determine 23% of the CSRD index i.e., more than 23% of the relationship with CSRD index can be determined by the nine independent variables. The F-value is 4.602085 at significance of 0.000, which means that 23% of the variance of CSRD index for the listed Saudi companies had been significantly explained by the nine independent variables. The coefficients of the regression analysis as presented in table 4.4 reflects that five variables namely, return on equity (ROE), log total assets, dummy of energy industry, dummy of real-estate and dummy of multi-investment industry are significant at the 5% confidence level. The Durbin-Watson test has value of 2.623489 that indicates an absence of autocorrelation problems in the model.

Table 4.3: Correlated Random Effects - Hausman Test.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.	
Cross-section random	12.544766	8	0.1285	
Cross-section random effects test comparisons				
Variable	Fixed	Random	Var(Diff.)	Prob.
Age	0.001029	0.000154	0.000002	0.5381
Boardind	0.010982	-0.007401	0.000092	0.0553
Boardme	-0.000068	-0.000307	0.000001	0.8132

Boardsize	-0.001867	-0.001358	0.000006	0.8387
duality	-0.003455	-0.001940	0.000003	0.3380
ROE	0.001507	0.001532	0.000000	0.7902
Logasset	0.008390	0.023491	0.000029	0.0049
Lever	-0.002664	-0.001406	0.000002	0.3424

Table 4.4: OLS regression analysis.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AGE	0.000154	0.000346	0.444860	0.6567
BOARDIND	-0.007401	0.015736	-0.470302	0.6385
BOARDME	-0.000307	0.001438	-0.213407	0.8312
BOARDSIZE	-0.001358	0.002371	-0.572476	0.5674
DUALITY	-0.001940	0.004731	-0.410005	0.6821
ROE	0.001532	0.000268	5.708172	0.0000
LOGASSETS	0.023491	0.005675	4.139536	0.0000
LEVER	-0.001406	0.001379	-1.019541	0.3088
ENRGY	0.082599	0.042293	1.953012	0.0517
CONS	-0.030142	0.028708	-1.049974	0.2946
TRASP	0.009759	0.034498	0.282878	0.7775
TELE	-0.040935	0.039171	-1.045052	0.2968
RETIAL	-0.016120	0.030010	-0.537132	0.5916
REAL	-0.056356	0.031510	-1.788498	0.0747
PETRO	0.010269	0.029766	0.345000	0.7303
MULTI_INV	-0.042545	0.031342	-1.357465	0.1756
MEDIA	-0.020189	0.042364	-0.476553	0.6340
IND_INV	-0.014057	0.028803	-0.488054	0.6259
FOOD	0.001024	0.028475	0.035959	0.9713
CEMENT	-0.003278	0.029481	-0.111184	0.9115
C	-0.010596	0.048744	-0.217375	0.8281
	Effects Specification			
			S.D	Rho
Cross-section random			0.038767	0.4970
Idiosyncratic random			0.039002	0.5030
Weighted Statistics				
R-squared	0.231819	Mean dependent var		0.056580
Adjusted R-squared	0.181446	S.D. dependent var		0.043418
S.E. of regression	0.039281	Sum squared resid		0.470610
F-statistic	4.602085	Durbin-Watson stat		2.623489
Prob(F-statistic)	0.000000			
	Unweighted Statistics			
R-squared	0.330539	Mean dependent var		0.112547
Sum squared resid	0.896086	Durbin-Watson stat		1.377815

Table 4.5 contains a summary of the hypotheses tested and the findings from the regression analysis of the relationships between the CSRD index and corporate factors, namely, board size, board independence, board meetings, CEO duality, a firm's size, leverage, profitability, age and industry type. The finding of a positive correlation on board Size, board meetings, firm's size, leverage, profitability, firm's age and industry type are consistent with the formulated hypotheses. Board independence has a negative correlation, this result is inconsistent with the formulated hypotheses. CEO duality has a weak negative correlation with CSR disclosure, this result is consistent with the formulated hypotheses and prior studies. Beginning with CG characteristics, the first hypothesis is that there is a negative relationship between the proportion of independent directors and CSR disclosure. This implies that Saudi firms with boards dominated by independent directors play a limited role in influencing CSR disclosure. This is relevant to the research findings of (Eng and Mak, 2003; Haniffa and Cooke, 2005; Barako *et al*., 2006; Al-Moataz and Hussainey, 2012). This finding leads to the rejection of the first hypothesis. The result is not consistent with agency theory that suggests the presence of independent directors improves CG practices (Jensen and Meckling, 1976; Fama and Jensen, 1983). While board size and board meetings present a non-statistically significant positive effect and CEO duality has a weak negative effect. These findings support Al-Janadi *et al*. (2013), Alhazaimeh *et al*. (2014) and Giannarakis (2014). These results lead us to accept hypotheses H2, H3 and H4.

The other variables, firm's size and profitability, have a significant positive effect on CSR disclosure, results consistent with Al-Moataz and Hussainey (2012), Al-Janadi *et al* (2013) and Alturki (2014) on Saudi firms. Large firms disclose more voluntary information for reasons of accountability and visibility (Haniffa and Cooke, 2005). The significance of profitability is consistent with (Belkaoui and Karpik, 1989). These results support hypothesis H5 and H7.

Leverage and firm's age also have a direct effect, but it is not econometrically important. This is relevant to the research findings of (Haniffa and Cooke, 2005; Alturki, 2014 and Kansal *et al*. 2014). These results support

hypothesis H6 and H8. The control variable, Industry Type, is statistically related to CSR disclosure, this result consistent with Al-Janadi *et al*. (2013) on Saudi firms. This result leads us to accept hypotheses H9.

Table 4.5: A summary of the hypotheses and findings.

Dependent Variable		The Saudi Corporate Social Responsibility Disclosure Index (CSRD)			
Explanatory variable	No. Hypot-hesis	Expect-ed sign	Finding sign	Finding significance	Hypothesis status
Board Independence	1	+	-	Significant at the 5% level	Rejected
Board Size	2	+	+	Insignificant	Accepted
Board Meetings	3	+	+	Insignificant	Accepted
CEO Duality	4	-	-	Insignificant	Accepted
Firm's Size	5	+	+	Significant at the 5% level	Accepted
Leverage	6	+	+	Insignificant	Accepted
Profitability	7	+	+	Significant at the 5% level	Accepted
Firm's Age	8	+	+	Insignificant	Accepted
Control variable					
Industry Type	9	+	+	Significant at the 5% level	Accepted

Conclusion:

To recapitulate, this present study investigated the relationship between the extent of CSR disclosure in listed Saudi firms and corporate factors, namely, board size, board independence, board meetings, CEO duality, firm's size, leverage, age and profitability. The paper used a sample of 109 firms listed on Saudi Stock Exchange Market (Tadawul) drawn from thirteen sectors which are Petrochemical, Cement, Retail, Energy and Utilities, Agriculture and Food, Telecommunication and IT, Multi-investment, Industrial Investment, Building and Construction, Real Estate Development, Transportation, Media and Publishing and the Hotel and Tourism sector. The Ordinary Least Square (OLS) method has been used to test the eight research hypotheses developed for the purpose of the study.

The results show that profitability and firm's size factor have a positive and significant association with CSR disclosure in listed Saudi firms. The argument supports the view that firms which have solid financial performance and large size have more CSR activities. Furthermore, profitable firms use CSR disclosures as a mean to improve their image and legitimize their corporate initiatives. Also, large sized firms are more visible to the public eye and they devote more financial resources to social initiatives promoting a positive corporate image. While CG characteristics have no impact on CSR disclosure except board independence which has a negative impact, and these results similar to earlier studies (Eng and Mak, 2003; Haniffa and Cooke, 2005; Barako *et al*., 2006; Al-Moataz and Hussainey, 2012). Furthermore, the results indicate that industry affiliation is an important driver of CSR disclosure in KSA. The most polluted sectors "Energy and Petrochemical sectors" in the country have CSR index compare with other sectors. This indicates that Saudi firms operating in environmentally-sensitive industries are associated with a higher CSR disclosures. The reason for the higher CSR disclosure could be the high levels of public concern about environmental issues. According to Deegan and Gordon (1996), firms with a high impact on the environment are exposed to pressure from lobby groups in society who are trying to persuade the government to impose costs on those firms which have poor environmental performance. Therefore, those firms have to provide more information on their annual reports to avoid these costs.

According to plausible check that is used by the present study, the average of CSRD index among Saudi firms is too low, it is about 11% that means Saudi firms disclose 11% of the information that they have to provide for stockholders according to GRI guidelines. But we cannot compare this result to other studies that have been done in Middle Eastern countries because no study employed GRI to rate sustainability reporting. According to Mandurah *et al*. (2012), CSR is in its early stage of development among Saudi firms. The concept of CSR seems to be more philanthropic and based on the religious background of the society.

There are very few Saudi firms committed to GRI guidelines and who present their annual reports on www.database.globalreporting.org the official website of GRI, these firms such as Savola Group, Saudi Electricity Co, Saudi Basic Industries, Saudi Arabian Mining and Almarai Co. In addition, the most prevalent action with regard to the social dimension of CSR among Saudi firms is Zaka, which is an obligation instead of tax imposed by government for all listed Saudi firms. Regarding the environmental dimension, most Saudi firms pay more attention to water resources and reducing water consumption.

This study has a number of limitations. First, I used eight factors to investigate the drivers of CSR disclosure in my study. Second, I used data for the period of 2012-2014 for thirteen sectors out of fifteen sectors; financial sectors were excluded due to their distinctive disclosure.

7. Further Research:

This research topic has been extensively explored in developed economies. However, little research tests the determinants of CSR reporting in emerging countries. This paper provides more information of CSR drivers in Saudi firms but it is still limited. I recommend future researchers to investigate more factors to demonstrate clearly the drivers of CSR in the KSA. Future researchers can investigate the commitment of Islam as a factor and identify how it is related to the performance of Saudi firms. Also, Future studies could seek to more robust by exploring in other emerging countries the relationship represented in this paper.

Appendix

Table 3.1: the construction of CSRD index items.

	CHECK LIST
	Items/companies
	CATEGORY: ENVIRONMENTAL
1	Aspect: *Materials*
2	Aspect: *Energy*
3	Aspect: *Water*
4	Aspect: *Biodiversity*
5	Aspect: *Emissions*
6	Aspect: *Effluents and waste*
7	Aspect: *Products and services*
8	Aspect: *Compliance* "fines and sanction for non-compliance"
9	Aspect: *Transport*
10	Aspect: Total environmental protection expenditures andinvestment
11	Aspect : Supplier environmental assessment
12	Aspect: Environmental grievance mechanisms
	CATEGORY:SOCIAL
	SUB-CATEGORY: Labor Practices and Decent Work
13	Aspect: Employment
14	Aspect: Labor/Management relations
15	Aspect: Occupational health and safety
16	Aspect: Training and education
17	Aspect: Diversity and equal opportunity "Composition of Governance body"
18	Aspect: Equal remuneration for women and men
19	Aspect: Supplier assessment for labor practices
20	Aspect: Labor practices grievance mechanisms
	SUB-CATEGORY: Human Rights
21	Aspect: Investment
22	Aspect: Non-discrimination
23	Aspect: Freedom of association and collective bargaining
24	Aspect: Child labor
25	Aspect: Forced or compulsory labor
26	Aspect: Security practices
27	Aspect: Indigenous rights
28	Aspect: Assessment of operations that included human rights review
29	Aspect: Supplier human rights assessment
30	Aspect: Human rights grievance mechanisms
	SUB-CATEGORY: Society
31	Aspect: Local communities
32	Aspect: Anti-corruption
33	Aspect: Public policy
34	Aspect: Anti-competitive behavior
35	Aspect: Compliance "fines and sanction for non-compliance"
36	Aspect: Supplier assessment for impact on society.
37	Aspect: Grievance mechanisms for impacts on society.
	SUB-CATEGORY: Product Responsibility
38	Aspect: Customer health and safety
39	Aspect: Product and service labeling
40	Aspect: Marketing communication
41	Aspect: Customer privacy
42	Aspect: Compliance "fines and sanction for non-compliance"

Table 4.2: The Correlation Analysis.

		CSRD Index	Lever	ROE	Boardind	Boardsize	Boardmee	duality	Age	Logassets	food	cement	cons
CSRD Index	Pearson Correlation	1											
	Sig. (2-tailed)												
Leverage	Pearson Correlation	.058	1										
	Sig. (2-tailed)	.295											
ROE	Pearson Correlation	.266**	.032	1									
	Sig. (2-tailed)	.000	.565										
Boardind	Pearson Correlation	-.158**	-.231**	-.029	1								
	Sig. (2-tailed)	.004	.000	.601									
Boardsize	Pearson Correlation	.068	.112*	.083	-.261**	1							
	Sig. (2-tailed)	.222	.042	.135	.000								
Boardmee	Pearson Correlation	.074	.105	.034	-.075	.087	1						
	Sig. (2-tailed)	.182	.058	.543	.176	.115							
CEO duality	Pearson Correlation	.001	.015	.041	-.071	-.030	.036	1					
	Sig. (2-tailed)	.981	.785	.458	.199	.592	.512						
Age	Pearson Correlation	.045	-.095	.031	.043	-.110*	.184**	.004	1				
	Sig. (2-tailed)	.415	.087	.573	.438	.047	.001	.946					
Logassets	Pearson Correlation	.362**	.240**	.073	-.298**	.369**	.158**	-.054	-.153**	1			
	Sig. (2-tailed)	.000	.000	.187	.000	.000	.004	.331	.005				
food	Pearson Correlation	.043	-.227**	.134**	.130*	-.115*	.052	-.015	.085	-.320**	1		
	Sig. (2-tailed)	.434	.000	.015	.019	.037	.345	.789	.123	.000			
cement	Pearson Correlation	.044	.038	-.014	-.140*	-.017	.149**	.018	.268**	-.007	-.146**	1	
	Sig. (2-tailed)	.424	.496	.799	.011	.759	.007	.746	.000	.905	.008		
cons	Pearson Correlation	-.104	-.050	-.018	.018	.078	-.074	-.017	.062	.019	-.166**	-.141*	1
	Sig. (2-tailed)	.059	.367	.739	.750	.161	.181	.764	.265	.727	.003	.011	

Table 4.2: Continued

		CSRD Index	Lever	ROE	Boarddind	Boardsize	Boardme	duality	Age	Logassets	food	cement	cons	enrgy	ind	media	multiinv	petro	real	retial	tele	trasp
energy	Pearson Correlatio	.244**	.067	-.008	-.066	.083	.250**	.055	.052	.155**	-.057	-.048	-.055	1								
	Sig. (2-tailed)	.000	.226	.889	.232	.134	.000	.326	.344	.005	.307	.386	.325									
indinv	Pearson Correlation	-.043	.013	-.021	.000	-.150**	-.094	.001	-.051	-.115*	-.159**	-.135*	-.153**	-.052	1							
	Sig. (2-tailed)	.440	.809	.705	1.000	.007	.089	.992	.355	.038	.004	.015	.005	.344								
media	Pearson Correlation	-.027	.043	-.008	-.005	.177**	.033	-.088	-.163**	.009	-.057	-.048	-.055	-.019	-.052	1						
	Sig. (2-tailed)	.628	.439	.879	.925	.001	.557	.112	.003	.868	.307	.386	.325	.736	.344							
multiinv	Pearson Correlation	-.151**	.141*	-.031	-.109*	-.051	-.041	.013	.039	-.079	-.109*	-.092	-.105	-.036	-.101	-.036	1					
	Sig. (2-tailed)	.006	.011	.571	.049	.360	.459	.810	.479	.156	.050	.096	.059	.519	.069	.519						
petro	Pearson Correlation	.234**	.142*	-.021	-.082	.082	-.182**	.001	-.183**	.388**	-.159**	-.135*	-.153**	-.052	-.147**	-.052	-.101	1				
	Sig. (2-tailed)	.000	.010	.705	.139	.138	.001	.992	.001	.000	.004	.015	.005	.344	.008	.344	.069					
real	Pearson Correlation	-.161**	-.053	-.017	.049	.240**	.028	-.035	-.179**	.154**	-.117*	-.099	-.112*	-.038	-.108	-.038	-.074	-.108	1			
	Sig. (2-tailed)	.004	.336	.761	.381	.000	.611	.533	.001	.005	.035	.074	.042	.488	.051	.488	.184	.051				
retial	Pearson Correlation	-.066	-.010	-.013	.112*	-.182**	-.113*	.015	.020	-.182**	-.124*	-.106	-.120*	-.041	-.115*	-.041	-.079	-.115*	-.084	1		
	Sig. (2-tailed)	.235	.859	.817	.043	.001	.041	.783	.714	.001	.024	.057	.030	.460	.037	.460	.156	.037	.128			
tele	Pearson Correlation	-.010	.047	-.011	-.124*	.130*	.211**	.048	-.199**	.274**	-.070	-.059	-.067	-.023	-.065	-.023	-.044	-.065	-.047	-.050	1	
	Sig. (2-tailed)	.857	.394	.849	.025	.019	.000	.391	.000	.000	.208	.286	.226	.679	.244	.679	.427	.244	.393	.363		
trasp	Pearson Correlation	.056	-.015	-.010	.018	.013	.094	.010	.065	-.037	-.081	-.069	-.078	-.027	-.075	-.027	-.051	-.075	-.055	-.059	-.033	1
	Sig. (2-tailed)	.310	.790	.855	.739	.815	.090	.858	.243	.503	.144	.216	.160	.631	.176	.631	.357	.176	.322	.291	.554	

REFERENCES

Albassam, W., 2014. Corporate Governance, Voluntary Disclosure and Financial Performance: An Empirical Analysis of Saudi Listed Firms Using a Mixed-Methods Research Design. Unpublished doctoral dissertation, University of Glasgow, UK.

Alhazaimeh, A., R. Palaniappan and M. Almsafir, 2014. The impact of corporate governance and ownership structure on voluntary disclosure in annual reports among listed Jordanian companies. Procedia-Social and Behavioral Sciences, 129: 341-348.

Al-Janadi, Y., R.A. Rahman and N.H. Omar, 2013. Corporate governance mechanisms and voluntary disclosure in Saudi Arabia. Research Journal of Finance and Accounting, 4(4).

Aljifri, K., 2008. Annual report disclosure in a developing country: The case of the UAE. Advances in Accounting, 24(1): 93-100.

Aljifri, K., A. Alzarouni, C. Ng and M.I. Tahir, 2014. The Association Between Firm Characteristics and Corporate Financial Disclosures: Evidence From Uae Companies. International Journal of Business and Finance Research, 8(2): 101-123.

Aljifri, K., and K. Hussainey, 2007. The determinants of forward-looking information in annual reports of UAE companies. Managerial Auditing Journal, 22(9): 881-894. http://doi.org/10.1108/02686900710829390

Allegrini, M. and G. Greco, 2013. Corporate Boards, Audit Committees and Voluntary Disclosure: Evidence from Italian Listed Companies', Journal of Management and Governance, 17(1): 187-216.

Al-Moataz, E., and K. Hussainey, 2012. Determinants of corporate governance disclosure in Saudi companies. Journal of Economics and Management, 5(1): 52-84.

Alsaeed, K., 2006. The association between firm-specific characteristics and disclosure: The case of Saudi Arabia. Managerial Auditing Journal, 21(5): 476-496.

Alsaif, T., 2015. An investigation into the relationship and integration between strategic quality management and corporate social responsibility: the case of some Saudi Arabian organisations (Doctoral dissertation, University of Portsmouth).

Alshehri, A., and J. Solomon, 2012. The evolution of corporate governance in Saudi Arabia. In Conference Paper.

Alturki, K.H., 2014. Voluntary Disclosure by Saudi Companies. Research Journal of Finance and Accounting, 5(20): 77-95.

Arcay, M.R.B. and M.F.M. Vazquez, 2005. Corporate characteristics, governance rules and the extent of voluntary disclosure in Spain. Advances in Accounting, 21: 299-331.

Barac, Z.A., M. Granic and T. Vuko, 2014. The Determinants of Voluntary Disclosure in Croatia. World Academy of Science, Engineering and Technology. International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering, 8(4): 1057-1063.

Barako, D.G., and G. Tower, 2007. Corporate governance and bank performance: Does ownership matter? Evidence from Kenyan banking sector. Corporate Ownership and Control, 4(2): 133-144.

Barkemeyer, R., L. Preuss and L. Lee, 2015. On the effectiveness of private transnational governance regimes—Evaluating corporate sustainability reporting according to the Global Reporting Initiative. Journal of World Business, 50(2): 312-325.

Basuony, M.A., and E.K. Mohamed, 2014. Determinants of internet financial disclosure in GCC countries. Asian Journal of Finance and Accounting, 6(1): 70.

Bathala, C.T. and R.P. Rao, 1995. The determinants of board composition: An agency theory perspective. Managerial and decision economics, 16(1): 59-69.

Bathala, C.T. and R.P. Rao, 1995. The determinants of board composition: an agency theory perspective. Managerial and Decision Economics, 16: 59-69.

Beasley, M.S., 1996. An empirical analysis of the relation between the board of director composition and financial statement fraud. Accounting review, pp: 443-465.

Belkaoui, A., and P.G. Karpik, 1989. Determinants of the corporate decision to disclose social information. Accounting, Auditing and Accountability Journal, 2(1).

Bendickson, J., J. Muldoon, E. Liguori and P.E. Davis, 2016. Agency theory: the times they are a-changing. Management Decision, 54(1).

Bhambu, M.K., 2015. Corporate Social Responsibility: Mission Possible. Unpublished manuscript.

Boyd, B.K., 1995. CEO duality and firm performance: A contingency model. Strategic Management Journal, 16(4): 301-312.

Brown, H.S., M. De Jong and T. Lessidrenska, 2009. The rise of the Global Reporting Initiative: a case of institutional entrepreneurship. Environmental Politics, 18(2): 182-200.

Brown, S., S.A. Hillegeist and K. Lo, 2004. Conference calls and information asymmetry. Journal of Accounting and Economics, 37(3): 343-366.

Chalevas, C.G., 2011. The effect of the mandatory adoption of corporate governance mechanisms on executive compensation. The International Journal of Accounting, 46(2): 138-174.

Chan, M.C., J. Watson and D. Woodliff, 2014. Corporate governance quality and CSR disclosures. Journal of Business Ethics, 125(1): 59-73.

Cheng, E.C., and S.M. Courtenay, 2006. Board composition, regulatory regime and voluntary disclosure. The international journal of accounting, 41(3): 262-289.

Choi, J.S., 1999. An investigation of the initial voluntary environmental disclosures made in Korean semi-annual financial reports. Pacific Accounting Review, 11(1): 73-102.

Christopher, T., Y.B.S. Hutomo and G. Monroe, 1997. Voluntary environmental disclosure by Australian listed mineral mining companies: an application of stakeholder theory. The International Journal of Accounting and Business Society, 5(1): 42-65.

Clarkson, M.E., 1995. A stakeholder framework for analyzing and evaluating corporate social performance. Academy of management review, 20(1): 92-117.

Clarkson, P.M., Y. Li, G.D. Richardson and F.P. Vasvari, 2008. Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. Accounting, Organizations and Society, 33(4-5): 303-327. http://doi.org/10.1016/j.aos.2007.05.003

Cooke, T.E., 1992. The impact of size, stock market listing and industry type on disclosure in the annual reports of Japanese listed corporations. Accounting and Business Research, 22(87): 229-237.

Core, J.E., R.W. Holthausen and D.F. Larcker, 1999. Corporate governance, chief executive officer compensation, and firm performance. Journal of financial economics, 51(3): 371-406.

Cormier, D., M. Magnan and B. Van Velthoven, 2005. Environmental disclosure quality in large German companies: economic incentives, public pressures or institutional conditions?. European accounting review, 14(1): 3-39.

Diamond, D.W. and R.E. Verrecchia, 1991. Disclosure, liquidity, and the cost of capital. The journal of Finance, 46(4): 1325-1359.

Donaldson, L., and J.H. Davis, 1994. Boards and company performance-research challenges the conventional wisdom. Corporate governance: An international review, 2(3): 151-160.

Donaldson, T., and L.E. Preston, 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications. Academy of management Review, 20(1): 65-91.

Doukas, J.A., C. Kim and C. Pantzalis, 2000. Security analysis, agency costs, and company characteristics. Financial Analysts Journal, 56(6): 54-63.

Doukas, J.A., C. Kim and C. Pantzalis, 2000. Security analysis, agency costs, and company characteristics. Financial Analysts Journal, pp: 54-63.

Dye, R.A., and S.S. Sridhar, 1995. Industry-wide disclosure dynamics. Journal of Accounting research, 157-174.

Echave, J.O. and S.S. Bhati, 2010. Determinants of social and environmental disclosures by Spanish companies. GSMI Third Annual International Business Conference (Global Strategic Management, Michigan, USA), pp: 55-68.

Eisenberg, T., S. Sundgren and M.T. Wells, 1998. Larger board size and decreasing firm value in small firms. Journal of financial economics, 48(1): 35-54.

Emmanuel, G.L., V. Pled, 2012. Corporate Social Responsibility Reporting: Evidence from Environmentally Sensitive Industries in the USA. International Review of Accounting, Banking and Finance, 4 (2): 61-99.

Eng, L.L. and Y.T. Mak, 2003. Corporate governance and voluntary disclosure. Journal of accounting and public policy, 22(4): 325-345.

Esa, E., and N. Anum Mohd Ghazali, 2012. Corporate social responsibility and corporate governance in Malaysian government-linked companies. The international journal of business in society, 12(3): 292-305.

Esa, E., and N.A.M. Ghazali, 2012. Corporate social responsibility and corporate governance in Malaysian government-linked companies. Corporate Governance: The International Journal of Business in Society, 12(3): 292-305. http://doi.org/10.1108/14720701211234564

Etzion, D., and F. Ferraro, 2010. The role of analogy in the institutionalization of sustainability reporting. Organization Science, 21(5): 1092-1107. http://doi.org/10.1287/orsc.1090.0494

Fama, E.F., and M.C. Jensen, 1983. Separation of ownership and control. The Journal of Law and Economics, 26(2): 301-325.

Finkelstein, S., and R.A. D'aveni, 1994. CEO duality as a double-edged sword: How boards of directors balance entrenchment avoidance and unity of command. Academy of Management journal, 37(5): 1079-1108.

Font, X., A. Walmsley, S. Cogotti, L. McCombes and N. Häusler, 2012. Corporate social responsibility: The disclosure–performance gap. Tourism Management 33(6): 1544-1553. http://doi.org/10.1016/j.tourman.2012.02.012

Freeman, R.E., and W.M. Evan, 1990. Corporate governance: A stakeholder interpretation. Journal of behavioral economics, 19(4): 337-359.

Freeman, R. Edward, and Robert A. Phillips, 2002. Stakeholder theory: A libertarian defense. Business ethics quarterly, 12(03): 331-349.

Gamerschlag, R., K. Möller and F. Verbeeten, 2011. Determinants of voluntary CSR disclosure: empirical evidence from Germany. Review of Managerial Science, 5(2-3): 233-262.

Giannarakis, G., 2014. Corporate governance and financial characteristic effects on the extent of corporate social responsibility disclosure. Social Responsibility Journal, 10(4): 569-590.

Gill, D.L., S.J. Dickinson and A. Scharl, 2008. Communicating sustainability: A web content analysis of North American, Asian and European firms. Journal of Communication Management, 12(3): 243-262.

Global Reporting Initiative (GRI)., 2013. Sustainability reporting guidelines. Retrieved from https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf

Graves, S.B., and S.A. Waddock, 1994. Institutional owners and corporate social performance. Academy of Management journal, 37(4): 1034-1046.

Gujarati, D., 2004. Basic Econometrics. New York: MeGraw-Hill, pp: 363-369.

Gul, F.A., and S. Leung, 2004. Board leadership, outside directors' expertise and voluntary corporate disclosures. Journal of Accounting and public Policy, 23(5): 351-379.

Guthrie, J., and I. Abeysekera, 2006. Content analysis of social, environmental reporting: what is new?.

Journal of Human Resource Costing and Accounting 10(2): 114-126. http://doi.org/10.1108/14013380610703120

Habbash, M., K. Hussainey and A.E. Awad, 2016. The determinants of voluntary disclosure in Saudi Arabia: an empirical study. International Journal of Accounting, Auditing and Performance Evaluation, 12(3): 213-236.

Habbash, M., 2016. Corporate Governance and Corporate Social Responsibility Disclosure: Evidence from Saudi Arabia. Journal of Economic and Social Development, 3(1): 87-103.

Haniffa, R.M., and T.E. Cooke, 2005. The impact of culture and governance on corporate social reporting. Journal of Accounting and Public Policy, 24(5): 391-430. http://doi.org/10.1016/j.jaccpubpol.2005.06.001

Haß, L.H., S. Vergauwe and Q. Zhang, 2014. Corporate governance and the information environment: Evidence from Chinese stock markets. International Review of Financial Analysis, 36: 106-119.

Haß, L.H., S. Vergauwe and Q. Zhang, 2014. Corporate governance and the information environment: Evidence from Chinese stock markets. International Review of Financial Analysis 36: 106-119. http://doi.org/10.1016/j.irfa.2014.03.010

Healy, P.M. and K.G. Palepu, 2001. Information asymmetry, corporate disclosure, and the capital markets: A review of the empirical disclosure literature. Journal of accounting and economics, 31(1): 405-440.

Hill, C.W. and T.M. Jones, 1992. Stakeholder-agency theory. Journal of management studies, 29(2): 131-154.

Hillman, A.J., and T. Dalziel, 2003. Boards of directors and firm performance: Integrating agency and resource dependence perspectives. Academy of Management Review, 28(3): 383-396.

Hossain, M., 2008. The extent of disclosure in annual reports of banking companies: The case of India. European Journal of Scientific Research, 23(4): 659-680.

Hossain, M., and M. Reaz, 2007. The determinants and characteristics of voluntary disclosure by Indian banking companies. Corporate Social Responsibility and Environmental Management, 14(5): 274-288.

Hussainey, K.S.M., 2004. A study of the ability of (partially) automated disclosure scores to explain the information content of annual report narratives for future earnings. (Doctoral dissertation, University of Manchester).

Hussainey, K., and A. Salama, 2010. The importance of corporate environmental reputation to investors. Journal of Applied Accounting Research, 11(3): 229-241.

Hussainey, K., M. Elsayed and M. Razik, 2011. Factors Affecting Corporate Social Responsibility Disclosure in Egypt. Corporate Ownership and Control, 8(4): 432-443.

Jensen, M.C., and W.H. Meckling, 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of financial economics, 3(4): 305-360.

Jensen, M.C., and W.H. Meckling, 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of financial economics, 3(4): 305-360.

Ji-ming, L.J.L., and W.Z.W. Zhao-hua, 2009. An empirical study of the relationship between corporate dividend policy and financial performance of chinese listed companies. International Colloquium on Computing, Communication, Control, and Management, 1: 190-193. http://doi.org/10.1109/CCCM.2009.5270472

Kansal, M., M. Joshi and G.S. Batra, 2014. Determinants of corporate social responsibility disclosures: Evidence from India. Advances in Accounting, 30(1): 217-229. http://doi.org/10.1016/j.adiac.2014.03.009

Karagiorgos, T., 2010. Corporate social responsibility and financial performance: An empirical analysis on Greek companies. European Research Studies, 13(4): 85.

Khan, H.U.Z., 2010. The effect of corporate governance elements on corporate social responsibility (CSR) reporting: Empirical evidence from private commercial banks of Bangladesh. International Journal of Law and Management, 52(2): 82-109.

Khan, S.A., K.A. Al-Maimani and W.A. Al-Yafi, 2013. Exploring corporate social responsibility in Saudi Arabia: The challenges ahead. Journal of Leadership, Accountability and Ethics, 10(3): 65.

Khurshid, M.A., A. Al-Aali and A.R. Ibrahim, 2014. Awareness of corporate social responsibility in an emerging economy. International Proceedings of Economics Development and Research, 69: 99.

Klai, N., and A. Omri, 2011. Corporate governance and financial reporting quality: The case of Tunisian firms. International Business Research, 4(1): 158.

Klein, A., 1998. Firm Performance and Board Committee Structure. Journal of Law and Economics, 41(1): 275-304.

Kolsi, M.C., 2012. The determinants of corporate voluntary disclosure: Evidence from the Tunisian capital market. IUP Journal of Accounting Research and Audit Practices, 11(4): 49.

Krechovská, M., and P.T. Procházková, 2014. Sustainability and its Integration into Corporate Governance Focusing on Corporate Performance Management and Reporting. Procedia Engineering, 69: 1144-1151. http://doi.org/10.1016/j.proeng.2014.03.103

Laksmana, I., 2008. Corporate board governance and voluntary disclosure of executive compensation practices. Contemporary Accounting Research, 25(4): 1147-1182.

Letza, S., X. Sun and J. Kirkbride, 2004. Shareholding versus stakeholding: A critical review of corporate governance. Corporate Governance: An International Review, 12(3): 242-262.

Lipton, M., and J.W. Lorsch, 1992. A modest proposal for improved corporate governance. The business lawyer, pp: 59-77.

Luoma, P., and J. Goodstein, 1999. Research Notes. Stakeholders and corporate boards: Institutional influences on board composition and structure. Academy of management journal, 42(5): 553-563.

Mandurah, S., J. Khatib and S. Al-Sabaan, 2012. Corporate social responsibility among Saudi Arabian firms: An empirical investigation. Journal of Applied Business Research, 28(5): 1049.

Mandurah, S., J. Khatib and S. Al-Sabaan, 2012. Corporate Social Responsibility Among Saudi Arabian Firms: An Empirical Investigation. The Journal of Applied Business Research, 28(5): 1049-1058.

Mariq, S.M., 2009. An Assessment of Voluntary Disclosure in the Annual Reports of Saudi Joint Stock Companies. Economics and Administration, 23(1).

Meek, G.K., C.B. Roberts and S.J. Gray, 1995. Factors influencing voluntary annual report disclosures by US, UK and continental European multinational corporations. Journal of international business studies, 26(3): 555-572.

Mehran, H., 1995. Executive compensation structure, ownership, and firm performance. Journal of financial economics, 38(2): 163-184.

Michelon, G., and A. Parbonetti, 2012. The effect of corporate governance on sustainability disclosure. Journal of Management and Governance, 16(3): 477-509.

Mitchell, R.K., B.R. Agle and D.J. Wood, 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of management review, 22(4): 853-886.

Moura-Leite, R.C., and R.C. Padgett, 2011. Historical background of corporate social responsibility. Social Responsibility Journal, 7(4): 528-539.

Murphy, K.J., 1985. Corporate performance and managerial remuneration: An empirical analysis. Journal of accounting and economics, 7(1): 11-42.

Neuendorf, K.A., 2002. The content analysis guidebook. Sage publications.

Nicholson, G.J., and G.C. Kiel, 2007. Can Directors Impact Performance? A case-based test of three theories of corporate governance. Corporate Governance: An International Review, 15(4): 585-608.

Nikolaj Bukh, P., C. Nielsen, P. Gormsen and J. Mouritsen, 2005. Disclosure of information on intellectual capital in Danish IPO prospectuses. Accounting, Auditing and Accountability Journal, 18(6): 713-732.

Ntim, C.G., and T. Soobaroyen, 2013. Black economic empowerment disclosures by South African listed corporations: The influence of ownership and board characteristics. Journal of business ethics, 116(1): 121-138.

Nwanji, T.I. and K.E. Howell, 2007. Shareholdership, Stakeholdership and the Modem Global Business Environment: A Survey of the Literature. The Journal of Interdisciplinary Economics, 18: 310-361.

O'riordan, L., and J. Fairbrass, 2008. Corporate social responsibility (CSR): Models and theories in stakeholder dialogue. Journal of Business Ethics, 83(4): 745-758.

Owusu-Ansah, S., 1998. The impact of corporate attribites on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. The International Journal of Accounting, 33(5): 605-631.

Owusu-Ansah, S., 1998. The impact of corporate attribites on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. The International Journal of Accounting, 33(5): 605-631.

Pelucio-Grecco, M.C., C.M.S. Geron, G.B. Grecco and J.P.C. Lima, 2014. The effect of IFRS on earnings management in Brazilian non-financial public companies. Emerging Markets Review, 21: 42-66.

Peters, S., M. Miller, and S. Kusyk, 2011. How relevant is corporate governance and corporate social responsibility in emerging markets?. Corporate Governance: The international journal of business in society, 11(4): 429-445.

Pfeffer, J., 1972. Size and composition of corporate boards of directors: The organization and its environment. Administrative science quarterly, pp: 218-228.

Phillips, R., 2003. Stakeholder theory and organizational ethics. Berrett-Koehler Publishers.

Pled, V., and G.E. Iatridis, 2012. Corporate Social Responsibility Reporting: Evidence From Environmentally Sensitive Industries in The Usa. International Review of Accounting, Banking and Finance, 4(2).

Rahman, S., 2011. Evaluation of definitions: ten dimensions of corporate social responsibility. World Review of Business Research, 1(1): 166-176.

Ramos, T.B., T. Cecílio, C.H. Douglas and S. Caeiro, 2013. Corporate sustainability reporting and the relations with evaluation and management frameworks: the Portuguese case. Journal of Cleaner Production, 52: 317-328. http://doi.org/10.1016/j.jclepro.2013.03.002

Rechner, P.L. and D.R. Dalton, 1991. CEO duality and organizational performance: A longitudinal analysis. Strategic Management Journal, 12(2): 155-160.

Reverte, C., 2009. Determinants of corporate social responsibility disclosure ratings by Spanish listed firms. Journal of Business Ethics, 88(2): 351-366.

Roberts, R.W., 1992. Determinants of corporate social responsibility disclosure: An application of stakeholder theory. Accounting, organizations and society, 17(6): 595-612.

Said, R., Y. Hj Zainuddin and H. Haron, 2009. The relationship between corporate social responsibility disclosure and corporate governance characteristics in Malaysian public listed companies. Social Responsibility Journal, 5(2): 212-226.

Saleh, M., N. Zulkifli and R. Muhamad, 2008. An Empirical Examination of the Relationship between Corporate Social Responsibility Disclosure and Financial Performance in an Emerging Market. Unpublished manuscript.

Samaha, K., H. Khlif and K. Hussainey, 2015. The impact of board and audit committee characteristics on voluntary disclosure: A meta-analysis. Journal of International Accounting, Auditing and Taxation, 24: 13-28.

Shehata, N.F., 2014. Theories and Determinants of Voluntary Disclosure. Accounting and Finance Research, 3(1): 18-26. http://doi.org/10.5430/afr.v3n1p18

Shleifer, A., and R.W. Vishny, 1997. A survey of corporate governance. The journal of finance, 52(2): 737-783.

Solomon, J., 2007. Corporate governance and accountability. John Wiley and Sons.

Spence, M., 1973. Job market signaling. The quarterly journal of Economics, 87(3): 355-374.

Stiller, Y., and C.H. Daub, 2007. Paving the way for sustainability communication: evidence from a Swiss study. Business Strategy and the Environment, 16(7): 474-486.

Sun, N.S.A., K. Hussainey and M. Habbash, 2010. Corporate environmental disclosure, corporate governance and earnings management. Managerial Auditing Journal, 25(7): 679-700. http://doi.org/10.1108/02686901011061351

Suwaidan, M.S., 1997. Voluntary disclosure of accounting information: The case of Jordan (Doctoral dissertation, University of Aberdeen).

Tayşir, E.A., and Y. Pazarcık, 2013. Business Ethics, Social Responsibility and Corporate Governance: Does the Strategic Management Field Really Care about these Concepts?. Procedia - Social and Behavioral Sciences, 99: 294-303. http://doi.org/10.1016/j.sbspro.2013.10.497

The World Bank., 2009. Report on the Observance of Standards and Codes (ROSC): Corporate Governance Country Assessment. Retrieved from http://documents.worldbank.org/curated/en/838731468106752813/pdf/625770WP0ROSC000Box0361486B0PUBLIC0.pdf

Toppinen, A., N. Li, A. Tuppura and Y. Xiong, 2012. Corporate Responsibility and Strategic Groups in the Forest-based Industry: Exploratory Analysis based on the Global Reporting Initiative (GRI) Framework. Corporate Social Responsibility and Environmental Management, 19(4): 191-205.

Uyar, A., M. Kilic and N. Bayyurt, 2013. Association between firm characteristics and corporate voluntary disclosure: Evidence from Turkish listed companies. Intangible Capital, 9(4): 1080-1112. http://doi.org/10.3926/ic.439

Vafeas, N., 1999. Board meeting frequency and firm performance. Journal of financial economics, 53(1): 113-142.

Wallace, R.O., K. Naser and A. Mora, 1994. The relationship between the comprehensiveness of corporate annual reports and firm characteristics in Spain. Accounting and business research, 25(97): 41-53.

Walsh, J.P., and J.K. Seward, 1990. On the efficiency of internal and external corporate control mechanisms. Academy of management review, 15(3): 421-458.

Wang, K., S. O and M.C. Claiborne, 2008. Determinants and consequences of voluntary disclosure in an emerging market: Evidence from China. Journal of International Accounting, Auditing and Taxation, 17: 14-30. http://doi.org/10.1016/j.intaccaudtax.2008.01.001

Webb, E., 2004. An examination of socially responsible firms' board structure. Journal of Management and Governance, 8: 255-277. http://doi.org/10.1007/s10997-004-1107-0

Wernerfelt, B., 1984. A resource-based view of the firm. Strategic management journal, 5(2): 171-180.

Wright, D.W., 1996. Evidence on the relation between corporate governance characteristics and the quality of financial reporting (No. 9601). University of Michigan.

Wright, D.W., 1996. Evidence on the relation between corporate governance characteristics and the quality of financial reporting. Working paper (University of Michigan, Ann Arbor, MI).

Yermack, D., 1996. Higher market valuation of companies with a small board of directors. Journal of financial economics, 40(2): 185-211.