HOW CORPORATE GOVERNANCE SHAPE CSR REPORTING PRACTICES: EVIDENCE FROM SRI LANKAN LISTED COMPANIES

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Abstract

Focusing on the increasing significance attached to corporate social responsibility (CSR) practices and corporate governance, the association between these two complimentary applications used by the companies to strengthen the relationship with the stakeholders have been investigated by the present study. In the light of both stakeholder and legitimacy theories and controlling for firm size, profitability, firm growth and firm leverage, our analysis of the annual reports published for the financial year of 2016/2017 for a sample of 66 listed companies in Sri Lanka reveals that level of CSR disclosure has no any significant relationship with corporate governance variables selected for the present study. However, controlling variables such as firm size and profitability are significantly and positively associated with the level of CSR disclosures. On the other hand, the analysis of types of CSR disclosures indicates that board balance and the proportion of independent directors on the audit committee is positively and significantly associated with the disclosures on employees. However, no such associations were observed in respect of other types of CSR disclosures with corporate governance variables. Accordingly, it indicates that a majority of companies in Sri Lanka have not yet developed and adopted their reporting practices to incorporate a complete overview of their CSR performance and significant requirement in development of CSR reporting practices.

Keywords Corporate governance, CSR disclosure, Stakeholder theory, Legitimacy theory

1. Introduction

Since the beginning of the twenty-first century, the field of corporate social responsibility (CSR) has shown significant growth around the globe. CSR is not just considered as a social activity, but explicit commitments regarding CSR have been made to the vision, mission, value statements, management structure and processes of the company, so that every social responsibility issue is foreseen and dealt with in a proper way (Shahin and Zairi 2007 cited in Lone, Ali & Khan 2016). Corporate social responsibility (CSR) is currently a crucial element of the dialogue between companies and their stakeholders and continues to reap attention atop the corporate agenda. (Bhattacharya et al., 2008, cited in Tuan 2012). A recent study (Kabir & Thai 2017) suggests that CSR activities are increasingly drawing the attention of investors, customers, suppliers, employees and governments across the world and these activities have become more important in recent years, especially after a number of highly publicized scandals related to global firms such as Nike (1997); BP (2010) and Volkswagen (2015). A recent survey of the largest 100 companies from 45 countries shows that about 56 per cent of firms disclose information related to social responsibility activities in their annual reports, while this disclosure rate was 20 per cent in 2011 and only 8 per cent in 2008 (Kabir & Thai 2017).

With this increase in the level of CSR disclosures, the attention of scholars has been attracted by the factors that impact on the increased level of CSR disclosures. In this respect, Stanwick and Stanwick in 1998 (cited in Tuan 2012) suggested that the interconnection between CSR and corporate ethics has been found in numerous empirical enquiries. Accordingly, Welford in 2007 (cited in Lone, Ali & Khan 2016) claimed that the key feature of CSR is to acknowledge good practices that are often based on good standards of Corporate Governance. Consistent with this idea, a recent study (Altuner, Celik & Güleç 2015) suggests a positive association between the CSR and corporate governance.

Accordingly, as indicated above numerous studies have been undertaken in relation to the association between the corporate governance and the level of CSR disclosures. In those studies, various corporate governance variables have been taken into account as a way of measuring the quality of corporate governance. As a result, a number of studies have been undertaken by academics with the intention of revealing the association between the corporate governance variables and the level of CSR disclosures. For example, a recent study (Alfraih & Almutawa 2015) has explored the association of the level of voluntary corporate disclosures with eight corporate governance variables namely, cross directorship, board size, role duality, non-executive directors on the board, audit committee, family members on the board, government ownership and the ruling family members on the board. The findings of that study suggests that cross directorship, role duality and board size are negatively related to voluntary disclosures while the government ownership is positively related to the voluntary disclosures. However, that study found that proportion of non-executive directors, family members on the board and the presence of a ruling family have insignificant influence on the voluntary disclosures practices.

Accordingly, it is obvious that many studies have been undertaken to explore the association between the level of CSR disclosures and the corporate governance which can be defined by the way of corporate governance variables.

In the Sri Lankan context, companies are currently moving towards the reporting of CSR disclosures compared to past. Such a trend is consistent with the legitimacy theory through which the companies are attempting to establish a legitimate perception of the company in the mind of the constituencies of the society. On the other hand, this movement can be justified with respect to the stakeholder theory where companies attempt to manage their relationships with stakeholders through reporting on CSR. Moving with this growing trend, Sri Lankan companies are spending billions of money for various social responsibility activities. Not only engaging in such activities but also reporting of such activities has also taken atop in corporate agendas. Such reporting of CSR activities is mainly achieved through the annual reports of listed companies. More specifically, listed companies have directed their attention towards complying with reporting requirements in disclosing their CSR disclosures. Most of the listed companies have started adopting GRI index, sustainability reporting and integrated reporting in disclosing CSR information in their annual reports. And also those companies have tended to obtain external assurance for their compliance with CSR standards. Accordingly, CSR disclosures are going to be an essential and vital part of the annual reports of listed companies. In such context, the impact of corporate governance on the level of CSR disclosures is a questioning point i.e. whether there is a relationship between the level of CSR disclosures and the corporate governance of the company. Accordingly, the present study is undertaken with the view of revealing that relationship. More specifically, this relationship is revealed in relation to the Sri Lankan companies listed on the Colombo stock exchange. Hence the respective data are collected from the annual reports of those companies. In that attempt, the corporate governance of the Sri Lankan listed companies are assessed on the basis of several variables namely; board size, board balance, CEO duality, independence of the audit committee, independent head of the audit committee, concentration of ownership and foreign ownership. When examining the reporting requirements of corporate governance, there are explicit legal requirements imposed on listed companies by regulatory bodies. The main source of such regulatory requirement is the listing rules imposed by the Colombo Stock Exchange. In addition to that, Institute of Chartered Accountants of Sri Lanka together with Securities and Exchange Commission has introduced a Code of Best Practices related to corporate governance which is optional for companies to comply with. However, the examination of annual reports of listed companies reveal that most of the companies move towards the voluntarily adoption of Code of Best Practices. In addition to these sources, Companies Act No. 07 of 2007 also includes provisions related to corporate governance. Accordingly, Sri Lankan companies are operating within the corporate governance framework regulated by various regulatory bodies. Under such situations, it is useful to examine the relationship between corporate governance and the level of CSR disclosures.

Accordingly, the overall objective of the present study is to explore the relationship between the quality of corporate governance and the level of CSR disclosures. This overall objective can be subdivided into seven objectives which attempt to find the association of seven corporate governance variables recognized by the present study with the level of CSR disclosures. Further, the present study is expected to explore the association between corporate governance variables and the types of CSR disclosures such as environmental, community, employee and products.

Although there are various studies that have attempted to find the relationship between corporate governance and CSR disclosures, the generalizability of those studies to the current Sri Lankan context is highly questionable due to the specific time period and the specific context in which those studies were undertaken. Hence, the present study mainly expects to fill this vacuum. Accordingly, the present study is planned to carry out as an extension to those studies by exploring the association between the level of CSR disclosure and the corporate governance variables in Sri Lankan listed companies. On the other hand, the present study focuses on the association between corporate governance and the extent of types of CSR disclosures which is an extension to the available literature. Hence, the present study contributes to nurture the available literature on CSR and corporate governance by adding Sri Lankan contextual findings to the available literature.

However, the present study is encountered with several limitations. One such limitation is that the only several factors of the corporate governance have been taken into account when conducting the present study. And also developments in CSR reporting such as GRI, Sustainability Reporting and Integrated Reporting have not been taken into account in the collection of the data for the present study. And also the banking, finance and insurance sector has explicitly excluded in the selection of the sample and hence the results of the study do not reflect the realities in that sector. Most importantly the results suggested by the present study are more applicable to the current Sri Lankan context and the results may not reflect the realities in future times. Accordingly, these limitations of the present study can be identified as gaps for the future studies in the areas of corporate governance and the level of CSR disclosures.

2. Literature review

The review of the existing literature in the field of CSR disclosures and the corporate governance enables to understand what is already known about the respective field of study. Such an understanding is essentially important for critical evaluation of the existing studies which will provide the basis for the present study.

Corporate Social Responsibility (CSR)

A number of studies have been undertaken by various academics in order to analyse the CSR practice of organizations from various stand point of views. In such a study, Robbins (2005, p. 96) claimed that the basic idea of CSR is that business should act and be held accountable for more than just its legal responsibilities to shareholders, employees, suppliers and customers. He further suggested that business should be 'expected' to acknowledge and take full responsibility for the non-economic consequences of its activities with respect to wider society and the natural environment. Consistent with the idea of Robbins's study, Kahreh et al. (2014, p.664) in their study explained CSR as the company's obligation to contribute to the wellbeing of society. As per their explanation, CSR refers to operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. It tends to emphasize that businesses should act and be held accountable for more than just its legal responsibilities to shareholders, employees, suppliers and customers. Accordingly, CSR is a moral and ethical movement, whose supporters want higher ethical standards across the board (Robbins 2008 cited in Lone, Ali & Khan 2016).

The practice of CSR has tremendously expanded in the corporate world throughout the past few decades. In this respect, Lydenberg in 2005 (Cited in Lee 2008) pointed out to the fact that most academics and business pundits have noticed how corporate social responsibility (CSR) has been transformed from an irrelevant and often frowned-upon idea to one of the most orthodox and widely accepted concepts in the business world during the last twenty years or so. In line with this observation, Kabir and Thai (2017, p. 227) claimed that CSR activities are increasingly drawing the attention of investors, customers, suppliers, employees and governments across the world. They pointed out a number of highly publicized scandals such as Nike (1997); BP (2010) and Volkswagen (2015) as the reason for these activities have become more important in recent years. Further they confirmed this transformation in the CSR activities by referring to a recent survey of the largest 100 companies from 45 countries which shows that about 56 per cent of firms disclose information related to social responsibility activities in their annual reports, while this disclosure rate was 20 per cent in 2011 and only 8 per cent in 2008. In addition to this survey, Kabir and Thai (2017, P. 227) pointed to the legal requirements for CSR reporting in some countries, such as France (2001); the USA (2003); the UK (2006); Malaysia (2007); Sweden (2007); China (2008) and Denmark (2008) to highlight the importance of CSR activities. Accordingly, the review of the literature relevant to CSR reflects that the companies have focused their attention not only on the engagement in CSR activities but also on the disclosure of their CSR activities to the society through various communication channels.

CSR Disclosures

Hackston and Milne in 1996 (cited in Said, Zainuddin and Haron 2009) defined corporate social disclosure as the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in annual report or separate social reports. Furthermore, Said, Zainuddin and Haron (2009, p. 214) added that corporate social responsibility disclosure provides information to the public regarding companies' activities with community, environmental, its employees, its consumer and energy usage in the companies. Such movements in companies lead to the generation of corporate reputation (Perez, 2015) and it helps in realizing sustainable development of enterprises in the long run (Liu & Zhang, 2016).

In the current era, there is an emerging trend towards the voluntary disclosures of corporate information including CSR information. Studies suggest that voluntary disclosure is an effective way to disseminate corporate information to stakeholders about the business to reduce information asymmetry and agency conflicts between managers and investors (Shehata 2014, cited in Alfraih & Almutawa 2017). That trend is evident by the studies that revealed that in 1977, less than half the Fortune 500 firms even mentioned CSR in their annual reports but by the end of 1990s, close to 90% of Fortune 500 firms embraced CSR as an essential element in their organizational goal, and actively promoted their CSR activities in annual reports (Boli & Hartsuiker 2001, cited in Lee 2008). On the other hand, Lone, Ali & Khan (2016) have found that there is an increase in the extent of CSR disclosure after the introduction of CSR voluntary guidelines in 2013 and it implies the relative importance placed on CSR disclosures by the modern economies.

Accordingly, the existing literature in the field of CSR confirms that corporate world as a whole is moving towards the CSR reporting at a greater density. On the other hand, most of the existing studies in the field of CSR have extended their efforts by attempting to reveal the reasons behind such movement towards CSR reporting. In this attempt, most studies have put their emphasis on corporate governance as a determinant of CSR reporting.

Corporate Governance

Corporate Governance means the system by which companies are directed and controlled (Cadbury, 1992). The review of the existing literature indicates that depending on the nature of the legal and other contextual arrangement, the composition of the corporate governance differs. Accordingly, various academics have included different variables as corporate governance in their studies. As per the Juhmani's study (2013, p. 134), corporate governance mechanism includes ownership structure, board composition and the audit committee characteristics. Shahin and Zairi (2007, p. 753) suggested that corporate governance encompasses different internal and external factors, by which management of organizations are influenced.

Chan, Watson and Woodliff (2013, p. 8) in their study on 'Corporate Governance Quality and CSR Disclosures' have employed six variables on the basis of the Horwarth (2005) Corporate Governance Report to measure the quality of corporate governance. Accordingly, that study has taken variables such as board of directors, audit committee, remuneration committee, nomination committee, external auditor independence, and code of conduct and other policy disclosures into account in measuring the corporate governance quality. And also, it is accepted that good corporate governance centres on the principles of accountability, transparency, fairness and responsibility in the management of the organization (Ehikioya, 2009 cited in Tuan 2012).

The conclusive fact of the review of literature is that corporate governance encompasses a wide range of variables and the significance of a particular variable may depend on the particular context in which such a variable is applied.

Corporate governance and CSR

As explained above in the current era, many scholars have initiated research with respect to the association between corporate governance and CSR. In this respect Hooghiemstra and van Manen in 2002 (cited in Tuan 2012) emphasized that the focus of corporate governance has shifted towards social and ethical issues. Consistent with this idea, Shahin and Zairi (2007, p.756) claimed that over the years, corporate governance has evolved from the traditional "profit-centered model" to the "social responsibility model".

The most significant aspect in respect of corporate governance and CSR is that many researchers have made an attempt to discover an association between these two variables. In this respect, Stuebs and Sun (2015, p. 38) reflect in their study that there is significant evidence to support a positive association between corporate governance and social responsibility. They also suggest that good governance leads to good CSR performance. Exploring the elements within the corporate governance structure, Kabir and Thai (2017, p. 227) argue that corporate governance features like foreign ownership, board size, and board independence strengthen the positive relationship between CSR and financial performance. Consistent with this relationship, Said, Zainuddin and Haron (2009, p 212) claim that government ownership and audit committee are positively and significantly correlated with the level of corporate social responsibility disclosures.

Tuan (2012, p. 547) in his study which seeks to discern whether such constructs as corporate social responsibility and ethics act as antecedents for corporate governance argues that the ethics of care tend to cultivate ethical CSR which in turn positively influence corporate governance. In contrast to this view, Uzma (2012, p. 299) argues that the embedded relationship between CSR and corporate governance is an outcome of extensive dimensions of ownership structure, stakeholder approach and other external environmental factors such as government regulations and legislations, legal enforcement and corporate disclosure culture.

In an examination of the association between the ownership variables and the level of voluntary disclosures in Bahrain, Juhmani (2013, p.113) claimed that there is a significant negative association between the block holder ownership and the level of voluntary disclosures but he found managerial ownership and government ownership have no significant association with the level of voluntary disclosures. His analysis further suggested that the size and the leverage of the firm are significantly and positively associated with the level of voluntary information disclosures but no significant association exists between the profitability and the level of voluntary information disclosures. However, this study focused on one aspect of the corporate governance, i.e. ownership variables. Lone, Ali and Khan (2016, p.785) in their study have directed their attention on another aspect of corporate governance, i.e. the board of directors. Their study suggests that independent directors, women directors and board size positively affect the extent of CSR disclosures.

Exploring more depth into the area of CSR and corporate governance, Alfraih and Almutawa (2015, p.215) included a more representative set of variables in their study for the corporate governance variables such as cross directorship, board size, role duality, government ownership, proportion of non-executive directors, family members on the board, the presence of an audit committee and the presence of a ruling family on the board. Accordingly based on their analysis, they have suggested that cross directorship, board size and the role duality are negatively related to the voluntary disclosures while government ownership is positively related to the voluntary disclosures. Furthermore, they claim that the proportion of non-executive directors, family members on the board, presence of the audit committee and presence of ruling family on the board have an insignificant influence on the voluntary disclosure practices.

Chan, Watson and Woodliff (2013, p.6) have pursued a study on the association between the corporate governance quality and the CSR. The importance of this study is the use of an independent ranking of the corporate governance quality of Australian-listed companies provided by Horwath. The analysis of this study suggests that CSR disclosures are significantly positively associated with good corporate governance. It further claimed that firm size, industry profile and creditor leverage which are three of the control variables of this study are positively associated with CSR disclosure, but no such significant association in respect of stock holder power and economic performance with CSR disclosures was noticed

As explained above, most of the prior studies in the field of CSR and corporate governance have attempted to explain the relationship between corporate governance and the level of CSR disclosures. However, the major limitation of those prior studies is that they reflect the contextual situations of the country and the time period in which the study was undertaken. As a result, the generalizability of those studies to other contexts is highly questionable. Under such circumstances the present study perceives the generalizability of the prior studies as a gap in the existing literature and attempts to fill this gap by extending the current knowledge in the field of corporate governance and CSR disclosures to Sri Lankan context.

3. Hypothesis development and research design

Hypothesis Development

The present study attempts to explore the association of the level of CSR disclosures with the corporate governance mechanism. The review of the existing literature related to the area being concerned reveals that there are various corporate governance mechanisms that may have an impact upon the level of CSR disclosures. Considering the Sri Lankan context, the following corporate governance mechanisms can be recognized as factors that have an impact on the level of CSR disclosures.

Board Size

As per the Companies Act of Sri Lanka, each and every listed company should have a board of directors consisting of at least two directors. Accordingly, studies have suggested that the total number of members on the board may affect the manner in which directors carry out their responsibilities (Fama & Jensen 1983 cited in Alfraih & Almutawa 2017). Consistent with this idea, a recent study (Kabir & Thai 2017) has suggested that corporate governance mechanisms like board size have a positive impact on the CSR. Furthermore, Alfraih and Almutawa (2017, p. 217) suggest that board size is positively related to the level of voluntary disclosures. Accordingly, the following hypothesis can be developed.

H1. There is a positive relationship between board size and the extent of CSR disclosures

Board Balance

The proportion of the non-executive directors on the board is also important corporate governance characteristic. As per the listing rules of the Sri Lankan Securities Exchange Commission, it is mandatory for listed companies to have at least two non-executive directors on the board. Empirical studies have attempted to discover the association between CSR disclosures and the board balance. A related study (Webb 2004, cited in Said, Zainuddin & Haron 2009) that examined the differences between the socially responsible firms' and non-socially responsible firms' board structure suggests that socially responsible firms have more outside directors compared to the non-socially responsible firms. In compliance with this study, Kabir and Thai (2017, p. 217) suggest that board independence strengthen the positive relationship between CSR and financial performance. Based on the results of these empirical studies, the relationship between the board balance and the level of CSR disclosures can be developed into the following hypothesis.

H2. There is a positive relationship between the board balance and the level of CSR disclosures

CEO Duality

This corporate governance characteristic indicates that the positions of chairman on the board and the CEO should be held by two separate persons. If the positions of board chairman and the CEO are held by the same person, it reflects leadership and governance issues. Prior studies in this area have attempted to reveal an association of the role duality with the level of CSR disclosures. Accordingly Said, Zainuddin and Haron (2009, p. 212) in their study regarding the relationship between the corporate governance and CSR disclosures formulated a hypothesis as “Companies which having CEO duality are more likely to have a lower extent of CSR disclosures” but the results of the study found no significant association between role duality and the level of CSR disclosures. However, a recent study (Alfraih & Almutawa 2017) which employed a similar hypothesis as above suggested that role duality is negatively related to voluntary disclosures. Accordingly, in the light of these studies, the following hypothesis can be developed.

H3. There is a negative relationship between the CEO duality and the level of CSR disclosures

Independent Non-Executive Directors of the Audit Committee

Many prior studies have attempted to discover an association between the existence of an audit committee and the level of CSR disclosures. In their study, Said, Zainuddin and Haron (2009, p.223) have formulated a hypothesis as “there is a positive relationship between proportion of independent non-executive directors sitting on the audit committee and the level of CSR disclosures” but the study found no significant association between these two variables in the context in which the study was conducted. Accordingly, the next hypothesis can be constructed in the following manner.

H4. There is a positive relationship between the proportion of the independent non- executive directors on the board and the level of CSR disclosures

Head of the Audit Committee

As indicated above, many empirical studies attempted to find an association between the existence of an audit committee and the level of CSR disclosures. A recent study (Alfraih & Almutawa 2017) has attempted to find an association between the existence of an audit committee and the level of CSR disclosures but, they found no significant association between these two variables in their study.

However as per the listing rules, listed companies are required by law to maintain an audit committee. Hence developing a hypothesis similar to the one developed in Alfraih and Almutawa's study is pointless. Accordingly, this hypothesis can be modified to suit the Sri Lankan context as follows.

H5. There is a positive relationship between having an independent director as the head of the audit committee and the level of CSR disclosures

Ownership Concentration

The dispersion of ordinary shares among the shareholders highly affects the extent of CSR disclosures. For example, Juhmani (2013, p.133) in his study suggested a negative relationship between block holder ownership and the level of voluntary disclosures. Accordingly, the following hypothesis which reflects the association between the diversification of the ownership and the level of CSR disclosures can be developed.

H6. There is a negative relationship between the concentrated ownership and the level of CSR disclosures

Foreign Ownership

Foreign ownership has also been taken into account in many studies as a determinant of the level of CSR disclosures. Said, Zainuddin and Haron (2009, p: 223) have sought to discover whether there is a relationship between proportions of shares held by foreign ownership and extent of CSR disclosures. However, they found no relationship between the level of CSR disclosures and the foreign ownership. In contrast to that study Kabir and Thai (2017, p: 227) in their study suggests a positive relationship between the foreign ownership and the level of CSR disclosures. Accordingly, the following hypothesis could be constructed in relation to the relationship between the foreign ownership and the level of CSR disclosures.

H7. There is a positive relationship between the foreign ownership and the level of CSR disclosures.

Research Design

Sample

The sample selection process is reported in Table 1. The sample consists of 66 companies from 11 industry Sectors listed with Colombo Stock Exchange (CSE) in Sri Lanka as at 31st March 2016. Bank Finance and Insurance sector is explicitly excluded from the sample selection due to its significantly different nature when compared to other industry sectors and the poor comparability with other sectors. 11 industry sectors have been selected out of 19 on the basis of the highest market capitalization as at 31st March 2016 which included a minimum of 8 companies in that respective sector. The industry sectors which did not include a minimum of 8 companies have been excluded from the sample. The sample comprises 66 companies which are in compliance with the sample selection criteria. However, 2 companies were excluded from the above sample due to non-availability of relevant information. Hence the final sample consists of 64 listed companies. The sample consists of various industry sectors such as: beverages food and tobacco, chemicals and pharmaceuticals, diversified holdings, hotels and travels, investment trusts, land and property, manufacturing, plantations, power and energy and trading and 6 companies from each sector with the highest market capitalization as at 31st March 2016.The data for the analysis has been retrieved mainly from annual reports of the selected companies. The corporate governance and social responsibility information was collected from the corporate governance disclosures, CSR disclosures, directors' report, Chairman's statement and notes to the financial statement included in annual reports.

Conceptual Diagram

The present study is carried out on the basis of the following conceptual diagram in figure 3.1. Accordingly, the independent variable of the study is viewed as corporate governance which consists of seven variables namely; Board Size, Board Balance, CEO Duality, Independence of the Audit Committee, Independent Head of Audit Committee, Concentration of Ownership and Foreign Ownership. Then the level of CSR disclosures is viewed as the dependent variable which depends on the corporate governance variables. On the other hand, CSR disclosures are subdivided into four types such as environmental, community, employee and products. To accurately ascertain the relationship between the independent and the dependent variable, four control variables such as firm size, firm growth, profitability and leverage have been included in the conceptual model. All these variables have been incorporated into this conceptual diagram based on the prior studied carried out in the respective research area.

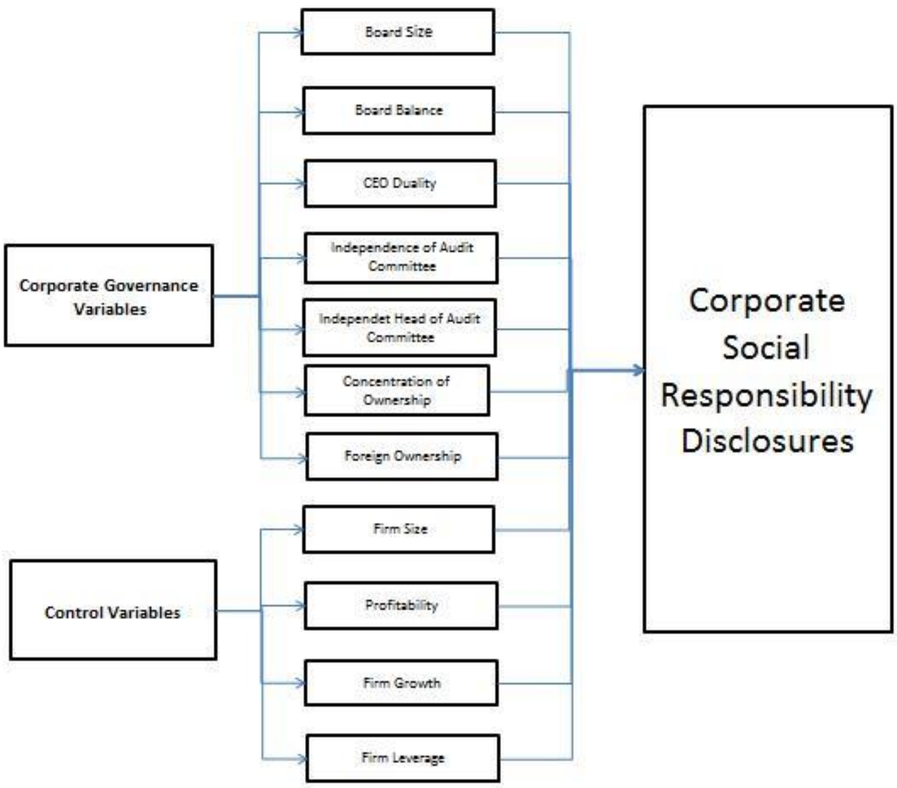

Figure 3.1

Source: Author Constructed

Model Specification

The following regression model is employed to examine the main hypothesis that there is a positive association between corporate governance quality and the level of voluntary disclosure of CSR information.

Equation 01

$$DISC_k = b_0 + b_1BDSIZE_k + b_2BDBAL_k + b_3CEODUL_k + b_4INDAUD_k + b_5INDHEAD_k + b_6CONOWN_k + b_7FOROWN_k + b_8FSIZE_k + b_9PROF_k + b_{10}GROW_{11} + b_{12}LEV_k + e^k$$

Where DISC is the amount of CSR information disclosed for firm k, BDSIZE is the board size, BDBAL is the board balance, CEODUL is the CEO duality, INDAUD is the independent auditors in the board, INDHEAD is the independence of the head of the audit committee, CONOWN is the concentration of ownership, FOROWN is the foreign ownership, FSIZE is firm size, PROF is firm's profitability, GROW is firm growth, LEV is firm leverage, and e is a normally distributed random error term. On the other hand, amount of CSR information disclosed for firm k can be viewed as a sum of four types of disclosures. This relationship has been depicted in equation 02.

Equation 02

$$DISC_k = ENVDISC_k + COMDISC_k + EMPDISC_k + PRODISC_k$$

The equation 02 represents the types of CSR disclosures where ENVDISCk is the disclosures on environment, COMDISCk is the disclosures on community, EMPDISCk is the disclosures on employees and PRODISCk is the disclosures on products. Accordingly, the model developed in equation 01 can be alternatively developed for these four types of disclosures separately in order to investigate whether the corporate governance variables have significant impact on these types of CSR disclosures.

The proxies used to represent the dependent, independent and control variables in Equation (1) are discussed in the following sub-sections.

Table 3.1 *Sample description*

Panel A: Sample size	
Number of companies	294
Less	
Companies in Bank Finance and Insurance sector and companies in other sectors not satisfying the sample selection criteria	228
Total	**66**

Panel B: Industry-wise distribution	
Industry sector	**No. of companies**
Beverages Food and Tobacco	6
Chemicals and Pharmaceuticals	6
Diversified Holdings	6
Hotels and Travels	6
Investment Trusts	6
Land and Property	6
Manufacturing	6
Plantations	6
Power and Energy	6
Trading	6
Services	6
Total	**66**

Measurement of the Dependent Variable

In this study, CSR disclosure is defined as the information disclosed in a company's annual report relating to its activities, programs and utilization of resources deemed to affect both the public in general and specific stakeholder groups. These disclosures extend beyond traditional financial accounting information and typically include details related to the environmental aspects, community involvement, employee aspects and product information.

This study used company annual reports as the main source of CSR disclosure information due to several reasons; a number of prior CSR studies have adopted this approach and to be consistent with those researches, company annual reports are the only form of corporate disclosure which is provided on a regular basis (Buhr 1998, cited in Chan & Watson 2013) and the easily assessable to researchers (Unerman 2000, cited in Chan & Watson 2013), the information disclosed in company annual reports is highly recognized as having a high degree of credibility (Tilt 1994; Neu et al. 1998; Unerman 2000, cited in Chan & Watson 2013), annual reports are considered to be a main source of information about a company's CSR performance by various user groups (see studies by Harte and Owen 1991; Epstein and Freedman 1994; Tilt 1994; Deegan and Rankin 1997; O'Donovan 2002, cited in Chan & Watson 2013), in 2003, the recommendation by Corporate Governance Council of ASX that one way to demonstrate good governance was to use the annual report to disclose all information to all legitimate stakeholders (Gibson and O'Donovan 2007, cited in Chan & Watson 2013) and finally, the extent and quality of CSR disclosures have a high degree of correlation across a range of reporting media, including annual reports; standalone reports; and the internet (Hooks and van Staden 2011, cited in Chan & Watson 2013).

In collecting the CSR disclosure information from annual reports, various approaches have been adopted by academics. A careful analysis of the existing literature indicates that the use of a CSR index for the purpose of the collection of data may be appropriate as it enables meaningful analysis of the collected data. Hence the present study also employs a CSR disclosure index for the collection of data from annual reports which is consistent with the prior studies (Alfraih & Almutawa 2017, Khasharmeh & Desoky 2013). Accordingly, the CSR index was constructed on the basis of the prior research studies and required modifications were incorporated to the index in order to better reflect the Sri Lankan context. The CSR index has been demonstrated in the appendix A.

Measurement of Corporate Governance and the Four Control Variables

Corporate Governance

The corporate governance of the companies is assessed on the basis of the company's performance in seven major corporate governance areas: board size, board balance, CEO duality, independent non-executive directors of the audit committee, the head of the audit committee, ownership concentration and foreign ownership. Accordingly, the sample companies were assessed on the basis of these variables of corporate governance. This assessment permits the analysis of association between corporate governance and the level of CSR disclosures. The definition and the measurement of corporate governance variables have been demonstrated in the table 3.2.

Table 3.2 *Measurement of corporate governance variables*

Variable	Description	Measurement
Board Size	Total number of directors on the board	Total number of directors on the board
Board Balance	Proportion of Non-Executive Directors on the board	No. of Non-Executive Directors in the Board Total no. of Directors in the Board
CEO Duality	Whether the chairman and CEO is the same person	0 if chairman is also the CEO and other wise
Independence Directors of the Audit committee	Proportion of Independent Directors in the Audit committee	No. of Independent Directors in the Audit committee Total no. of directors in the Audit Committee

Head of the Audit committee	Whether the Audit committee is headed by an Independent non-Executive Director	1 if the Audit committee is headed by an Independent Non-Executive Director and 0 if other wise
Concentration of ownership	Proportion of the shares owned by the top ten shareholders	$\frac{\text{No. of shares owned by the top ten shareholders}}{\text{Total no. of shares issued}}$
Foreign ownership	Proportion of foreign shareholders	Percentage of Non–resident shareholders

Source: Author Constructed

The Four Control Variables

The present study has taken four control variables into account such as firm size, profitability, firm growth and firm leverage.

Firm Size

Firm size is measured in terms of the rupee value of total assets of the company ranking from 1 (being the smallest) to 66 (being the largest). The empirical studies have proved that the level of the disclosures of firms vary with the size of the firm. Accordingly, there is a general agreement that a positive association between the firm size and the level of the disclosures exists. This general agreement on the relationship was confirmed by Juhmani (2013, p.144) in his study which suggested that there is a significant and positive association between the level of disclosures and the firm size. Consistent with this findings, Giannarakis (2014, p. 569) in his study also suggested a positive association between the company's size and the level of CSR disclosures.

Profitability

Company profitability is measured using Return on assets (ROA) calculated by dividing the profit after tax (PAT) less dividend paid to preference shares by total equity attributable to ordinary shareholders. Profitability is considered as a factor that exerts a significant influence on the level of CSR disclosures. A recent study (Alfraih & Almutawa 2017) suggests a positive association between the profitability and the level of voluntary disclosures. Such an association had been observed by Giannarakis in his study (2014, p. 582).

Firm Growth

Firm growth is measured using the percentage of change in firm's revenue which is calculated dividing the current year revenue of the company (Y1) less the revenue of the immediate preceding year (Y0) by the revenue in the immediate preceding year (Y0). Certain studies have revealed that the growth of the firm is also a factor that dominates the level of CSR disclosures that the firm discloses. This is relationship has been found to be significantly negative by Alfraih and Almutawa (2017, p. 232) in their study.

Firm Leverage

Finally, firm leverage is measured by ratio of total liabilities to total assets. Many of the prior studies have employed leverage as a control variable in their studies which sought the relationship between corporate governance and the level of CSR disclosures. A study (Giannarakis 2014) proposed that the financial leverage is negatively and significantly associated with the level of the CSR disclosures.

4. Results and Discussion

Table 4.1 *Types of CSR Reporting of Companies*

Type of CSR Disclosure	No. of Sub Items	Median	DISC>Median	DISC<Median
Environment	9	5	48%	52%
Community	11	6	42%	58%
Employee	9	6	44%	56%
Product	5	2	47%	53%
Overall CSR	34	20	47%	53%

Source: Author Constructed

Table 4.1 depicts the types of CSR disclosures in the CSR disclosure index which is used to collect data. The CSR index adopted by present study consists of four types of disclosures namely environment, community, employee and product. Within these types of disclosures, sub items of disclosures have been recognized. Accordingly, table 4.1 presents the median of sub items within each type of CSR disclosures. As per the information depicted by table 4.1, more than 50% of the companies adopt less than the median of sub items of CSR disclosure types. In general, it indicates that the majority of companies have not yet adapted their reporting practices to embody a complete overview of their CSR performance. This situation implies that CSR reporting practices of Sri Lankan listed companies should further be developed.

Table 4.2 *Descriptive Statistics*

	n	***min***	***max***	***Mean***	***Std. Deviation***	***Skewness***	***Kurtosis***
BDSIZE	64	4.000	16.000	8.450	2.107	0.621	1.356
BDBAL	64	0.333	1.000	0.693	0.195	-0.235	-0.933
CEODUL	64	0.000	1.000	0.670	0.492	-0.750	-1.485
INDAUD	64	0.400	1.000	0.835	0.178	-0.380	-1.320
INDHEAD	64	0.000	1.000	0.940	0.244	-3.702	12.082
CONOWN	64	0.470	0.985	0.846	0.090	-1.267	2.292
FOROWN	64	0.000	0.955	0.103	0.055	2.733	6.737
FSIZE	64	16.000	25.4000	22.363	1.609	-1.599	4.319
PROF	64	-0.229	0.556	0.085	0.060	1.600	6.243
GROW	64	-0.999	0.974	-0.004	0.322	-0.383	2.562

LEV	64	0.001	0.849	0.338	0.242	0.343	-0.892
ENVDISC	64	0.000	16.000	5.170	4.555	0.500	-0.636
COMDISC	64	0.000	19.000	5.440	4.475	0.449	-0.339
EMPDISC	64	0.000	12.000	4.880	3.807	-0.110	-1.206
PRODISC	64	0.000	6.000	2.230	2.014	0.246	-1.429
DISC	64	0.000	52.000	17.720	13.851	0.220	-0.958

Source: Author Constructed

Table 4.2 depicts the mean, median and standard deviation for the independent and dependent variables. Accordingly, the average overall CSR disclosure index is 17.720. As per the constructed CSR disclosure index, the maximum score for the index is 52. Accordingly, it indicates that CSR reporting of the companies is at a low level. The average number of directors on the board is 8.420 whereas the average concentration of ownership is 84.9%. In this manner, the descriptive statistics of other independent variables have also been depicted in the table 4.2.

Table 4.3 presents the correlation matrix among variables. As per the results of the correlation matrix, it appears that CSR disclosure index (DISC) is positively correlated with all other independent variables except the existence of Independent Head in audit committee (INDHEAD). Independent Head in Audit Committee is negatively correlated with the CSR disclosure index. Among these correlations, correlation of CSR index with board size and CEO duality is significant at the 0.05 level whereas correlations of CSR disclosure index with foreign ownership, firm size and profitability are significant at 0.01 levels. Other correlations are not significant.

Table 4.3 *Correlation Matrix*

	1	2	3	4	5	6	7	8	9	10	11	12
1.DISC	1											
2. BDSIZE	.270*	1										
3. BDBAL	.020	-.183	1									
4. CEODUL	.289*	.208	.003	1								
5. INDAUD	.113	.162	-.367**	.045	1							
6. INDHEAD	-.048	.052	-.031	.190	.186	1						
7. CONOWN	.065	.066	.167	.174	.173	.194	1					
8. FOROWN	.369**	.022	-.169	-.065	.043	.082	-.232	1				
9. FSIZE	.574**	.154	.089	.250*	.010	-.156	.070	.378**	1			
10. PROF	.349**	.003	.067	.320**	.015	-.083	.087	.240	.202	1		
11. GROW	.098	.023	-.007	.203	.017	-.212	-.067	.064	.261*	.380**	1	
12. LEV	.211	.176	-.241	.326**	.138	.151	.034	.023	-.064	.042	-.013	1

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).
Source: Author Constructed

Table 4.4 represents the results of the regression analysis. In the model 1, impact of the board size on the extent of CSR disclosures is examined. The results of the regression suggest a positive but insignificant coefficient association. It implies that larger board size do not have significant impact on the determination of CSR disclosures of a company. As a result, this finding rejects H1 claiming that there is no significant positive relationship between board size and the extent of CSR disclosures. However, this finding is inconsistent with prior studies which claimed a positive association between board size and CSR disclosures (Kabir & Thai 2017).

In the model 2, the impact of the board balance on the extent of CSR disclosures is explored. However, the regression indicates that board balance is positively but insignificantly influencing the extent of CSR. The implication of the finding suggests that higher proportion of non-executive directors on the board has no impact on the level of CSR thus rejecting the hypothesis H2 which emphasizes a positive relationship between board balance and CSR disclosures. However, this finding is inconsistent with certain prior studies which claimed that socially responsible firms have more outside directors than non-socially responsible firms (Webb 2004 cited in Said, Zainuddin & Haron 2009).

Table 4.4 *Regression analysis results using DISC as the dependent variable*

	Model 1 (H1)		**Model 2(H2)**		**Model 3 (H3)**		**Model 4 (H4)**		**Model 5 (H5)**		**Model 6 (H6)**		**Model 7 (H7)**		**Model 8**	
	Coe.	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**	**Coe.**	**Prob.**
CONSTANT	-101.157**	0.000	-99.745**	0.000	-97.945**	0.000	-103.406**	0.000	-98.779**	0.000	-93.665**	0.000	-96.014**	0.000	-97.484**	0.000
BDSIZE	1.050	0.109													1.237	0.077
BDBAL			1.630	0.826											10.067	0.232
CEODUL					-3.638	0.236									-4.056	0.197
INDAUD							5.959	0.450							8.098	0.364
INDHEAD									-0.086	0.988					-0.625	0.920
CONOWN											-6.751	0.638			-11.998	0.436
FOROWN													4.348	0.511	6.609	0.347
FSIZE	4.675**	0.000	4.935**	0.000	4.987**	0.000	4.940**	0.000	4.951**	0.000	4.970**	0.000	4.814**	0.000	4.356**	0.000
PROF	22.755	0.076	19.151	0.136	21.480	0.095	19.362	0.130	19.235	0.134	19.583	0.128	17.987	0.164	24.328	0.068
GROW	-3.228	0.472	-3.045	0.507	-2.882	0.525	-3.165	0.488	-3.123	0.500	-3.445	0.457	-3.109	0.496	-3.295	0.479
LEV	10.353	0.083	12.749*	0.039	13.976*	0.022	11.805*	0.050	12.441*	0.040	12.575*	0.036	12.054*	0.045	12.604	0.051
F_stat	9.154		8.264		8.737		8.446		8.248		8.324		8.397		4.414	
Prob_F	0.000		0.000		0.000		0.000		0.000		0.000		0.000		0.000	
n	64		64		64		64		64		64		64		64	

Source: Author Constructed

Impact of the CEO duality on the extent of CSR disclosures is examined in the model 3. The results suggest a positive but insignificant relation between CEO duality and extent of CSR disclosures. Hence the findings could not support the hypothesis H3 which suggests a negative relationship between CEO duality and the level of CSR disclosures. This observation is consistent with certain prior studies which suggested no significant relationship between these two variables (Said, Zainuddin & Haron 2009).

In the model 4, influence of independent non-executive directors on the level of CSR disclosures is tested. The results of the regression claim that there is a positive but insignificant relationship between the proportion of independent non-executive directors on the board and the level of CSR disclosures. Thus hypothesis H4 which suggests a positive relationship between proportion of independent non-executive directors on the board and the level of CSR disclosures is rejected. This finding is consistent with prior studies which found no significant relationship between these two variables (Said, Zainuddin & Haron 2009).

The impact of the head of audit committee being an independent director on the level of CSR disclosures is examined in the model 5. This investigation reveals that there is no significant association between these two variables. Thus the hypothesis H5 which claims a positive relationship between these two variables is rejected. This finding is somewhat similar to the study (Alfraih & Almutawa 2017) which found no significant relationship between the existence of audit committee and the level of CSR disclosures.

In the model 6, hypothesis H6 which suggests a negative relationship between the concentrated ownership and the level of CSR disclosures is tested. The testing indicates a negative but insignificant relationship between the concentrated ownership and the level of CSR disclosures. As a result, the hypothesis H6 is rejected. However, this finding is contrary to prior research findings on the relationship between concentrated ownership and the level of CSR disclosures which suggests a significant negative relationship (Juhmani 2013).

The model 7 investigates into the relationship between foreign ownership and the level of CSR disclosures. The results of the model 7 indicate a negative but insignificant relationship between the foreign ownership and the level of CSR disclosures. Therefore the hypothesis H7 which claims a positive association between these two variables is rejected. Certain prior studies (Said, Zainuddin & Haron 2009) which found no significant association between these two variables are consistent with the findings of the present study.

In the model 8, all the variables considered as the determinants of corporate governance under the present study are regressed with the CSR disclosure index. The results of the regression are consistent with the results of model 1 to model 7 where there is no any significant relationship between the corporate governance variables and the level of CSR disclosures. However, firm size and the profitability which are two of control variables are significantly and positively associated with the level of CSR disclosures. It implies that higher the assets base and the profitability, higher the CSR disclosures will be. However, the multiple linear regression model which pools all the corporate governance variables is significant ($p<0.05$) with an explanatory power of 50.7% in table 4.5.

The results of above analysis indicate that extent of CSR disclosures of companies does not significantly depend on the dimensions of corporate governance. This controversy calls for further analysis of the association of CSR disclosures with corporate governance variables. Accordingly, the dimensions of CSR reporting namely environment, community, employee and product (as per the classification of CSR disclosure index) are regressed with corporate governance variables which appear in table 4.6.

Table 4.5 *Overall model*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
8	.712[a]	.507	.402	10.709

Source: Author Constructed

The model 1 in table 4.6 identifies the environmental aspects of CSR disclosures as the dependent variable. The results of the model 1 indicate that extent of environmental reporting is not significantly related with corporate governance variables. Consequently, it is claimed that corporate governance does not have significant influence on the extent of environmental reporting which is an aspect of CSR reporting. However, the firm size which is a control variable is significantly and positively associated with the extent of environmental disclosures.

Table 4.6 *Regression analysis results using ENVDISC, COMDISC, EMPDISC and PRODISC as the dependent variable for model 1,2,3 and 4 respectively*

	Model 1		Model 2		Model 3		Model 4	
	Coe.	Prob.	Coe.	Prob.	Coe.	Prob.	Coe.	Prob.
CONSTANT	-29.735*	0.002	-21.726*	0.012	-32.907**	0.000	-13.116	0.001
BDSIZE	0.450	0.077	0.431	0.068	0.250	0.154	0.107	0.318
BDBAL	3.699	0.227	0.474	0.867	4.788*	0.027	1.107	0.396
CEODUL	-1.163	0.306	-0.929	0.378	-1.346	0.091	-0.617	0.206
INDAUD	2.705	0.403	-0.139	0.963	4.985*	0.029	0.547	0.692
INDHEAD	-0.697	0.758	-1.761	0.403	1.501	0.341	0.332	0.731

CONOWN	-1.204	0.829	-4.142	0.425	-4.964	0.203	-1.688	0.480
FOROWN	2.285	0.371	2.693	0.257	1.125	0.524	0.506	0.642
FSIZE	1.211**	0.001	1.190*	0.001	1.346**	0.000	0.609**	0.000
PROF	4.919	0.304	9.198*	0.041	7.104*	0.035	3.106	0.131
GROW	-0.183	0.913	-1.978	0.210	-7.717	0.541	-0.416	0.565
LEV	2.952	0.203	4.125	0.058	3.102	0.056	2.425*	0.017
F_stat	2.776		3.685		6.157		3.282	
Prob_F	0.007		0.001		0.000		0.002	
n	64		64		64		64	

Source: Author Constructed

In the model 2 in table 4.6, disclosures on community have been identified as the dependent variable. Accordingly, it indicates that the extent of reporting on community which is an aspect of CSR reporting is significantly and positively associated with the corporate governance variables of the companies. However, it also reflects that the individual corporate governance variables do not significantly exert any influence on extent of reporting on community. However, the firm size which is a control variable implies a positive and significant impact on the extent of CSR reporting.

Reporting on employees is the dependent variable in the model 3 of table 4.6. The model 3 reflects the association between the corporate governance variables and the extent of reporting on employees. The results of model 3 indicate that corporate governance has a significant impact on the extent of reporting on employees. Accordingly, the analysis of the results in model 3 reflects that proportion of non-executive directors on the board and proportion of independent directors on the audit committee have a significant and positive impact on the extent of reporting on employee. However, other corporate governance variables do not show significant association with reporting on employees.

Model 4 in table 4.6 considers the reporting on products as the dependent variable. Accordingly, it summarizes the statistics relevant to the relationship between corporate governance and the extent of reporting on product aspects which is a dimension of CSR reporting. As per the results in model 4, the corporate governance is positively and significantly associated with reporting on product responsibility. However, the individual variables within the corporate reporting do not bear any significant influence on the extent of reporting on product responsibility. The firm size which is a control variable is positively and significantly associated with reporting on product responsibility.

Accordingly, the findings suggest that only the board balance and independent head of the audit committee are significantly and positively associated with the level of CSR disclosures on employees. No other corporate governance variables have significant impact on the level of CSR disclosures. These findings have been summarized in appendix B.

5. Conclusion

The present study is undertaken to explore the relationship between the corporate governance and the level of CSR disclosures of listed companies in Colombo Stock Exchange. Accordingly, board size, board balance, CEO duality, independent non-executive directors on the board, independent head of the audit committee, ownership concentration and foreign ownership are considered as the variables of corporate governance together with four control variables namely, firm size, profitability, firm growth and leverage. The extent of CSR reporting is evaluated against these corporate governance variables in order to achieve the objectives of the study.

In this attempt, relevant data were obtained manly through the annual reports of the selected sample of companies. The collected data were analysed using SPSS and methods such as descriptive statistics, correlation analysis and regression analysis were employed to validate the formulated hypothesis.

The analysis of data suggested that the corporate governance variables did not have significant implications for the extent of CSR disclosures. However, the analysed data provides evidence that the firm size and the profitability are positively and significantly associated with the extent of CSR disclosures. And also the overall multiple regression model proved to be significant with an explanatory power of 50.7% which was measured by R square as per table 4.5. This observation implies that the 50.7% of CSR disclosures are explained by the corporate governance variables which are the independent variables in the regression model.

These statistical results indicate that there is no significant association between the corporate governance and the level of CSR disclosures. As implied by the formulated hypothesis, companies with strong corporate governance mechanisms are expected to have a sound CSR reporting process. In the present study, this expectation was valid only for the impact of board balance and the independent head of audit committee on the level of CSR disclosures on employees. However, in the global arena, there are plenty of studies which proved the significant association between corporate governance and the level of CSR disclosures. This situation implies that Sri Lankan companies have not yet converted themselves fully to incorporate sophisticated CSR reporting into their reporting practices but the findings suggest that they are in the process of converting themselves to CSR reporting practices to cope with global changes in CSR reporting.

However, it should be noted that the results of the present study are not valid for all the times and all the cases. CSR reporting is a rapidly changing landscape. Hence there is opportunity for future studies to capture the evolving nature of the CSR reporting. And also further studies can be undertaken with a separate set of corporate governance variables.

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Appendix A: CSR Disclosure Index

The CSR disclosure index was developed based on a prior study (Khasharmeh and Desoky 2013). However, the index adopted by the prior study was amended to incorporate the Sri Lankan contextual factors. Accordingly, the CSR disclosure index adopted by the present study was developed to capture the dimensions of CSR reporting in Sri Lanka.

Category	Sub category
Environmental Aspect	The company's policy toward the environment.
	Environmental Protection Programs
	Conservation of natural resources
	Investment for waste management projects
	Reduction of the CO2 released to the environment
	Awards for environmental protection
	Investment for Energy conservation projects
	Recycling plant of waste products
	Compliance with environmental laws & regulations
Community Involvement	Infrastructure and facility enhancement
	Conducting economic empowerment programs
	Sponsoring community events and sports
	Donations for assisting people affected by natural disasters
	Charitable Donations and subscription
	Conducting health care programs (Ex: Blood donation)
	Providing job opportunities
	Offering Scholarships
	Conducting educational and professional workshops
	Infrastructure and educational facility enhancement
	Purchases from local society
Employee Aspect	Employee benefits & Welfare
	Compensation plan for employees
	Awarded by SA 8000
	Employee health and safety
	Employee training and education
	Labour force of the company
	Employee share purchase schemes
	Compliance with regulatory requirements

	Grievance Handling Mechanisms
Product Information	Product Safety Product quality disclosure Product development or research and development Compliance with customer protection legislation. Responsiveness to customer complaints.

Source: Author Constructed

Appendix B: Summary of Research Findings

Hypothesis	Type of CSR Disclosure	Supported or Not
H1. There is a positive relationship between board size and the extent of CSR disclosures	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Not Supported
	Product	Not Supported
H2. There is a positive relationship between the board balance and the level of CSR disclosures	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Supported
	Product	Not Supported
H3. There is a negative relationship between the CEOe duality and the level of CSR disclosures	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Not Supported
	Product	Not Supported
H4. There is a positive relationship between the	Overall	Not Supported
	Environment	Not Supported

proportion of the independent non- executive directors on the board and the level of CSR disclosures	Community	Not Supported
	Employee	Not Supported
	Product	Not Supported
H5. There is a positive relationship between having an independent director as the head of the audit committee and the level of CSR disclosures	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Supported
	Product	Not Supported
H6. There is a negative relationship between the concentrated ownership and the level of CSR disclosures	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Not Supported
	Product	Not Supported
H7. There is a positive relationship between the foreign ownership and the level of CSR disclosures.	Overall	Not Supported
	Environment	Not Supported
	Community	Not Supported
	Employee	Not Supported
	Product	Not Supported

Source: Author Constructed